

New partnership to bring transparency to fleet insurance and reduce costs

FleetVision, with Fleet Logistics a key part of the TÜV SÜD Fleet Business Unit, has entered into a unique partnership with insurance specialist, FleetInsurancePlus, to assist fleet clients in bringing transparency to their total cost of insurance.

Between them the two companies are providing consultancy for fleet clients to help to identify a proper fleet insurance strategy which takes into account a variety of factors, including risk profiles and corporate culture.

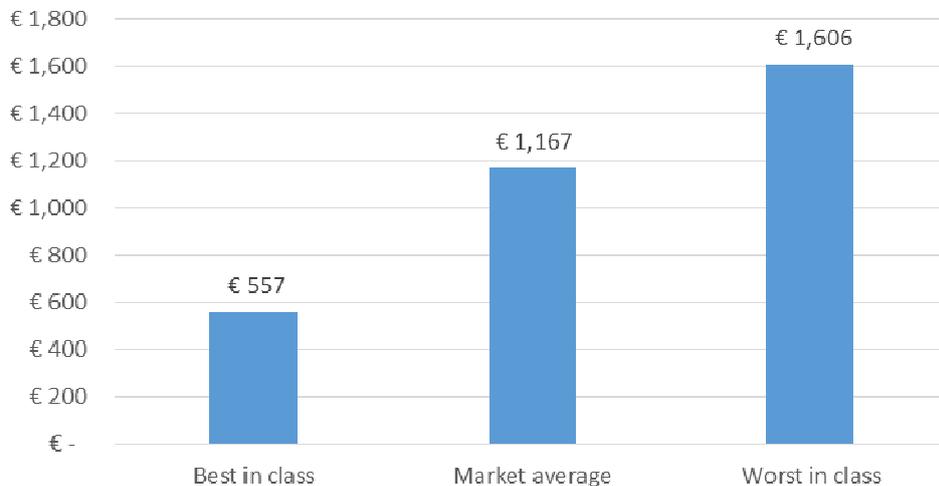
As a result, they believe they are able to make savings of up between €150-300 per vehicle per year by optimizing the total cost of insurance (TCI) – which on a fleet of 10,000 vehicles can add up to a very attractive figure indeed!

To achieve this, the consultancy takes into account a variety of issues which impact on the total cost of insurance, including optimal insurance structures, optimal pricing, improved risk profiles, enhanced reporting and monitoring supplier performance.

The TCI consists of the insurance premium, insurance premium taxes, deductible such as the premium excess, broker fees, claim handler fees and stop loss funds for both own risk and third party claims.

But, unlike many other vehicle related costs, there can be a large spread between best-in-class and the worst performers in terms of the TCI – often as much as 300% between the two benchmarks.

Total cost of insurance



The partnership found that the worst-in-class insurance cost could be as high as €1,606 per vehicle per annum, while the best-in-class cost was €557.

This was based on the actual costs from a sample of 900,000 vehicles taken from fleets operating more than 50, predominantly passenger vehicles and drawn from FleetInsurancePlus's benchmark database of around 2.5 million vehicles.

These were primarily from six different countries - Belgium, France, Germany, Italy, Spain and the Netherlands - while the total cost of insurance included both own damage and third party liability.

Eelco van de Wiel, Managing Director of FleetInsurancePlus, said: "An insurance tender can be a very effective way to reduce the fixed part of the TCI, which includes the insurance premium, insurance taxes, fees and overhead.

"This fixed element accounts for about 40% of the total cost of insurance. An optimal insurance structure, with savings in insurance premium tax and improved supplier performance, for example, can help reduce costs considerably.

