

Motor trade

Broker News

Allianz 

July 2009

2 Motor Insurance Database



3 How to win through in a recession



4 Take care – things CAN get worse!



5/6 Driving industry update



Mark Ashwood,
motor trade
manager

Welcome

Welcome to our latest edition of broker news dedicated to motor trade. This edition has been designed to keep you, the broker, up to date with the current issues affecting the motor trade market and will focus on what's happening in the Allianz motor trade world and the value added services we provide.

The economic climate continues to be challenging for all industries, with the motor industry being one of the worst affected. This issue is dedicated to offering your clients helpful, practical advice during this turbulent time. Take our Motor Insurance Database (MID) article. The Allianz MID is a simple tool that can prevent your clients from having their vehicles impounded or from receiving hefty fines.

We know your clients are looking to save business costs and our article on how to win through a recession is designed to give advice on risks associated with cutting insurance cover during this period. We also have some simple ideas on how your clients can manage risk through uncertain times.

We hope you find the information useful and that it will continue to give you the confidence to recommend us to your clients.

Have your say!

At Allianz Commercial we listen to our customers when developing our products and services. On our dedicated website, Allianz eBroker, we invite you to give us your feedback so please be sure to take advantage of the opportunity. Just visit the motor trade section on www.allianzbroker.co.uk to send us your thoughts.



Changes to our motor trade claims handling

As a leading motor trade insurer, we are always looking at ways to improve our service.

Following feedback from brokers and clients we have now launched a single dedicated motor trade claims handling centre in Birmingham which will handle all new and existing motor trade claims.

Our aim is to provide a superior service based on a 'one-stop-shop' process that wherever possible speeds up claims settlements.

Telephone

There is now a single dedicated telephone number for motor trade claims that will route you to the team. The telephone number is:

0844 412 9996

Please only use this telephone number for calls relating to motor trade claims.

Email

Documents can be emailed to the team at: motortradeclaims@allianz.co.uk

Written correspondence

All motor trade claims correspondence should be sent to our administration processing office at:

**Motor Trade Claims, 500 Avebury Boulevard
Milton Keynes MK9 2XX**

All documents are scanned and forwarded to the Birmingham Claims Handling Centre.

Allianz Legal Protection

Any claim relating to uninsured loss recovery and injury, motor prosecution defence or commercial legal expenses will continue to be handled by Allianz Legal Protection. Please refer to the motor trade policy wording for details.

Client notification

Our Client News explaining the changes to our motor trade claims handling can be downloaded via

www.allianzbroker.co.uk/claims/motor_claims.htm

Please help us to ensure a smooth transition by forwarding a copy to all of your motor trade clients.

For more information please contact your local Allianz office.

Motor Insurance Database

– are your policyholders protected?

Since its launch in 2001, the Motor Insurance Database (MID) has become one of the most important tools to ensure that only insured vehicles are driven on our roads.

Data from the MID is used by police to help combat uninsured driving. If vehicle data is not correctly registered on the MID, your insured clients run the risk of being stopped at the roadside, or worse having their vehicle seized by police and destroyed.

More than 34 million roadside checks were conducted by police in 2008 resulting in 185,000 uninsured vehicles being seized. In the future, a fixed penalty fine may be applied via the Continuous Insurance Enforcement scheme. With this in mind, it has never been more important for brokers to have access to vehicle data for their clients.

Allianz Motor Insurance Database

Allianz Motor Insurance Database provides brokers with direct access to real time vehicle data 24/7 for all Allianz commercial motor policies. Whether you require full vehicle schedules for a client meeting or to monitor vehicle movement, Allianz MID can ensure you demonstrate a quality of service to your clients and ensure they are completely protected.



Allianz MID provides you with:

- a quick and easy vehicle registration search facility
- MS Excel format vehicle schedules, making it quick and easy to upload and save data
- an individual log-in and forgotten password facility
- links to the Motor Insurance Bureau and Information Centre, DVLA Licensing, Congestion Charging and Claims START
- links to Allianz eBroker, Risk Director and motor industry related news
- information on Allianz motor products to support you and your clients.

What our brokers say about the Allianz MID

In March 2008 we conducted a survey with our registered brokers to gather their thoughts on the Allianz MID website. The results were extremely positive:

“I consider the Allianz MID website to be one of the best sites, as it contains more information than other websites.”

• Stuart Stephenson,
Berkeley Burke Insurance

“Being able to have access to the MID for our clients is a great help and something other insurers should implement.”

• Kevin Hambry,
CVD Commercial Insurance Services Ltd.

So how do you register?

Registration is FREE at

www.allianz.co.uk/commercial/mid

Once registered you will receive a username and password by email to access the vehicle update facility on the website. All you need to hand is your agency number and the policy number of one of your Allianz policies.

