



AUTOMOTIVE RISK MANAGEMENT

Driving Down Automotive Business Claims

Monitor and mitigate these two key sources of risk

Consistently, there are two major areas where automotive businesses generate insurance claims: driver behaviour and vehicle operation, followed by workshop hazards. Fortunately, there are steps risk managers can take to manage these risks and reduce the likelihood that they will lead to claims.

When automotive businesses hire people, they tend to look for skillsets such as mechanical expertise or sales acumen before driving ability. But competency in operating a vehicle is still an important part of the job, so having a variety of background checks in place can help prevent inexperienced or reckless driving. For instance, a formal driver assessment procedure can provide an extra level of protection when employees are using vehicles on-site, and annual reviews of the employee's personal driving record and health can help identify concerns that could impact driving ability.

Setting expectations is important too. An automotive business should appoint dedicated people in the business to operate vehicles and store keys in a secure place. It should establish training procedures to ensure any new driver has achieved set competencies – and

provide constant supervision until that has occurred. That's particularly important for businesses with younger, less experienced drivers on staff, as well as in situations involving heavier or high-performance vehicles.

Beyond those factors, an automotive business should anticipate potential hazards on the road. Some businesses will get requests for test drives, so it's important to set routes familiar to the driver and without dangerous junctions. Consider installing front and rear dashcams in demonstration vehicles. Inspect vehicles before and after servicing and repairs so that, in case there is an incident near the business, your quality control and records management processes can mitigate losses. Drivers attending road-side breakdowns should ensure their vehicle has revolving amber lights for visibility on the road, is parked a few metres away from the other vehicle, and has all required mechanical equipment, personal protective equipment (PPE) and first-aid supplies to assist.

The second major source of claims on garage policies is workshop incidents. Workshops are busy areas that combine a number of property and liability hazards. An automotive business needs a robust health and safety

programme to ensure these risks are managed and incidents are prevented. The programme should ensure, for instance, that electrical inspections are carried out on time and waste is managed carefully to minimise the risks of electrocution and fire. It should address how the business is mitigating health risks such as manual handling training or noise, dermatitis and occupational asthma with appropriate PPE and ventilation. It should ensure records are kept up to date regarding accidents, as well as the servicing and testing of vehicles, as those records can provide important protection in the event of an incident.

“When a business has measures in place to ensure drivers are skilled and capable, as well as a comprehensive programme to assess and mitigate hazards within the workshop and on the road, it will be in a much stronger position to minimise claims,” said Gerard McLaughlin, Regional Distribution Manager at Travelers Europe. *“Time and again, these are the areas where we see automotive businesses struggle to manage risk.”*

To find out more or to speak to one of our Risk Control experts, please email enquiries to rceurope@travelers.com