

Tips to reduce insurance claims

First instill a culture of safety

To effectively reduce their fleet's insurance claims, fleet managers have to do whatever it takes to reduce the number and severity of collisions and incidents.

In most fleets, the first step is creating and maintaining a pervasive safety culture from the top down and the bottom up. Safety must be a key pillar in the company's mission statement and values. As Eliot Bensel, director, Vehicle Accident Services and Risk & Safety, PHH Arval, Sparks, Maryland, says, "Management has to support and encourage that safety culture—you can't make it happen in isolation."

While that top-down buy-in is crucial, senior executives and fleet managers must realistically identify and assess what their employees will accept. For example, what works for a pharmaceutical sales force likely won't make sense for oil patch riggers. A solid safety culture, which in a larger firm involves at least the fleet, HR and drivers' department, is built around everything from the company's vehicle policy and equipment to its hiring and training practices. "This culture should be further defined through driver education and training," says Peter Nogalo, marketing manager at ARI in Mississauga, Ontario.

Let's look at a few of the factors that can significantly affect insurance claims:

1 Vehicle/driver policy. "Be as specific and explicit as possible to show you've exercised proper prudence," says Wayne Rose, vice-president of operations for Jim Pattison Lease in Toronto. Clearly state that all drivers must obey the rules of the road, such as following the speed limit. Increasingly, firms' vehicle policies also address distracted driving which must be carefully defined (eg handheld, hands-free). "In writing or electronically, each driver must indicate that the policy has been read, understood and acknowledged," adds Nogalo.

2 Driver records. Most firms will pull driver records before hiring individuals who will drive company vehicles as part of their job requirements. Experts note this should be a given, but they also recommend annual checks. Rose suggests you check records whenever you replace vehicles. "It's a superb investment that will reduce your corporate liability," says Rose.

Whether or not the firm should hire someone with a less than perfect record depends on many factors. As Bensel says, "It's a judgment call, but bad drivers may have other bad habits, so you need to really look at the potential liability."

3 Risk management. "It has been our experience that a relatively small number of drivers are typically responsible for a disproportionate number of collisions. Based on their previous history of collisions and/or incidents, high risk drivers should be identified and assigned some measure of remedial or at least targeted training," Nogalo says.

Your risk management program should track preventable and unavoidable collisions over a set period of time to create a baseline. A rating system then assigns or deducts points accordingly and sends drivers to training (web-based, in-class or one-on-one in-vehicle) as required.

To ensure your fleet's safety records consistently improve, set goals and measure your progress toward those goals. "Look at the industry averages and see how your fleet measures up," says Bensel. "If you're doing a lot better or worse, you may need to look at what's being reported."

4 Vehicle equipment. Commit to Bluetooth technology to allow hands-free calls or eliminate it to help discourage all in-vehicle communications. Telematics that monitor speed, stops and starts can also play a crucial role in identifying risky behaviour while also serving as a watchdog that inspires better behaviour. Bensel also notes that simply posting a "How's my driving?" decal with a toll-free number has an impact.

5 Rewards and penalties. Most agree that the bulk of collisions and incidents can be prevented and some go so far as to stop using the word accident. "That's just word play and I think most fleets will see better results if they simply have drivers share in the gains or losses associated with a preventable collision," says Rose. For instance, they may be allowed additional options on their next vehicles when they go 36 months collision-free. In the event of an at-fault incident, the driver pays the deductible on a claim or incurs a financial penalty. If they have more than a specified number of incidents within a pre-determined period, they get extra training and in the more extreme cases, they may sacrifice the privilege of using a company-provided vehicle.

6 Personal use. The greater the exposure, the greater the risk, so eliminating or limiting personal use can make a difference particularly with service vehicles.

7 Self-insurance. Once the fleet exceeds 75 vehicles, Rose suggests firms look at self-insurance to reduce premiums and manage collision expenses more cost effectively. **b2b**