Contact point

The Allianz MID site has a dedicated helpdesk available Monday to Friday from 8am to 6pm on **0845 0731118** or by email:

mid.helpdesk@allianz.co.uk

Protect your policyholders – register to access the Allianz MID website today!



How to win through in a recession



In today's uncertain economic climate, your clients may be tempted to reduce their level of insurance coverage or lose focus on their risk management responsibilities as they look to cut the costs of running their business. More than ever, we need to work together to make them aware of the risk that could follow if they reduce their insurance cover or compromise their risk management practices.

It's not just the usual business factors your clients need to bear in mind, but also recessionary factors. These often lead to an increase in criminal behaviours such as theft, malicious damage, arson and fraud, which Andrew Miller discusses in the next article. Here we will look at the repercussions your clients may face by reducing their insurance cover.

Short term savings can be short sighted

Making changes without understanding the consequences can leave your clients dangerously underinsured. With insurance costs under scrutiny what guidance should be given to clients so they understand the risks they are exposing themselves to if they reduce their cover?

- Removing business interruption from a policy can leave your client vulnerable if they were to have an essential business vehicle off the road or suffer a fire. In many cases this can leave a business in serious financial difficulty or even drive them out of business. Preparing for the unexpected is critical. The experiences of many following the floods in 2007 are testament to the benefits of having business interruption cover in place.
- It's vitally important your client has the right amount of cover in place for their business. Reductions in sums insured where there hasn't been any real change in the business value can reduce the settlement amount for your client following a loss.
- There may even be instances where during a recession it's prudent to introduce new covers, such as Fidelity Guarantee cover. This may be suitable for your client in times of hardship. Employees experiencing financial hardship have been known to be driven to measures such as theft to sustain a standard of living or pay bills. Having fidelity cover in place will cover these losses if such circumstances ever arose.

Cutting or reducing cover has to be considered carefully and your guidance and advice is essential to protect your clients interests. Ensuring that the policyholder has the appropriate employers liability and third party motor cover as well as complying with regulations such as COSHH (Control of Substances Hazardous to Health) and LOLER (The Lifting Operations and Lifting Equipment Regulations) is important to fulfil their legal obligations.

Risk Management

An economic downturn can also result in reduced expenditure and focus on the management of risk. This can prove to be a false economy. These cost saving measures can range from a failure to supply the appropriate tools and safety equipment for the job, not providing appropriate training or reducing the frequency of waste collections. Such cost savings can contribute to accidents resulting in a loss. All areas of the business are at risk if risk management standards slip.

A recent example was an arson attack on a business following a build up of waste attributed to fewer regular waste collections. This resulted in significant damage to the premises and major disruption to the business.

Failure to comply with the minimum standards required for handling flammable liquids by an inexperienced employee resulted in major burns to the employee. Maintaining a robust health and safety regime not only safeguards the personal wellbeing of the employees but the future of the business. With the first Corporate Manslaughter prosecution pending (see page five) under the new Corporate Manslaughter and Corporate Homicide Act 2007 the focus is greater than ever on the duty of care directors and managers of businesses have to their employees.

Continuing to maintain and protect the business premises is essential to combat the increase in crime during a recession. Testament to this fact, it has been reported that in the past year alone one in four businesses were affected by incidences of crime with businesses in the North most affected. Theft was the predominant cause followed by vandalism, violence and arson.

One valuable risk management service that we provide our clients is Risk Director – www.riskdirector.co.uk – a free online one-stop-shop providing risk management tools, guidance and support. Managing risk effectively is one way clients can avoid incidents and help to reduce their insurance costs.

Keeping them serviced

Now is a perfect time to contact policyholders to review your clients insurance to ensure they are receiving the appropriate levels of cover they require. It's also a good opportunity for reminding them of the additional services on offer to assist in safeguarding their business and protecting against further financial burden.

As all businesses differ it's crucial your clients receive the correct advice based on their needs. If they are considering reducing their cover, they need to remain aware of the risks they can be exposed to. This itself is an invaluable service that allows your client to make informed decisions that best suits them in these turbulent times.

At least half of the fires in commercial motor trade premises are believed to be started deliberately



Take care – things CAN get worse!

Are your motor trade clients feeling the recession? If so, the last thing they need is a fire! During a period of recession, many crimes can increase and arson is probably no exception. Andrew Miller, Allianz risk control surveyor, offers advice on how good security and risk management can prevent these issues from taking place.

At least half of the fires in commercial motor trade premises are believed to be started deliberately, mostly by children or vandals, but don't forget that former or disgruntled employees may also not feel too kindly towards ex-employers.



