

Motor Trade

Broker News – December 2010

Allianz 

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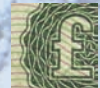
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Mark Ashwood,
motor trade
manager

Welcome

It's hard to believe another year has passed and we are now in the festive season.

This year has not been without its challenges for the motor trade sector. Motor traders have had another tough year with the outlook for 2011 being just as challenging as central government cuts take affect as well as a rise in VAT and IPT.

In these times the temptation may be to cut costs which may be a false economy particularly in the risk management area. Uninsured loss, disruption to the business and potential increases in insurance premiums could follow if losses result. In addition, as the recent weather has reminded us, it is important to ensure vehicles are well maintained and fit for purpose.

Generally recessionary impact on claims costs has so far been negligible. We have seen an increase in fire losses and this newsletter will provide some practical advice and guidance as to how your clients can help avoid this major risk.

Legislation still largely shapes the way we do business. We have seen the launch of the Ministry of Justice reforms and shortly the Continuous Insurance Enforcement which will directly impact on our customers. Other legislative changes will follow and we will be well placed to manage the consequences.

Developing our products and services to meet our customers' needs is at the heart of what we do.

Your views play an integral role in this process so in this edition we are asking for your feedback on our motor trade products, service and additional benefits.

As a thank you for your time in completing your feedback you will be entered into a free prize draw to win a £100 in Bonus Bonds!

We wish you a very Merry Christmas and a prosperous new year.

Surviving the winter- are your clients fully prepared?

Your clients should already have completed health and safety risk assessments, prepared a business continuity plan and introduced a loss prevention programme.

However, have they ensured that these all reflect the additional hazards and increased risks which the winter season can bring.

We've prepared a checklist to help your clients ensure their business is in great shape to survive these cold winter months!

- Lower winter temperatures can increase the risk of burst pipes – are the water pipes and tanks in your clients' business premises properly insulated?
- Does their central heating have a "frost-stat"?
- Have your clients told you about any new or temporary heaters?
- Is a build-up of snow on the roof likely to cause it to collapse or leak inside when it eventually starts to melt?
- What have they done to reduce the risk of employees and customers slipping over on icy forecourts and yards?
- Do they know if their premises are in an area which may flood; if so have they signed up for flood alert messages?
- Do they even have a "flood plan"? Moving a large number of vehicles to a safer secure alternative site quickly needs pre-planning!

It doesn't need severe weather for the risks to be increased. Longer hours of darkness can mean a higher risk of someone tripping up on rough ground or uneven paving

- Do they have the most economical lighting for the purpose? Has their fire safety risk assessment properly looked at emergency lighting provision? Escaping from a fire in daylight is bad enough but having to do so in a combination of smoke and complete darkness doesn't bear thinking about.
- Before anyone starts to clean out gutters, have they ensured, by a suitable and sufficient risk assessment, that the work can be done safely and in compliance with Work at Height Regulations?

Security and fire risk

A large proportion of fires are purposely started by children or vandals and good security is one way of reducing fire risks. Waste bins and skips that can be set alight should be kept closed, locked and secured and well away from the buildings and fuel tanks.

How well does their CCTV system work in the dark? Time for some better cameras and higher quality recording equipment?

It's a lot to think about isn't it! Of course, your clients need to regularly review and update their loss prevention programme. However, their right "seasonal" balance only has to be done once and there is help to be had, much of it for free.

RiskDirector

Risk Director provides easy access to a one stop shop of risk management guidance and support for you and your clients so visit today at www.riskdirector.co.uk



Are you heading in the right direction?

Ensure your clients are prepared for Continuous Insurance Enforcement

A recent survey conducted by Allianz revealed that almost 50% of our broker partners who responded have no knowledge of the new Continuous Insurance Enforcement (CIE) regulations, which are due to come into force in the new year. It also revealed that 87% did not feel supported by their insurance partners regarding the legislation.

As a responsible insurer, we want to help you help your clients. Here, we outline the detail of the scheme and share our top tips to ensure that no-one falls foul of the law.

What you need to know:

Under CIE, it will be illegal to keep a vehicle without appropriate insurance unless it is declared as off the road.

