



FLEET MANAGERS

THE PRESSURES, CHALLENGES AND OPPORTUNITIES



Graham Gibson,
Chief Claims Officer
at Allianz Insurance

Fleet managers face a number of pressures and challenges, from ensuring the health and safety of their drivers and other road users, to addressing environmental concerns and meeting their organisation's financial targets.

On top of this, vehicle technology is undergoing significant change. Advanced driver assistance systems are becoming more commonplace and fully autonomous vehicles will be on our roads within the next decade. These advances require careful management to ensure that drivers understand the capabilities of their vehicles and benefit from these additional safety features.

This greater adoption of technology brings opportunities too. Alongside the road safety improvements offered by improvements in vehicle technology, fleet managers can also benefit from slicker services from their insurers.

By deploying technology throughout the claims process, insurers can deliver reductions in both the length and cost of claims, minimising a vehicle's downtime and helping to control insurance premium inflation.

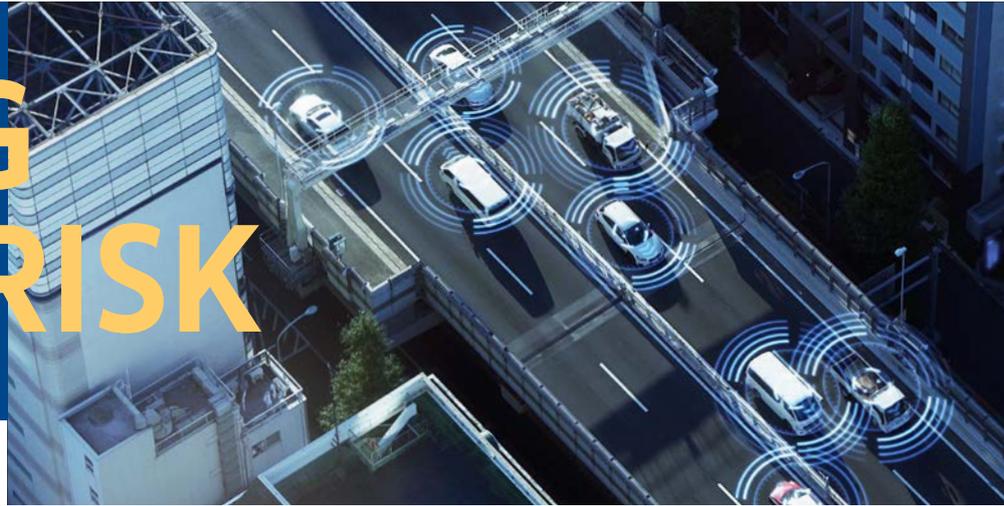
Given the changes and challenges ahead, it's essential that fleet managers, insurers, brokers and vehicle manufacturers work together. Sharing knowledge, experience and insight will ensure that fleet managers are able to minimise the risks and maximise the benefits.



ADVANCED DRIVER ASSISTANCE SYSTEMS ARE BECOMING MORE COMMONPLACE AND FULLY AUTONOMOUS VEHICLES WILL BE ON OUR ROADS WITHIN THE NEXT DECADE.



DRIVING DOWN RISK



Employers have a legal responsibility to ensure the safety of their employees when they're driving for work but also, as this responsibility extends to anyone who could be affected by their business activities, all other road users too.

Having the right risk management controls and processes in place can help employers meet their legal duties but this approach will also deliver additional benefits including greater fuel efficiency, fewer maintenance issues, a lower accident rate and increased productivity.

Encouragingly, research conducted among fleet managers by Allianz found that 78% feel they are able to offer their drivers the level of support and training they need to help them drive more safely. However, alongside the 22% that don't provide enough support, 70% say they'd like to dedicate more time to explore the support that's available.

Finding ways to do this when time is tight is essential. "Insurers and brokers are a great source of risk management information and support," says Gerry Ross, Head of Commercial Motor at Allianz. "As well as providing advice to reduce risk, they can analyse claims data to help fleet managers prioritise where they should take action."

As an example, if claims data shows there are a high number of claims for bumps and scrapes in a particular depot, the employer may want to address this by redesigning the layout or by giving employees additional training.