So now is the time for your motor trade clients to have a good long hard look at their premises and in particular at what is outside on their forecourts and in compounds. It is in these areas that waste bins, skips and the like are often set on fire. A bin or skip fire can be many metres high and, if close to the building, the fire can quickly spread inside. Are your clients' skips and bins of a lockable type, well away from buildings? Do they leave combustible items where children can set fire to them?

Good security is one way of reducing the risk of a fire. However, it must not be at the cost of making the premises less safe for employees to work in, or for the public to visit. Good security and suitable fire safety arrangements do not have to be mutually exclusive. There are plenty of locks and bolts available, which will allow escape in the event of a fire, but will also provide good security. It's just a question of knowing where to find them and what will suit.

Your motor trade clients own work activities can also easily lead to a fire if they are not careful. Welding, fuel retrieval and paint spraying are just a few examples of things where lack of care often leads to fires.

Accidents to employees can not only be distressing, but also occupy time that would rather be spent on other things and with the new Corporate Manslaughter legislation now in force, accidents can also become very expensive if your clients business is prosecuted and convicted. Allianz Commercial is only too happy to give your policyholders free advice on security, fire precaution and health & safety.

Allianz motor trade policyholders can also access our award-winning risk management website, Risk Director –

www.riskdirector.co.uk

– where a wide range of fire safety, security advice, health & safety and risk management guides can be downloaded. They can also request a visit from an Allianz risk management surveyor for personalised tailored advice.

It has never been more important for policyholders to minimise the risks to their motor trade business. In these uncertain economic times, even a relatively small loss can make the difference between the success and failure of your clients business.

Driving Industry Update

Regulatory changes

This issue we focus on regulatory changes affecting the driving industry. Kevin Clinton, Head of Road Safety at the Royal Society for the Prevention of Accidents (RoSPA) answers some of our questions.



The main aim is to improve safety by having better qualified drivers on EU roads.

What are the new regulations concerning “blind spot” mirrors?

All but the smallest goods vehicles over 3.5 tonnes that were first used on or after January 26, 2007, are required to be fitted with improved “close proximity” and “wide angle” mirrors on both sides of the vehicle. The European Community Directive 2007/38/EC[1] will extend these requirements, on the passenger side, to existing goods vehicles in the same categories that were first used on or after January 1, 2000. The implementation date for this new directive was March 31, 2009. More information can be found at

www.dft.gov.uk/consultations/closed/retrofittingmirrors

I've heard people talking about Driver CPCs. Can you tell me more about them?

A new qualification – the Driver Certificate of Professional Competence (CPC) – is being rolled out across the EU. For professional bus and coach (PCV) drivers, it came into force on September 10, 2008, and for professional lorry (LGV) drivers, it will be introduced on September 10, 2009.

Professional drivers of lorries of 3.5 tonnes and upwards and passenger-carrying vehicles with nine seats or more will be covered by the new arrangements and just holding a vocational licence will not be enough for someone to work as a professional bus, coach or lorry driver.

Why are they being introduced?

The main aim is to improve safety by having better-qualified drivers on EU roads. It is also hoped that there will be enhanced professionalism in the driving industries, and businesses should experience the cost savings that stem from fewer accidents and a reduction in fuel consumption.

How can drivers acquire and maintain their Driver CPC?

Those who gain their Driver CPC will be issued with a Driver Qualification Card (DQC) and it will be mandatory for a driver to carry this while driving.

Drivers will have to complete 35 hours of periodic training every five years to maintain their Driver CPC. Those who are new to the driving profession will be able to acquire their Driver CPC at the same time as their vocational licence.

Existing professional drivers will not have to pass the initial qualification, but they will be subject to the periodic training requirements and must complete their first 35 hours by September 9, 2013 (PCV) or September 9, 2014 (LGV).

Where can I get more details?

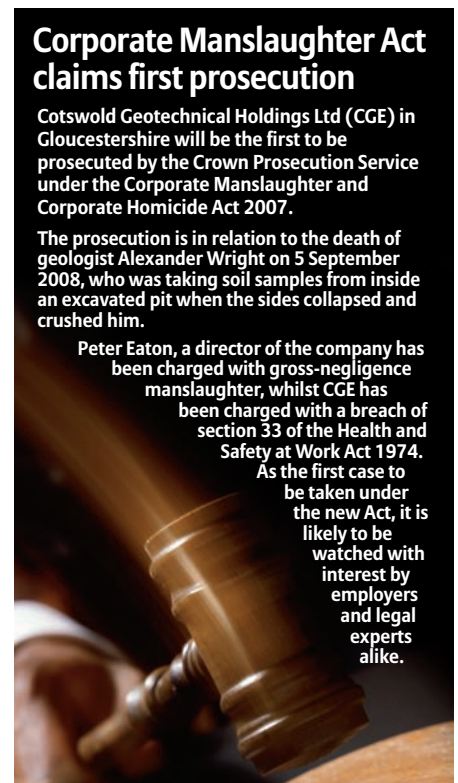
The UK Driving Standards Agency is administering the implementation of Driver CPCs. More information can be found at www.transportoffice.gov.uk/cpc

