

Motor Trade and Fleet Newsletter

Client Edition

November 2014

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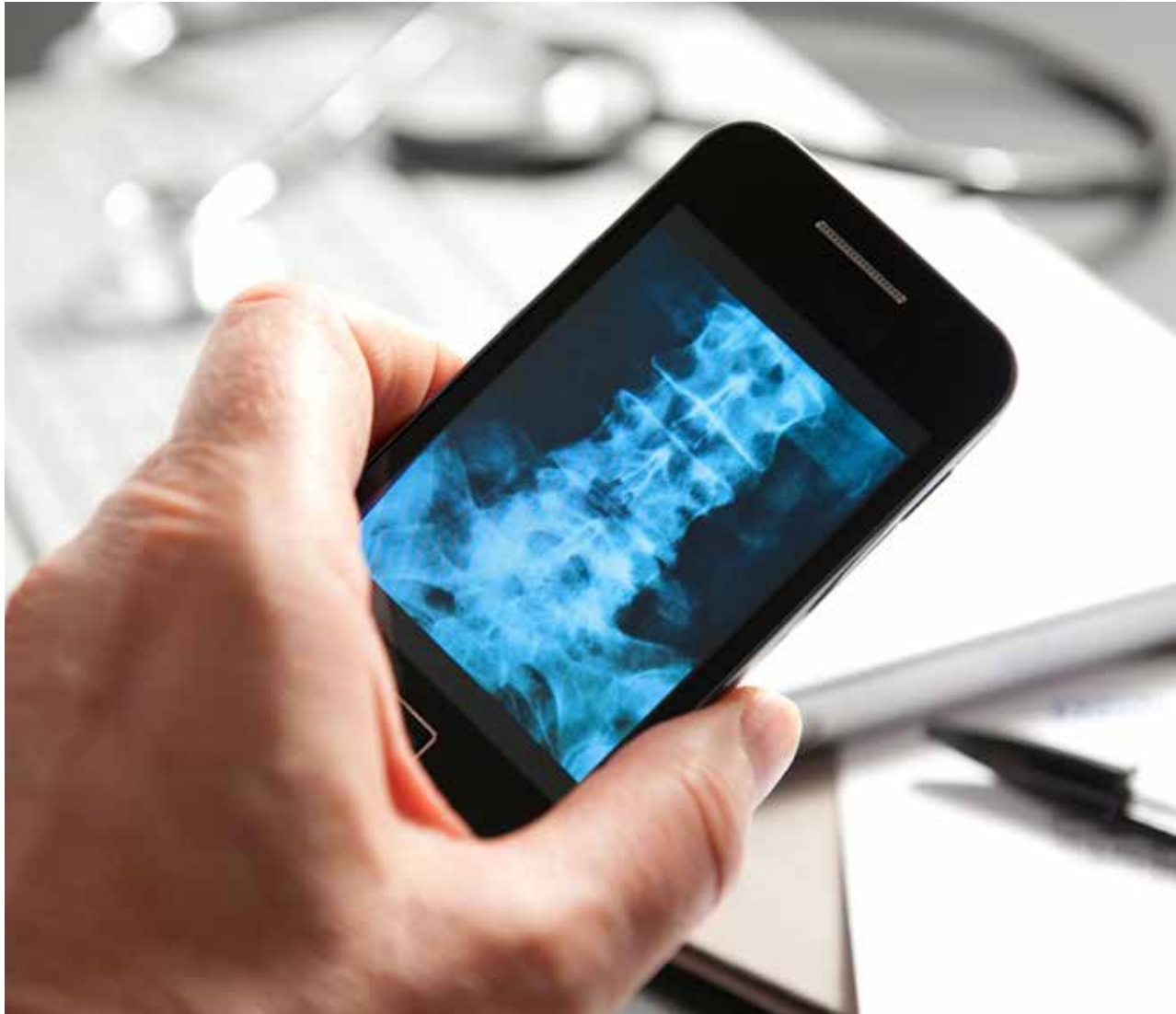
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Dealing with whiplash claims

Reforms to the way in which whiplash claims are handled are being introduced as part of the government's plans to reduce motor insurance premiums by cracking down on the UK's compensation culture. These claims cost insurers more than £2bn a year, adding around £90 to the average motor insurance premium.

