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Reforming personal injury claims

An overhaul of the personal injury legal framework in England and Wales aims to combat the UK's compensation culture and, by reducing the cost of claims, enable insurers to help customers manage the cost of insurance.

The programme of reforms, which represent the most significant overhaul of the personal injury legal framework in more than a decade, has been introduced by the Ministry of Justice (MoJ) following its consultation on civil justice procedure and Lord Justice Jackson's review of civil litigation costs.

The changes aim to bring more balance to the civil litigation system by making lawyers' costs more proportionate and speeding up the time it takes to settle a claim. To achieve this, changes are being introduced to the way personal injury claims are reported.

Faster claims settlement

This year, the reforms see an expansion in the type of claims that are managed through the online portal. This portal was introduced in April 2010 to speed up the settlement of road traffic accident (RTA) motor personal injury claims with a value of between £1,000 and £10,000 by imposing strict timescales and fixed legal fees for the various stages of the process.

As the portal had already proved successful at managing these claims it has been extended. From 31st July 2013, as well as handling claims for RTA injuries, it also covers claims for Employers' Liability and Public Liability. Additionally, the limit for all claims dealt within the portal has been increased from £10,000 to £25,000.

This is making a significant difference to the speed in which claims are settled. The Association of British Insurers estimates that by raising the limit on motor personal injury claims, an additional 55,000 people injured in RTAs will receive their compensation payouts more quickly every year.

New claims deadlines

To further speed up the process, the timescales for decisions on liability has been reduced significantly for accidents occurring on or after 31st July 2013.

These stricter deadlines to admit or dispute liability mean that policyholders and their brokers will need to supply their insurer with all the relevant information relating to an incident quickly.

Reducing legal fees

Legal fees have also changed, both for claims inside the portal and those outside of it. These have been reduced on a staggered basis from the end of April 2013. As an example, prior to the reforms, a typical whiplash claim settling at £3,000 would have attracted a fixed fee of £1,200 within the portal if settled at stage 2. As a result of the reforms this fee was reduced to £500.

New claims deadlines

Insurance	Number of working days to admit or dispute liability
Motor (RTA)	15 days (no change)
Employers' Liability	30 days (previously 90 days)
Public Liability	40 days (previously 90 days)

Additionally, costs will be driven out of the claims process through the abolition of recoverable legal costs and referral fees.

Benefits to policyholders

The reforms will result in a number of benefits for policy holders. As well as faster settlement times for a broader range of claims, there is a greater potential for insurers to help contain the future cost of insurance.

To ensure your clients benefit fully, it's essential that you are mindful of the new stricter deadlines when reporting claims. You now need to notify actual or potential claims as soon as possible and provide accurate and comprehensive information as well as all the relevant documentation to ensure the claim is managed within the shorter timescales.

For additional information on the reforms visit:
www.claimsportal.org.uk

Claims Notification - Immediate action required

It is likely that some claimants' lawyers will send a Claim Notification Form to your policyholder rather than submit it to their insurers via the MoJ Portal. The MoJ rules allow lawyers to do this when they cannot identify who the policyholders' insurers are.

This situation is most likely to occur on Public Liability claims, as there is currently no central database which confirms the Public Liability insurer. You and your policyholders need to be aware that the following action should be taken on the day of receipt of a Claim Notification Form to avoid claims dropping out of the process.

On the day of receipt

1. The policyholder must acknowledge receipt of the Claim Notification Form to the claimant's solicitor and advise them that the Claim Notification Form has been sent to Allianz. No comment on the claim itself should be made.
2. The policyholder should scan the Claim Notification Form and email it to us at: mojcasualtyclaims@allianz.co.uk

If the policyholder is unable to scan the Claim Notification Form it should be sent by first class post to:
Allianz Insurance
500 Avebury Boulevard
Milton Keynes
MK9 2XX

Open to abuse

Having taken more than one million uninsured vehicles off the roads, open motor certificate abuse is coming under the spotlight as part of the police's clampdown on uninsured drivers.



Although the majority of open motor certificates are for legitimate use the police have seen an increasing number of these policies being misused.

The most common type of abuse is where an open certificate has been obtained inappropriately or it does not cover the specific use of the vehicle. For example, using the vehicle for a separate business. There is also evidence that these open certificates are being used fraudulently by organised crime groups.