The policies and culture around driving also play a large part in employees' attitudes to driving for work. "Organisations should outline what's expected of employees in their driving for work policy," says Mark Ashwood, Motor Trade Manager at Allianz. "They can also use tools such as online risk assessments to help employees understand how they drive and where they can make improvements."





TOP FIVE RISK MANAGEMENT MEASURES

- **CHECK THE DRIVER**
Make sure they have the appropriate licence for the vehicle and check their driving history, including any offences.
- **PROMOTE AND SET EXPECTATIONS FOR GOOD CONDUCT**
Have a 'driving at work' policy and ensure all drivers are familiar with it. This can be supplemented by a driver handbook. Be clear on behavioural expectations.
- **MATCH THE VEHICLE AND DRIVER**
Check that an employer is familiar with the vehicle they are expected to drive and provide support if they don't have enough experience.
- **ASSESS DRIVER ABILITY**
Use online risk assessments and expert drivers to assess driving ability and capability to determine whether an employee is competent or needs additional training.
- **HAVE A POST-ACCIDENT PROTOCOL**
Ensure adequate support is in place if an employee has an accident. This could include additional coaching to prevent it happening again.



DRIVING FOR WORK – THE STATISTICS

Around one third of road traffic collisions involve a vehicle being driven for work, according to Road Safety GB. This equates to up to 600 deaths every year and 450 serious injuries a week.

TRANSFORMATIVE TECHNOLOGY

Vehicle technology is improving rapidly, with everything from autonomous emergency braking to vehicular communication systems delivering benefits for fleet managers and their drivers.



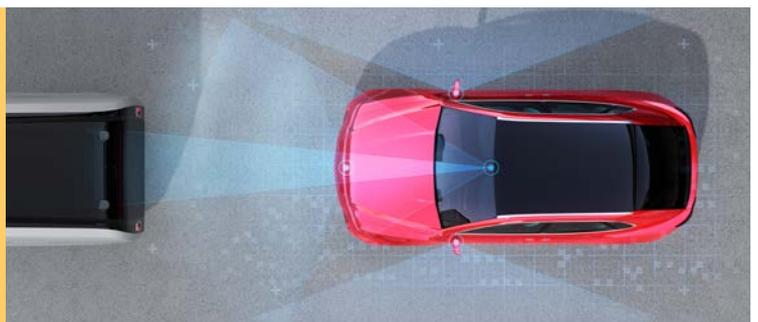
But, while these technologies are designed to improve driver safety, Allianz's research found that fleet managers have concerns. As well as 35% saying the road safety benefits of these technologies are overstated, more than half agreed with the statement that 'technologies such as parking sensors deskill drivers to the detriment of driver safety', with just 14% disagreeing.

However, while these advanced driver assistance systems might take some of the chore out of driving, many have the capability to reduce the risk of accidents. As an example, Thatcham Research describes autonomous emergency braking as 'probably the most important development in car safety since the seat belt', with the potential to save 1,100 lives and 122,860 casualties in the UK over the next decade.

Gerry Ross, believes it's overstated to say technology is deskilling drivers. "With all these technologies, the driver is still responsible and in control of the vehicle. The risk of misuse is relatively low," he says.

This misconception is something the insurance industry and manufacturers need to address, ensuring that fleet managers have the right information to determine how these features would benefit their business. "Fleet managers need to be able to assess how these technologies will improve safety or control the cost of insurance," says Mark Ashwood, "And with any new driving technology, they also need to make sure that the drivers understand it and can use it correctly."

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SWITCHING ON ELECTRIC VEHICLES

Following the increased focus on environmental concerns, the UK's commitment to zero emissions vehicles means the sale of new petrol and diesel cars will be outlawed by 2035. This is five years ahead of the original target which was proposed for 2040 but brought forward after experts said 2040 would be too late if the UK wants to achieve its target of emitting virtually zero carbon by 2050. But, with Allianz's research finding that 42% of fleet managers think electric vehicles are more expensive to repair, there's resistance to this environmental shift.

These beliefs are largely unfounded according to Gerry Ross, "If you prang the bumper, it'll cost the same to repair whether it's petrol, diesel or electric. It's the technology within the car that drives the cost of repair, not the fuel type. Newer cars will have better safety features so theoretically fewer accidents." he says.