The first stage of the government's whiplash reform programme was introduced on 1st October 2014 and builds on reforms to the civil litigation funding and costs, introduced through the Legal Aid, Sentencing and Punishment of Offenders Act 2012.

Central to this first stage is the introduction of fixed fees for medical reports in whiplash claims. As a result, while charges could be as much as £700 for a report, there is now a fixed recoverable cost of £180 for a medical report for soft tissue injuries, including whiplash. This recoverable cost is fixed regardless of the medical expert's discipline and it is assumed that, in most claims of this type, only one medical report will be required.

However, where a claimant can justify a second medical report, a further schedule of fixed recoverable costs comes into play, dependent on the medical expert's discipline. For example, a GP or physiotherapist report is £180 while a report from a consultant orthopaedic surgeon would cost £420.

In addition, a number of other changes were introduced including the discouragement of pre-medical offers and preventing treating experts from providing medico-legal examinations (medical report produced by Dr in support of a claim) other than in exceptional circumstances.

The second stage, which is expected in 2015, focuses on the independence and accreditation of medical experts who are able to produce reports for RTA soft tissue injury claims within the portal claims process.

To ensure the independence of medical evidence relied upon in support of whiplash claims, the government has decided to introduce a new system of allocating medical reports which will remove the possibility of a financial link between the expert and the claimant solicitor. This will be in the form of a new IT hub, MedCo, which the Association of British Insurers has agreed to fund and build.

The government is also keen to ensure that all medical reports meet minimum quality standards. To achieve this a new accreditation requirement will be introduced for all experts wishing to produce reports for portal soft tissue injury cases.

Allianz is working with the government and other stakeholders to determine appropriate accreditation criteria. As it is expected that this won't go live until MedCo is up and running, experts who register with MedCo will be given a time period in which to gain accreditation.

Data sharing is another important part of the second stage of the reforms and it is proposed that an IT platform is developed that will enable claimant representatives to obtain data on a clients personal injury claims over the previous five years. It will also record data on multiple searches, which could also be an indication of fraudulent behaviour.

Impact of the reforms

These changes go a long way to reforming the whiplash compensation process. Although there are concerns that the introduction of fixed fees for medical reports has made secondary reports more commonplace, this is likely to be resolved, and the system of fixed fees will lead to reduced costs and greater encouragement for claimants to use the most appropriate and proportionate expert for the value of the claim.

There is also much to be applauded in the government's move to ensure the experts producing reports are both independent and suitably qualified to do so. True independence is key to improving outcomes in the current process. Similarly data sharing will help to reduce fraudulent claims by identifying those claimants who seek to hide their claims history. But, as fraudsters evolve their methods and schemes we will continue to use other detection methods alongside data sharing to identify these criminals.

Speed of notification is key. Please ensure claims are reported to Allianz as quickly as possible.



At Allianz, we will continue to work with all stakeholders to assist the implementation of stage two and will bring you details of any changes that affect you.



For more information on the government's whiplash consultation, visit the Ministry of Justice's consultation into reducing the number and cost of claims at <https://consult.justice.gov.uk/digital-communications/reducing-number-cost-whiplash>



The importance of **Inspection** and **Maintenance** in the Motor Trade industry

The Motor Trade environment has significant health and safety risk issues. According to statistics, issued by the Health & Safety Executive (HSE), there have been over 7000 injuries and 33 deaths in the motor vehicle repair industry over the last five years.

The industry employs around 170,000 people and is dominated by small and medium sized businesses. Over half the workforce are in businesses employing fewer than 10 people and many are self-employed.

Most accidents in servicing/mechanical repair involve slips, trips and falls or poor manual handling. Other causes of incidents, sometimes resulting in serious injury or death, include working under inadequately supported vehicles, incidents involving petrol and vehicle movement. Most fatalities in motor vehicle repairs are caused when a person is trapped (and crushed) under

an inadequately supported vehicle which has been raised or had a wheel removed.

Typically, the type of plant and equipment that would be found in these environments would include motor vehicle lifting tables, jacks, scissor lifts, axle stands, engine hoists, car spraying booths, air receivers, tyre machines and pressurised oil drainers.