Police challenges

Identifying whether an open certificate is being used by a genuine client or a criminal can be a challenge for the police. When they stop a vehicle that does not appear on the Motor Insurance Database (MID), it can take time to check whether there is valid insurance in place for the driver and the vehicle with further delays following as the police contact third-parties to verify the information provided.

Being subject to these checks can have serious ramifications. As well as disrupting business while the police investigate, if details of valid insurance cannot be produced there is a risk that the vehicle will be seized.

Two-pronged attack

Insurers are working with the police to address these issues. Potential actions include improving the wording of open certificates to provide greater clarity to the police and policyholders; publishing a guide to assist the police when dealing with open certificates; and reviewing the data held on the MID.

You can also help in the fight against uninsured drivers. By ensuring the correct cover is in place and that all vehicles are correctly listed on the MID will help to prevent the police from needing to check your clients' insurance.

Taking this approach will help to reduce uninsured driving, making the roads safer and helping to control the cost of motor insurance.

Allianz offers its broker partners and policyholders access to a purpose built website, www.allianzmid.co.uk, where vehicle data can be updated quickly and efficiently. As well as being available around the clock, it also includes a DVLA look-up facility to avoid typing errors and cut down on processing time.

Uninsured drivers
the statistics

Uninsured drivers are five times more likely to be involved in road collisions.

Uninsured and untraced drivers kill 130 people and injure 26,500 every year.

Nearly 2,500 vehicles are seized by the police each week.

The annual cost of uninsured driving is estimated at £400m.

PROTECT
YOUR CARS



For more information about
preventing catalytic converter
theft visit our Risk Director website
www.riskdirector.co.uk

Protect your cats

Catalytic converters are fitted to most modern cars to reduce harmful emissions from the engine. But while they're good for the environment, they're also very good at attracting criminals.

Figures from the UK's police forces show that between April 2012 and March 2013, there were 9,739 reported catalytic converter thefts, with London alone experiencing more than 1,700 thefts. As an example, in June, thieves broke into a yard in London, stealing £25,000 of converters from 10 vans.

Cat burglars

Two things make catalytic converters a popular target for thieves. First, the catalyst is made of platinum, palladium and rhodium, which can cost thousands of pounds per ounce. Although only a small amount is used, the presence of these precious metals means a cat can be sold as scrap for up to £200.

The other reason thieves love them is because they are easy to steal. "It only takes a few minutes to loosen the bolts and remove a cat so, with access to a fleet of cars, a thief could be driving off with dozens of cats in an hour or so," says Tim Stylianides, Senior Risk Control Surveyor, Allianz Commercial.

Armed with a portable reciprocating saw, not only is their job easier but they'll also damage the exhaust systems, leaving your clients with a repair bill of anything from £500 to £2,500 per vehicle.

Cat protection

Security devices such as cages, alarms and clamps are available to protect catalytic converters. But fitting these can be costly and in some instances may result in additional damage to the vehicle if a thief attempts to steal a converter.

Motor manufacturers are also looking at ways to reduce this crime. Ford and Retainagroup have developed permanent markings for catalytic converters so they can be traced if they are recovered. But while this type of initiative may help your client get a stolen catalytic converter back, it won't necessarily stop the crime in the first place.

Crime prevention

As thieves tend to go for the easy option, by taking a few simple steps your client can reduce the risk of becoming a victim of this crime.

Your clients should park cars in a well lit, safe and secure place, ideally covered by CCTV as this will deter the thieves. When vehicles are at employees' homes, recommend that they are parked in a garage if possible or in a location where a stranger with a saw would raise suspicion.

Where cars are stored onsite, security will help to keep thieves out. Exactly what is needed will depend on the site but your clients should constantly review their security arrangements to ensure they are suitable.

If your clients have a large fleet of vehicles, they should consider storing them across a number of sites. Thieves particularly like to be able to steal multiple catalytic converters, this will reduce the chances of being targeted.

Vehicle security

Tough economic conditions often lead to a rise in crime, with thieves looking for any opportunity to make easy money. To prevent your client's company becoming a crime statistic, it's essential their approach to vehicle security is up to scratch.