Repair costs can be steeper where a vehicle battery is damaged. Tony Newman, Head of Motor Claims at Allianz, says that Thatcham estimates the average additional cost of repairing a battery electric vehicle (BEV) to be 15% higher than the internal combustion engine (ICE) equivalent however, although "in practice unless a vehicle is in a serious accident it's not easy to damage a battery and in that event it's likely the vehicle will be a total loss," he adds. "The government is also keen to increase take-up of electric vehicles which may encourage tax and other incentives, plus the cost of technology always reduces."

KEYLESS CRIME

Vehicle theft is on the increase, with more than 110,000 vehicles stolen in 2017/18 and insurers paying out a record £376m for car theft in 2018¹. Keyless technology is helping to drive this increase, with thieves able to hack into and steal a vehicle in as little as 20 seconds.

There are ways to reduce this risk. As well as a return to the steering wheel locks that were popular in the 1990s, drivers can also use Radio Frequency Identification Device (RFID) blockers such as Faraday pouches to stop their vehicle being vulnerable.

These measures may prove to be a temporary fix too, as Newman explains: "The vehicle manufacturers are addressing this following feedback from the insurance industry. Some are introducing motion sensors that make the key go to sleep if it's not moved and we may also see mobile phones being used as keys. They have to stay ahead of the criminals."



¹ <https://www.abi.org.uk/news/news-articles/2019/03/thatcham-research-release-comment/>

CHANGING BEHAVIOUR



When it comes to making an improvement to the road safety of an organisation's fleet, dashcams are regarded as the most effective piece of technology. More than half (53%) of fleet managers surveyed plump for dashcams, ahead of advanced driver assistance systems (37%) and autonomous emergency braking (35%).