Following comparison of the MID and DVLA records, registered keepers suspected to be without insurance will receive a letter and offered the following options:

- check their MID registration is accurate
- update their DVLA record
- declare vehicle SORN (statutory off road notice)
- buy insurance

Enforcement will only follow if the keeper fails to comply with one of the above and will result in:

- an initial fixed penalty fine of £100
- their vehicle being clamped, seized and disposed of
- possible court prosecution which carries a maximum fine of £1000

Top-tips:

1 - Prepare

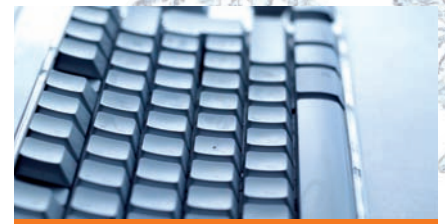
Please ensure your clients are aware of CIE and understand their legal requirements. The DVLA has additional information which can be found at www.direct.gov.uk/stayinsured

2 - Provide

Ensure that you provide timely and accurate policy and vehicle data in order that your clients will be on the MID. Registered keepers can check if their vehicle appears on the MID using www.askMID.com

3 - Protect

Protect your clients and yourself. Inaccurate input could result in your client receiving a letter, which could ultimately cost you your reputation and time and money to correct any errors.



MOJ update

On 30th April this year, the MoJ introduced a streamlined handling process for low-value motor personal injury claims (with a value of up to £10,000), to speed settlement for an innocent third party and to reduce opportunity for their solicitors to build costs. Another benefit is of course a reduction in cycle time for these claims.

The changes came about because the ministry felt that lower-cost motor personal injury claims generally took too long to settle, and that claimant lawyers' fees were too high as well as being disproportionate to the level of compensation.

Key changes included cutting the time limit for a liability response from three months to 15 working days; allowing an initial 15 working days for a response to an offer to settle a claim from third-party representatives, and a web-based portal for insurers to transact MoJ claims.

By mid-November, the Allianz claims division had proved itself more than capable of dealing with these tighter deadlines and claims handlers dealt with just over 7,500 new MoJ claims, with 880 of these progressing to the settlement stage.

Allianz claims met the challenge by developing a best-practice process, involving many areas of the business, and has received positive feedback from the insurance industry regarding our approach to the reforms and the way we have adapted ourselves to meet the new challenges.

We still need your help

It is very important for us to receive prompt notification of road accidents, we require your help to ensure the fast track process remains effective. Our aim is to identify liability enquiries and complete them in anticipation that a third party injury claim is likely to be received via the MoJ process. Our dedicated Motor Trade claims team is available to help achieve the best possible outcome in handling claims which fall within the scope of the MoJ reforms.

Flexible options to suit your clients

To ensure your clients stay compliant they can update their vehicle details via the Allianz Commercial Motor Insurance (ACMI) website www.allianz.co.uk/commercial/mid



This provides direct access to vehicle data 24/7 for you and your clients at the touch of a button with the following benefits:

Whilst the ACMI website is our preferred option we understand that your clients may have a different need. We offer the widest choice of update methods from post, fax or email; or direct to the MID.

To find out more speak to your local Allianz branch today!

PROTECT OR PAY – the cost of theft

Since the beginning of the recession in 2007, the average cost of a theft claim suffered by our motor trade customers has increased by 21%. This is despite the fact that the actual number of theft incidents has remained relatively static.



Before 2007, the main theft risk for motor traders was multi vehicle thefts and loss of tools. Nowadays, as the economic environment changes and technology advances, thieves are finding new commodities to target, often with expensive consequences to your clients.

Recent analysis of our motor trade account has highlighted the following:

- The majority of theft losses still involve vehicles, with multi vehicle thefts most common. Inadequate key security and perimeter protection of the premises are often contributing factors to the severity of the loss
- Whilst private cars remain at greatest risk, trailers, motor cycles, commercial vehicles, horseboxes and mechanical plant are also targets
- Theft of fitted accessories, such as satellite navigation systems, is on the increase. The main manufacturers targeted are Audi, Volkswagen and Mercedes and often the same location is repeatedly chosen
- The theft of catalytic converters has not disappeared and a recent rise in the value of precious metals has seen an upsurge in incidents
- Poor physical security and failing to maintain or set an intruder alarm has contributed to loss
- Fuel, tyres, cigarettes and portable hand tools are also a target for thieves.

So what can your clients do?

A key issue

Very few vehicles are stolen without the key or equivalent. As well as taking the car, the thief will often fill it with tyres, wheels, stock, tools and any other items of worth, escaping with many of your clients' most valuable items.

Keys should be protected in a suitable high security key cabinet, situated within an alarmed area of the building.

Ensure that they are removed from vehicles when the vehicle is not being worked upon and ensure that the vehicle is secured at the end of each day. Key management systems are useful for tracking, provided the keys are returned to the cabinet when not required. Don't forget, vehicle thefts don't just occur when the business is closed. Many thefts are opportune and occur when the business is open.