Theft targets

Whilst private cars are the most frequently stolen vehicle type, thieves also target commercial vehicles, trailers and mechanical plant. The theft may be instigated by joy riders or by organised gangs who target specific vehicles to be shipped abroad, 'broken' for their spare parts or often in the case of mechanical plant, stolen to order. It is not just the vehicle that is at risk of being stolen. Modern vehicles are fitted with valuable equipment and accessories such as catalytic converters and satellite navigation equipment all of which are attractive to thieves.

While insurance can cover the financial loss, theft can have serious implications for a company. "Security standards have generally improved over the last 15 years, but theft remains one of the greatest risks to fleets with the potential to severely disrupt the business after thieves strike," says Jonathan Dye, Head of Motor at Allianz Commercial. In particular, with criminals often returning once they've identified an easy target, a business can suffer losses again and again.

Preventing loss

Understanding potential weak spots and taking steps to minimise them can help your clients to reduce the risk of becoming a target for thieves. Losses often occur where

there is poor physical security or an alarm hasn't been properly set or maintained.

For vehicles that are kept in compounds, beefing up perimeter protection will deter the opportunist thief looking for easy pickings. This could include bollards, security posts, palisade fencing and anti-climb toppings. Additional security features such as lighting and monitored CCTV can also be an effective deterrent.

For those vehicles that are not kept in secure compounds, perhaps whilst parked on business or taken home of an evening by an employee, your clients need to consider how to protect the vehicle and its contents. Whilst most modern vehicles are fitted with manufacturers alarms and immobilisers these measures on their own may not be sufficient to deter the thief.

Encourage you clients to give consideration to the following:

- Ensure the alarm / immobiliser is used and all doors and windows are closed and secured whilst the vehicle is unattended
- Do not leave the vehicle running with no-one in it
- If possible keep the vehicle in a locked garage whilst at home



- Park the vehicle in well lit area. Avoid secluded sights
- Consider a physical restraint such as a steering wheel or handbrake lock
- Audio and satellite navigation equipment should be removed, where possible, to avoid opportunist thefts
- Take valuables with you when leaving the vehicle and if this is not possible keep valuables out of sight and locked in the boot
- Keys should not be left in readily accessible positions at work or within the employee's home
- Keep keys secure from thieves and pick pockets at all times.

Alarm bells

It's also important to ensure your client's intruder alarm serves as an effective deterrent. These can become a welcome sign to thieves if they're not fit for purpose or they haven't been properly set or maintained.

To ensure your client's alarm helps to reduce the risk of theft, it must provide appropriate coverage for their premises and be installed by a reputable company which has been approved by a UKAS accredited inspection body.

"In today's difficult economic times it is important that vehicle security is regularly given careful consideration by your clients to avoid the cost and disruption to their business. It's important your clients remain vigilant and regularly review the security protecting their business," adds Jonathan Dye.

Expert advice

If clients are unsure about how to improve their security arrangements, we can help. With extensive experience and an insight into the types of losses affecting other businesses, we can provide risk management advice on how to safeguard their vehicles effectively.

The types of measures your client take may also affect their cover. For example, if they are introducing new risk management precautions to their business, it is sensible to provide details to us so we can check its suitability.

At Allianz we are more than happy to provide personalised advice to our policyholders if they are reviewing their security arrangements. Additionally, our policyholders can access a range of security and other useful risk management related products and services at preferential prices, helping make security improvements far less financially painful.

Getting **tough** on driving offences



Punishment for dangerous and careless driving is getting tougher as sentencing guidelines and new legislation seek to improve road safety and deter this behaviour.

As a result, employers requiring their employees to drive on business must ensure they drive safely and legally or risk a charge of corporate manslaughter if they are involved in a fatal accident.

Driving offences

There are two main driving offences where corporate manslaughter could come into play - causing death by dangerous driving (CDDD) and causing death by careless driving (CDCD).

With CDDD, which carries a sentence of up to 14 years imprisonment, driving standards fall 'far below' those of a careful driver. A common example of this is using a mobile phone while driving.

For CDCD, driving standards fall 'below' that of a careful driver. This could be a momentary lapse such as poor observations during a manoeuvre. Sentencing is up to five years imprisonment, with 20% of people who pleaded guilty receiving a custodial sentence.