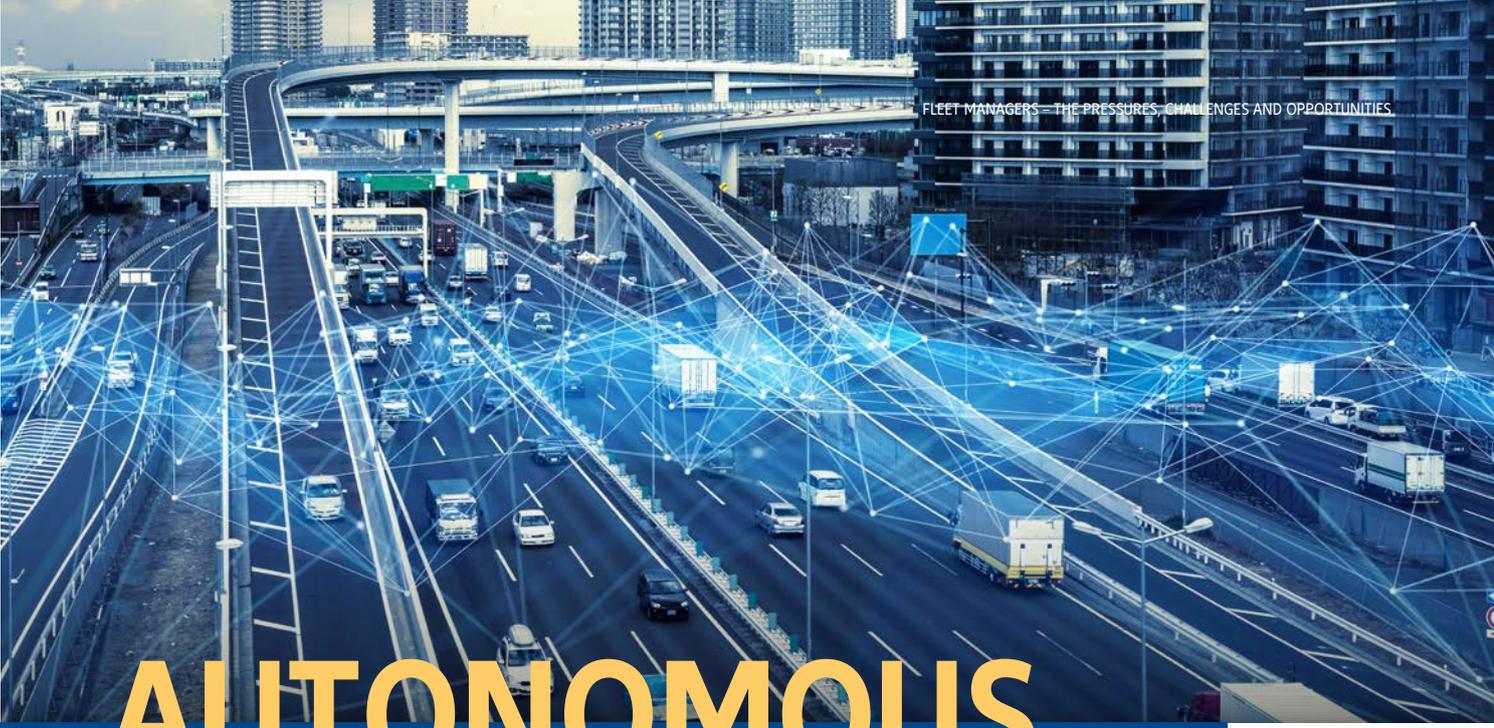


This finding doesn't surprise Tony Newman, "If you're operating a fleet, there's nothing that improves safety more than the drivers knowing they're being recorded. It really influences their behaviour."

Data from dashcams and from telematics black boxes can also help fleet managers identify any potential issues. Many systems include customisable support, allowing fleet managers to cut through the data to see the key metrics such as speed and near misses. Training and support can then be provided where necessary.

Although it can be a powerful tool when it comes to improving driver behaviour, there are challenges for fleet managers. Gerry Ross, says there is potential for a backlash from drivers when telematics or dashcams are introduced. "If you've never had your driving monitored before, it can feel uncomfortable," he says. "Underlining the fact that it's for their safety can help."

74% of fleet managers expect at least one of their vehicles will be involved in an accident within the next month



AUTONOMOUS ACTIVITY

With more than 90% of motor accidents the result of human error, the arrival of autonomous vehicles should make the UK's roads much safer. But, when asked how these vehicles might affect insurance claims as they become more commonplace, 35% of fleet managers said they expected the number of claims to increase

This view could be this view could be due to a number of reasons. With a mixture of different vehicles on the road, there is still a risk of accidents from manual vehicles. Similarly, with different levels of driver assistance currently available, accidents have still occurred in vehicles which have autonomous features. As the numbers are small, this has made them much more newsworthy leading to an a perception they're unsafe.

"The general consensus is that autonomous technology will reduce accident frequency," says Tony Newman, "We might not see the benefits so quickly at the outset due to the mix of vehicles on the UK's roads but it should still lead to a significant reduction in the number and severity of accidents."

For example, according to the Society of Motor Manufacturers and Traders, 2,500 lives will be saved and 25,000 serious accidents prevented in the UK by 2030 as a result of connected and autonomous vehicles¹.

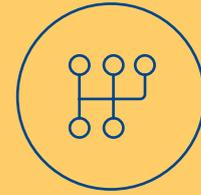
Fleet managers do need to ensure there's no confusion as vehicles move towards being fully autonomous. The landscape is evolving and the technology is on a pathway towards full automation. While advanced driver assistance systems can deliver benefits, it's essential they're used correctly and that the safety features work as intended for the lifetime of the vehicle. "Drivers need to understand the capabilities of the technology in their vehicle," says Mark Ashwood. "

For example, not all autonomous emergency braking systems perform in the same way, so fleet managers must make sure their drivers familiarise themselves with the system in their vehicle. It's also essential that they don't rely on this technology: it's there to assist them and drivers must retain control of their vehicle at all times."

"The general consensus is that autonomous technology will reduce accident frequency"

¹ <https://www.smmt.co.uk/industry-topics/technology-innovation/connected-autonomous-vehicles>

BOLD CLAIMS



FLEET MANAGERS, VIEWS ON CLAIMS

Accidents do happen and, when they do, fleet managers value a fast, slick claims service. This keeps disruption to a minimum and enables employees to get back to work as quickly as possible.

Technology is helping to change the claims process, enabling insurers to meet clients' expectations. Many are investing in end-to-end claims processing solutions to make claims resolution faster and more efficient.

These technology-led solutions include greater use of robotics to streamline the claims process and automate many of the tasks. Artificial Intelligence is also being deployed. For example, computers can be taught to assess a photograph of damage to a vehicle, identify the nature of it and recommend the most appropriate repair.