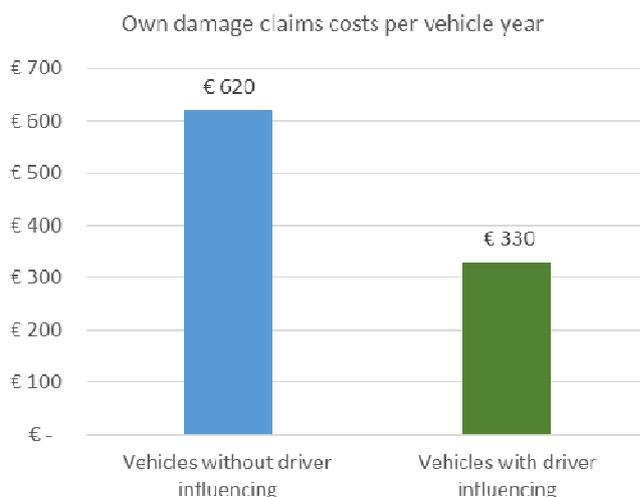
“The first step to tendering the fixed element is to benchmark your TCI, and that is our unique starting position in helping companies to optimize their cost of insurance,” he said.

The total cost of insurance, however, cannot be considered in isolation from driver performance, and the TCI, even after its various cost elements have been optimized, is still influenced by the risk profiles of the drivers involved.

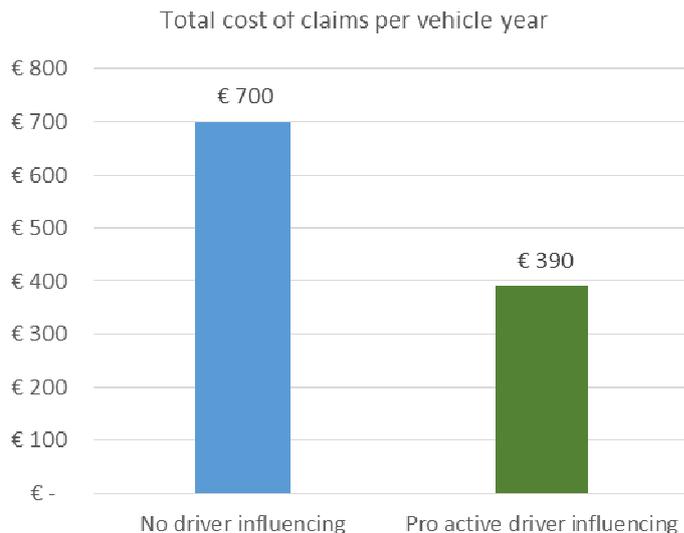
Approximately 60% of the total cost of insurance is created by accidents, but many companies overlook the part the driver plays in causing these costs to escalate, or fail to make him or her responsible for their part in accidents or in general safe driving.

However, the new FleetVision-FleetInsurancePlus partnership, which has been in place since the turn of the year, has seen several success stories where, through pro-active driver training, the total cost of claims has been significantly reduced.

Success story 1: In this case, a Belgian fleet owner equipped a section of the fleet with telematics and used this to provide regular email follow-up to drivers with monthly management reports to the fleet manager. The drivers with the telematics and regular follow-up incurred 47% lower damage costs in comparison with the remainder of the fleet.



Success story 2: A car lease company in the Netherlands decided to equip all vehicles with telematics and provide regular feedback to drivers and the fleet owners. Within two years the total damage costs, both third party liability and own damage, decreased by 44%.



Apart from the additional positive impact on areas, such as employee health and safety and corporate image, these initiatives also greatly reduced the motor insurance costs. And there were further beneficial effects on other driving behavior-related costs, such as fuel consumption, traffic fines and employee downtime.

Bart Vanham, Director of FleetVision/TCOPlus, said: "A company, through its drivers, can have a considerable degree of influence on the accident rate and, as a result, the total cost of insurance.

"Today, the menu of available services and products to influence driving behavior is extensive. Driving behavior can be measured using telematics, smartphone applications, fuel and damage statistics.

“It can be improved by communication and incentive programs, e-learning and behind-the-wheel training. For each and every budget and corporate culture, the optimal mix can be put together to achieve the optimal result”

If you require any further information or advice on the above, please contact Bart Vanham at +32 (0)474058118 or email: bvanham@tcoplus.com

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