Allianz has produced a guide, Safer Driving for Work Handbook, with The Royal Society for the Prevention of Accidents. This can be found at www.allianz.co.uk/DriveSafely

New offences

New offences are also being introduced to punish bad driving. Last December, an offence of causing serious injury by dangerous driving came into force. This was introduced to provide a more appropriate sentence where dangerous driving results in life changing injuries such as paraplegia. The maximum sentence for this offence is five years with a minimum of one year.

The government is also introducing a new offence of driving or being in charge of a motor vehicle with concentrations of a specified controlled drug in the body. The maximum penalty will be six months imprisonment or a £5,000 fine, or both and a 12 month disqualification.

This is tougher than the existing drug driving legislation as it does not require proof of impairment. Additionally, as well as applying to illegal drugs, it will also apply to some self medications such as Codeine and Night Nurse.

Your clients' driving policy

It is important that your clients' driving policy takes these offences into consideration and that they encourage employees to drive carefully and within the law.

As an example, your client should ensure that employees do not need to use their mobile phones while driving, providing them instead with hands-free support if telephone use is essential. They will also need to be mindful of the new drug driving offence.

By setting out rules on driving within their driving policy, your clients will ensure their employees are aware of the law and encourage safe and responsible driving. Failure to do so could have serious consequences.

New EU driving licence



More details on the changes can be found at <https://www.gov.uk/newlicencerules>

Existing licences will be replaced at the time of renewal or, at the latest, by 2033.

A new driving licence model was introduced across Europe in January to guarantee freedom of movement to EU drivers and help reduce fraud.

The new credit card style licence will replace more than 110 different models currently in existence and will establish rules on the design of the licence, medical examination requirements and lease the period for which it is valid.

It will be in a different format to the old style licence. The expiry date will be shown on the front with all vehicle categories listed on the back with dates to show the driver's entitlement. All new licences will be issued in this format with existing ones being replaced at the time of renewal or, at the latest, by 2033.

To harmonise all the licences there are a number of changes to the rules that apply in Great Britain. These include new towing rules for cars and small vehicles. With these, drivers with category B licences issued after 19th January 2013 will only be able to tow small trailers weighing no more than 750kg, or heavier ones where the combined weight of the towing vehicle and trailer is no more than 3,500kg. To exceed the 3,500kg limit the driver must pass a further test and get B+E entitlement on their licence.

There are also changes for bus and lorry drivers. As well as a new minimum age of 24 to drive a bus, unless holding a Certificate of Professional Competence, driving licences issued to drivers of medium and large lorries, minibuses, buses and coaches will be valid for a maximum of five years.

Bus and lorry drivers will also need to sign a medical declaration to renew their licence, with those aged 45 plus required to submit a medical examination report to prove they meet the required standards. These changes came into effect for new drivers passing their test after 19th January 2013, with existing drivers, who typically hold a 10-year licence, coming under the new rules at the earlier of licence or lorry/bus entitlement renewal.

Commenting on the plans, Roads Minister Stephen Hammond said:

“ There is absolutely no benefit in making motorists prove they have insurance when they buy a tax disc now that we regularly check existing insurance under the CIE rules.”



Insurance check changes

The DVLA has announced plans to cut red tape by removing the insurance check from the vehicle taxing process.

Under the current rules, motorists must produce a valid insurance policy when applying in person or have their details checked on the Motor Insurance Database if they apply online or by phone.

But, since the introduction of Continuous Insurance Enforcement (CIE) to crackdown on insurance evaders, the need for this check has greatly reduced.

Commenting on the plans, Roads Minister Stephen Hammond said: “There is absolutely no benefit in making motorists prove they have insurance when they buy a tax disc now that we regularly check existing insurance under the CIE rules.”

The DVLA estimates that the removal of the insurance check could generate an average saving of £0.5m to businesses. Its consultation into the changes closed in November 2012 and it is expected to make further announcements soon.

DVLA changes

As a result of the closure of the DVLA's local offices later this year, it has announced a number of changes that will affect the purchase of new vehicles.

From July 2013, new vehicles registered and taxed using Automated First Registration Licensing (AFRL) will have the tax disc issued from DVLA, Swansea, with dealers able to request that it is sent to their premises or directly to the registered keeper or the fleet operator. In addition, under proposed new legislation, new vehicle owners will be able to drive for 14 days following the taxation of the vehicle without displaying a tax disc.



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