Vehicle technology is also feeding into this shift, with dashcams and telematics providing data that enables a claim to be validated. Footage from the scene of an accident can help an insurer determine which vehicle is at fault quickly and accurately, removing the legal costs that arise when liability is challenged.

Insurers are also streamlining the collection of this data, using claims apps to enable all the relevant information to be fed into their systems quickly and efficiently.

Tony Newman, says that although this means the vast majority of claims can be fast-tracked to repair or cash payment, there are still some issues to address in terms of access to vehicle data. "Autonomous Vehicles are collecting more and more data that will help insurers determine exactly what happened in an accident, including whether liability should fall with the driver or the vehicle," he explains. "However, this data is currently delivered to the manufacturer but it's in customers' interests that insurers should be able to access it too."

As well as helping an insurer determine liability, having access to this data could also transform claims notification. As soon as a vehicle is involved in a collision, details could be sent to the insurer. This would enable the insurer to book it into an appropriate garage and send out a recovery vehicle and replacement vehicle for the driver.

"Quicker notification of claims could ultimately bring down the overall cost of claims"

62%

agree that the support of a broker is invaluable in helping make an insurance claim

45%

expect that advances in technology will speed up the overall claims service provided by insurers

23%

expect advances in technology will result in a claim being settled in a week, with a further 51% expecting settlement within a month

Although technology is helping to speed up the claims process, fleet managers and their drivers can also help. Allianz's survey found that many respondents were aware of instances where a claim wasn't notified within the recommended 24-hour notification time. The most common reason (41%) was that the driver didn't tell them. "In order to speed up a claim, insurers need to know as quickly as possible," adds Newman. "Educating drivers about what to do in the event of an accident and ensuring they have all the necessary tools to collect the required information will help. Quicker notification of claims could ultimately bring down the overall cost of claims as delays in notifying sometimes result in an increased cost."

FIGHTING FRAUD



Fraud is a major issue for fleet managers, with figures from the Association of British Insurers showing that motor insurance was the number one target for fraudsters in 2018. It found that 55,000 fraudulent claims were detected in 2018, worth £629 million ¹.

These scams take many forms, from staged ‘crash for cash’ accidents and ‘slam-ons’ to fabricating a claim altogether, forging vehicle hire details or exaggerating the number of people injured. The insurance industry is alive to these issues and, as well as supporting bodies such as the Insurance Fraud Bureau, insurers take a zero-tolerance approach to fraud both at the application and claims stages.

Given the extent of motor insurance fraud, more than a third (36%) of fleet managers know their organisation has been a victim, with a further 23% saying they thought they probably had been. While some won’t have experienced the horrors of a staged accident, all fleet managers will have had to pay more for their cover due to the cost of fraudulent claims.

With so many affected, it’s not surprising that 59% of fleet managers say they’ve taken measures to prevent motor insurance fraud. But, for Tony Newman, this leaves a worrying proportion at a heightened risk of fraud. “Forty-one per cent haven’t done anything to prevent fraud in their organisation. This is a staggeringly high percentage,” he says. “They would definitely benefit from taking a proactive approach: prevention is better than cure.”

He recommends ensuring that all drivers are aware of the types of fraud that might affect them and understand what to do if they are involved in an accident (see box).

Dashcams are another valuable tool in the fight against fraud. Footage from these can be used to identify and dispute a fraudulent claim and a visible dashcam may even help to deter a fraudster.

“We want to protect our fleet managers and their drivers by making life as hard and difficult for the fraudsters as possible,” adds Newman. “Staying vigilant, understanding the risks and engaging with your broker and insurer as early as possible will all help.”



FLEET DRIVERS – TIPS TO TACKLE FRAUD

- Understand the types of accident that could potentially be fraudulent
- Drive defensively, leaving enough space to brake safely
- If involved in an accident that may be fraudulent, call the police and take as many details, including photographs if possible, as you can
- Record how many people were in the other vehicle and whether they appeared to be injured
- Report it to the insurance company as quickly as possible and be available to speak to them if they have further questions

¹ <https://www.abi.org.uk/news/news-articles/2019/08/detected-insurance-frauds-in-2018/>

This online survey of 100 UK Fleet Managers was commissioned by Allianz and conducted in 2019 by market research company OnePoll, in accordance with the Market Research Society code of conduct.

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