The HSE has published two useful guidance documents that “represent good practice and help operators stay within the law”. These documents describe many key precautions that can be adopted to minimise the most serious risks. One of these precautions is to ensure that equipment being used is the right equipment for the job, that the operators know how to use it properly, that it is installed properly and that it is maintained and inspected to ensure that it remains in a safe condition.

The documents above: “INDG434: Working safely under motor vehicles being repaired” and “HSG261: Health and safety in motor vehicle repair and associated industries” are freely available via the HSE website www.hse.gov.uk

So why is it important to carry out maintenance on equipment?

Firstly there is a regulatory requirement. Regulation 5 - Maintenance of The Provision and Use of Work Equipment Regulations (PUWER) 1998 states that “Every employer shall ensure that work equipment is maintained in an efficient state, in efficient working order and in good repair.”

Secondly it may also be a condition of the plant insurance policy i.e. “The insured shall also maintain the Insured Property in an efficient condition and take all reasonable steps to ensure that all Government and other Regulations relating to the operation and use of the Insured Property are observed.”

And finally it should be remembered that an effective maintenance programme will make plant and equipment more reliable. Fewer breakdowns will mean less dangerous contact with machinery is required, as well as having the cost benefits of improved productivity and efficiency. Additional hazards can occur when machinery becomes unreliable and develops faults. Maintenance allows these faults to be diagnosed early to manage any risks.

There appears to be a great deal of confusion within the industry where many plant owners are of the opinion that if they are having their plant inspected then they do not need to maintain it. This is, of course, incorrect. The need for maintenance should not be confused with the requirement for inspection. These are two separate

issues, although issues identified during the inspection may require maintenance to put right.

The purpose of an inspection is to identify whether the plant or equipment can be operated, adjusted and maintained safely and that any deterioration (e.g. defect; damage; wear) can be detected and remedied before it results in unacceptable risks.

The purpose of maintenance is to ensure the plant or equipment remains in an efficient state, in efficient working order and in good repair. Such effective maintenance can not only help in meeting health and safety requirements but can also serve other business objectives such as improved productivity and reduced environmental impact.

The difference between these two elements can be better shown if we use the analogy of the family car.

Once the car gets to 3 years old then the owner of the car is legally obliged to have the vehicle checked. This check is called the MOT test which verifies that all safety related aspects of the vehicle are to the required standard and quality e.g. condition of tyres, lights, steering.

The car owner will also want to give themselves the confidence that the vehicle will not let them down and that it remains in a safe condition. To do this they will have the vehicle serviced on a regular basis in accordance with the manufacturer’s guidance. This service will generally include checking of oil levels, change of air and oil filters, engine tuning and emission checks etc.

This example clearly shows the correlation between the MOT (or Inspection) and the service (or Maintenance) and that they are very different but are of equal importance and both vital in ensuring that the plant remains both safe and reliable.

Goodbye paper licences

From January 2015, the DVLA will no longer issue the paper counterpart to the photocard driving licence. The move, which is part of the government's Red Tape Challenge consultation on road transportation, will mean new procedures are required to check an individual's eligibility to drive.

While individuals will be able to see the information currently shown on the paper counterpart through the View Driving Record Service, the DVLA is developing a service for organisations such as employers and motor traders to check a driver's entitlement to drive.

This service, Share My Driving Record, will provide third parties with access to the basic information that was held on the paper counterpart to help them determine eligibility to drive.

The DVLA has stated that the service will be free - at least initially - as it replicates the information they would have been able to see on the paper counterpart. It will also be necessary to gain consent from the driver before checking their record, in line with the Data Protection Act 1998.

Organisations will also be able to use other independent services to check driving entitlement. For example,

Allianz offers policyholders access to a service, Licence Check, which provides users with fully documented online record of their search. The DVLA expects to see an increase in the use of these services when the paper counterpart is no longer available.

It's also important to note that some paper licences will still be in circulation. Although many drivers will be able to rip up their paper licences in January 2015, any issued before photocards were introduced in 1998 will remain valid.

For more information

For more information about the changes and Licence Check, contact your Allianz broker.



Taking a **scientific approach** to identifying driver risk and safer drivers

**Brake is a national road safety charity. For more information about how your organisation can participate, please visit www.brake.org.uk



Business driving is currently the foremost occupational hazard and over 30 per cent of road deaths are attributed to this work-related activity each year. With driving being one of the most dangerous activities an employer will ever ask an employee to undertake, a new research study is set to explore if behavioural profiling can be utilised to identify and predict who is a higher risk individual when driving, as well as improving driver recruitment.