Corporate Manslaughter Act claims first prosecution

Cotswold Geotechnical Holdings Ltd (CGE) in Gloucestershire will be the first to be prosecuted by the Crown Prosecution Service under the Corporate Manslaughter and Corporate Homicide Act 2007.

The prosecution is in relation to the death of geologist Alexander Wright on 5 September 2008, who was taking soil samples from inside an excavated pit when the sides collapsed and crushed him.

Peter Eaton, a director of the company has been charged with gross-negligence manslaughter, whilst CGE has been charged with a breach of section 33 of the Health and Safety at Work Act 1974. As the first case to be taken under the new Act, it is likely to be watched with interest by employers and legal experts alike.



Driving Industry Update (continued)

Government Vehicle Scrappage Scheme



In response to the global downturn in demand for new vehicles over the past twelve months, the UK Government has introduced a new motor initiative similar to programmes introduced in Germany, France and Italy.

How the scheme works:

- Consumer needs to provide dealer proof of eligibility of the scheme – V5, MOT certificate and ID
- Dealer to check the consumer's eligibility using documents provided
- Consumer must agree to let BERR have their contact details for audit purposes post sale
- Dealer will order vehicle and notify manufacturer that it is part of the scrappage scheme
- Dealer arranges destruction of the vehicle and obtains a copy of the Certificate of Destruction (CoD)
- Dealer will notify manufacturer once the deal is complete
- Dealer will invoice customers clearly showing the scrappage allowance on the invoice
- Dealer must retain a copy of the scrapped vehicles V5, CoD and MOT certificate plus a copy of the sale invoice
- Scrappage firm to collect vehicle from dealer then issue CoD
- All new vehicles must be supplied within four months of order take and registered in the same name as the scrapped vehicle.
- Scheme to be voluntary for both manufacturers and dealers
- Participating manufacturers must include entire product range
- Only one scrappage allowance per vehicle – does not preclude further discounts or incentives
- Individual or business may buy more than one vehicle on scheme
- No restriction on how long the new vehicle needs to be kept for
- A van (LCV under 3.5 tonnes) may be traded in on the scheme for a car or vice versa
- Fleet and Motability cars, as well as retail, are included
- Electric cars are included; however, quad cycles and vehicles with less than four wheels are not
- Scrapped vehicle must have been registered before 31 August 1999, have a current MOT and be clear of finance
- Vehicles with an expired MOT certificate are eligible providing expiry was no more than 14 days prior to date of order
- Registered keeper must have had the vehicle for more than 12 months
- Purchaser must have a valid UK address
- New vehicle must be UK registered

Key features of the scheme:

- Consumers to be offered £2,000 towards cost of new vehicle – Government will pay £1,000, 'industry' will pay £1000
- Total of £300 million or equivalent to 300,000 vehicles
- Launched mid May and will finish 28 February 2010 or when funds run out
- Vehicles not eligible for the scheme are used vehicles, demonstrators, imports, dealers' own vehicles and orders placed prior to the schemes launch
- Vehicles on finance are eligible; however, leasing and contract hire packages are ineligible for the scheme because the registered keeper would not be the same as for the scrapped vehicle.

The Government Vehicle Scrappage Scheme is designed to stimulate new car sales by contributing £2000 towards the cost of a new vehicle when trading in a model over ten years old.

Issues around administration raised by some dealers appear to have been resolved and the scheme has been widely embraced by the motor industry with some 38 UK manufacturers participating. It also appears to have been well received by consumers with over 80,000 new orders for vehicles since the launch of the scheme in April 2009.

"We expect the pace of improvement to increase in the coming months," comments Paul Everitt, chief executive of The Society of Motor Manufacturers and Traders, "but we can already see the industry making steady progress on the long road to recovery."

The downside is that the scheme will not run forever, ending when the £300m Government contribution is exhausted or by the end of February 2010. So it pays for consumers to take advantage of this offer if considering the purchase of a new vehicle.

With more new cars on the road replacing older vehicles it is clearly providing some relief to the local car economy in the immediate short term, with The AA estimating it could inject as much as £2bn into the UK's car sector. It is also a great incentive to get more modern, safe and efficient vehicles on Britain's roads.