



## The Business Case

### DRIVING FOR BETTER BUSINESS

Work-related road accidents are much more expensive than many employers realise. The cost is much more than the garage bill for your vehicle and much less might be covered by insurance than you have assumed. It has been estimated that the full cost to you the employer might be £8 to £36 for every pound paid on your insurance claim. Some items cannot be covered by insurance and the following is a list of items you may find you have to cover yourself:

- Loss of company reputation and contracts
- Fines and costs of prosecution
- Damage to products/ plant/ building and equipment
- Staff down time for medical appointments/attendance at court etc
- Replacement staff costs and sick pay
- Loss of production or production delays
- Increased insurance premiums and excess
- Excess on a claim
- Offenders' own legal fees
- Claims from third parties
- Accident investigation and paperwork
- Repairs to damaged equipment
- Alternative transport for repair duration
- Inconvenience
- Re-delivery
- Management and administrative time.

Its best not to have a crash in the first place - and other employers have proved that some simple measures any firm can take will make one much less likely.

In 2000 the HSE estimated the costs to employers arising from 'at-work' road traffic accidents to be in the region of £2.7 BILLION per annum.<sup>1</sup>

The benefits of managing a driving for work policy include:

- Reduced accident losses
- More effective vehicle use
- Less down time
- Improved safety culture
- Improved public image
- Higher staff morale
- Lower insurance premiums
- Lower transport costs
- Defence against criminal prosecutions and civil litigation
- Improved business performance

### INSURANCE AND YOUR BUSINESS

The provision and cost of commercial motor insurance is based on an assessment



of individual risk. The more likely you are to make a claim, and the higher its value, the higher your premium will be.

Insurers consider a wide range of factors when assessing the likelihood of your making a claim, including the number, type and value of vehicles to be insured, the cover required, what the vehicles will be used for, and the experience and qualifications of the drivers. Many of these risks can be managed to help you reduce costs.

Your firm's claims history over the last three to five years will also be a good indicator of your future road safety performance. Accordingly, insurers will take into account the number and value of your past claims when calculating your premium. However, the frequency and especially the value of claims is not entirely predictable. Therefore, an Underwriter's decision will also be influenced by other risk features, including your company's approach to risk management.

Insurers know that generally, organisations with effective risk management measures in place have the lowest incident rates. Consequently, if you are able to demonstrate a proactive and effective attitude to risk management, you are very much better placed to exercise control over your costs – not only over your insurance costs, but also the hidden costs of road crashes such as having a damaged vehicle off the road, and the cost of hiring a temporary driver.

<sup>1</sup> 'Reducing at-work road traffic incidents - Final Report' - Health and Safety Executive (HSE)