Driver Safe 2015 is an innovative scientific research study that will commence late in 2014, which aims to address the limitations associated with current driver risk assessment systems. This study is being undertaken by Applied Driving Techniques (ADT), with support from the UK's leading road safety charity Brake**, and will seek

to investigate the possibility of accurately predicting a driver's inherent risk status using a behavioural profiling approach incorporating psychometric, emotional intelligence and motivator profiling techniques, already well proven in other settings.

If the study is successful, it will demonstrate that there is indeed a relationship between an individual's specific behavioural profile, their personality characteristics and their overall attitude to driving and their actual observed behaviour behind the wheel of a vehicle. If behavioural profiling is then shown to be a strong predictor of driver behaviour and an individual's inherent risk status, then this could be a highly beneficial finding.

Ultimately, it is hoped that the research will lead to the development of a ground-breaking behavioural

diagnostic test and reporting system, providing a scientifically-validated driver risk tool that can provide significant benefits in the areas of both driver recruitment, accident reduction, road safety, fleet management and insurance. In fact, early indications have already shown that it is indeed possible to effectively benchmark the best and worst drivers to help define an ideal driver profile (within a specific driving setting) allowing this approach to therefore consequentially be used to enhance and streamline driver recruitment.

In order for ADT and Brake to make Driver Safe 2015 a success, they are looking for support from health and safety focussed organisations from all around the UK. They are aiming to involve over 20,000 drivers over a three year period and would be delighted to have you and your employees on board for what promises to be an exciting, mutually beneficial opportunity to improve driver safety on the UK's roads. Indeed, such prestigious health and safety focussed companies such as Ocado and Amey are already taking part. In fact, a number of early participants, who have undertaken the exciting driver benchmarking exercise are now looking at maximising the value of their results to help shape future internal recruitment policies, reduce accident frequency and improve both the management and motivation of their employees. They are looking for a diverse range of car, van and commercial vehicle drivers from a wide range of different sized businesses and industry sectors.

Case Example - Ocado

Commenting on the research, Neil Shaw, Head of Operational T&D from Ocado Ltd said:

"We are delighted to have the opportunity to participate in the highly innovative Brake-supported Driver Safe 2015 research study. The powerful message associated with our participation has been embraced by our highly safety conscious drivers and also applauded and recognised by our operational management team and other internal stakeholders."

He went on to say: "We have also taken the valuable opportunity to undertake a benchmarking exercise which has helped us explore the relationship between the behavioural profiles and the on-road performance of our driver population, which is yielding some extremely exciting and insightful results. We believe this will be extremely useful in not only generating an "ideal" Ocado driver behavioural profile, but may potentially help us enhance our already multi-faceted Driver Recruitment Process as well as help optimise the future management and training of our drivers."



The Synopsis for the "Driver Safe 2015" Research Study can also be viewed via the following link: www.applieddriving.co.uk/research/the-driver-safe-2015-research-study

This study is being managed by Dr Jim Golby PhD FCIPD, a former Brake Fleet Manager of the Year and previous winner of the prestigious CIPD MRR Research Prize for a similar research study which explored the use of behavioural and biometric profiling in predicting actual in job performance.

If your organisation is interested in finding out more information on this research project as well as details of how your organisation could participate, then please contact Dr Jim Golby PhD FCIPD, Director of Research and Customer Experience at Applied Driving Techniques directly on: drjim.golby@applieddriving.co.uk or 07768 776128.

Network strengths

Following extensive customer research and analysis, Allianz has restructured its repair network, appointing Nationwide Crash Repair and Fix Auto to be its partners of choice in the provision of motor damage repair services to its customers.

In addition, it has appointed the Vizion network to provide services to customers requiring a prestige manufacturer repair and it will continue to work with AutoRestore to provide a mobile solution where appropriate.

The Allianz Repairer Network is an important part of the service we provide to you and we are constantly reviewing its performance. This latest restructure reflects changing industry dynamics, increasing regulatory demands and our developing customer base and will deliver significant benefits.

Customer service

One of the key benefits of the network is the customer focused service it delivers. All types of vehicle can be repaired through the network, ranging from Mini Coopers to HGVs, and it also serves every postcode in the UK.

Customers are contacted within 60 minutes of the notification being received from Allianz and are kept informed throughout the repair, using their preferred method and frequency of communication.

The network also delivers added value services that help to minimise the disruption while their vehicle is being repaired. Every customer is offered the option of having their vehicle collected from a location of their choice and delivered back to them cleaned after the repair. A courtesy car is also available if required, the next working day after notification.

Quality repairs

The quality of the repair is also a key benefit of the network. The whole Allianz Approved Repairer Network has central deployment teams who are experts in determining the method of repair required to ensure work can be started as efficiently as possible. On top



of this, all network members are PAS125 accredited and network repairs are guaranteed for a minimum of five years.

The Allianz Repairer Network is also constantly monitored and assessed against repair quality and service delivery to ensure high levels of customer service and satisfaction.

For more information about the Allianz Repairer Network, its members and the benefits it can deliver to customers please contact your Allianz broker.



For more information about risk management contact your Allianz broker.



Key theft

Don't be a victim of key theft

Motor traders have been warned to be vigilant following a series of vehicle thefts this year by a professional gang who steal keys from car showrooms.

To steal the vehicles, the showrooms were initially visited by a couple who took keys from employee drawers and desks. The keys were then passed on to other members of the gang. By operating in this way, the gang were able to take the vehicles quickly with three of the five identified cases carried out on the same day.

The couple are believed to be in their late 20s or early 30s and, on some of their visits, are accompanied by a boy of around five years old. As the gang has not been apprehended, it is believed that they may still be operating and may be targeting other parts of the country.

Stop the thieves

As well as looking out for these criminals, it is important to take a proactive approach to reducing the risk of vehicle theft. Although it can be tempting to leave keys in a desk drawer, especially on a busy day, it is essential to keep them locked away whenever possible. This rule should apply both to stock vehicles but also employees' own company cars.

As well as reducing the risk of theft, leaving keys lying around contravenes the key clause included in the insurance policy. This means that, if a vehicle is stolen and the keys had not been kept securely, as well as the inconvenience of the theft, the policyholder also risks having a claim declined or co-insurance being applied, which could cost around 35% of the claim value.

Taxing changes



Changes to the way vehicles are taxed will affect anyone buying or selling a vehicle as well as resigning the paper tax disc to motoring history.

The new rules, which came into effect on 1st October 2014, mean it will no longer be possible to transfer tax when a vehicle is sold. Instead it will be necessary for the buyer to ensure they have obtained new vehicle tax from the point of purchase. This can be done by using the New Keeper Supplement (V5C/2) either at a Post Office, online or through the DVLA's 24 hour telephone service.

Motor traders can still use a trade plate, providing the vehicle is used within their conditions for use. But, if the vehicle is to be registered for personal use in the name of the motor trader, new vehicle tax will need to be obtained.

The person or motor trader registered as the keeper of the vehicle is still responsible for notifying the DVLA when they sell or transfer it. Once this notification is received, and where the vehicle is taxed, they will also receive a refund of any full months' vehicle tax that is outstanding.

Additionally, and in keeping with the abolition of the paper tax disc, although motor traders and vehicle testers are still required to renew their trade licences, it will no longer be necessary to display this licence and the DVLA stopped issuing them from 1st October 2014.

More information can be found at <https://www.gov.uk/government/news/vehicle-tax-changes> or by contacting your Allianz broker.

It is an offence to drive an untaxed vehicle on the road and penalties apply to drivers and also companies for allowing this to happen.

Motor Traders need to consider their processes for transporting vehicles for example

- Vehicles bought from an auction house or seller's premises
- Delivery/collection of vehicles
- Test drive/demonstration

A trade plate or tax needs to be purchased before vehicle can be driven on the public highway.

Motor Traders will need to either check online with DVLA www.vehicleenquiry.service.gov.uk that customer vehicles in for service or repair which will be driven are:

- Taxed
- Customers' signed confirmation that the vehicle is taxed
- Displaying trade-plates before driving on the public highway

Motor traders no longer need cover to protect tax discs in their custody or control. Please discuss amendments with your Allianz broker.