An alarming situation

Many businesses have intruder alarms installed, but are they set appropriately every time the business is closed and are they fit for purpose? The alarm should be installed by a reputable company which has been approved by a UKAS* accredited inspection body and it should have appropriate signalling. The coverage needs to be appropriate for the layout of the premises and the alarm should be maintained under contract. An intruder alarm is next to useless unless the alarm signal is 'confirmed' and goes to an alarm receiving centre in order for the police to respond.

The onion skin approach

Think of security like the skin of an onion. Peel one layer back and another one is there protecting the next.

Having effective perimeter protection for forecourts will protect vehicle stock. Perimeter protection can include bollards, security posts, palisade fencing and dwarf double thick walls. Remember though, the perimeter protection is only as good as the security of the keys for the padlocks and posts protecting the forecourt.

Installing additional security features such as lighting and monitored CCTV, will reduce the

risk of vehicle theft, satellite navigation theft and catalytic converter theft but will still allow customers access to the forecourt when the business is closed. Storing high specification vehicles within the showroom, workshop or secure compound overnight will provide added protection.

If a thief overcomes the physical security outside the premises and is able to enter the building having activated the intruder alarm, they will want to get in and out as quickly as possible. Protecting attractive goods within the building will act as the next layer of protection, with the objective of buying time. Portable hand tools are important to the business and providing a suitable means of locking or anchoring a tool cabinet or chest can be a worthwhile deterrent.

As criminals change the focus of their attention and different challenges arise, it is important that your clients keep security under review and consider what measures can be usefully employed to try and prevent or reduce the number of theft, vandalism and arson incidents. Good physical protections, supported by an intruder alarm installed and maintained by an approved company, will minimise the risk of theft and the inevitable disruption to their businesses.



A view from the experts

We work in partnership with the Retail Motor Industry Federation (RMI) to provide its members with motor trade solutions. We asked the RMI to offer their views as to the key issues that will affect motor traders in 2011 and offer some practical advice on how to overcome these.



Rise in VAT to 20% – From 4 January 2011, consumers will pay an additional 2.5pc on “VATable” purchases, which includes cars.

How to beat it? – dealers need to work with their manufacturers to secure great deals, ensuring that their showroom offers are the most attractive.

Environment – today’s consumer is generally aware of the effects of their actions on the environment, which is most likely to affect sales of larger, more powerful cars with higher emissions.

How to beat it? – small cars with small engines and lower emissions could be big sellers for dealers, they’re more eco-friendly and they are affordable. Also, look out for Government incentives on electric vehicles.

Other factors that will affect the market in 2011

- Restrictions on finance availability – lenders are less likely to loan to those without job security.
- Market uncertainty – consumers starting to feel the effects of the Government cuts and a new budget
- Job security worries – public sector jobs are under threat in the wake of the cuts.
- Reductions in capital expenditure from Government and municipal bodies – may lead to less council owned vehicles and smaller fleets.



If you or your clients want to find out more about the issues affecting them please visit www.rmif.co.uk

Illegal tyres – a problem on the rise

The Department for Transport has issued its latest road casualty statistics which show that more than 200 people were killed or seriously injured on the UK’s roads in 2009 as a result of an accident where illegal, defective or under-inflated tyres were a contributory factor.

VOSA confirm the scale of the problem as its latest figures show that 2.3million vehicles failed their MoT tests in 2009/10 where ‘tyres’ was one of the reasons for referral.

Andrew Torrance, chief executive of Allianz comments *“The increasing number of vehicles on the road with illegal tyre tread depths is a very worrying and dangerous trend. Motorists are putting themselves and the lives of others at risk by driving vehicles in this condition.”*

“All motor insurance policies require the insured vehicle to be maintained in an efficient and roadworthy condition. In a worst case scenario, an insurer could turn down a claim if the vehicle’s tyres were unroadworthy and, worse still, might decide to recover the cost of meeting a third-party’s claim which could run into tens of thousands of pounds. This happens very rarely but motorists need to be aware of the potential penalties that exist, not only from the law but also from their insurer.”

“Driving conditions deteriorate markedly during the winter which leads to more accidents. To counteract the increased risk of an accident in the winter, drivers must ensure that their vehicles are properly maintained and in a roadworthy condition.”

Top tips to ensure you and your clients’ vehicles are roadworthy

The following should be checked on your tyres and the general condition of your car on a weekly basis or before any long journey:

- Tread, inner and outer sides of your tyres for any bulges, cuts or cracks (which can be a sign of ageing).
- Tyre pressures
- Spare tyre to ensure it’s of a good condition
- Brake fluid
- Engine coolant
- Engine oil
- Power steering fluid
- Horn
- Lights/bulbs/reflectors
- Mirrors
- Seat belts
- Windscreen and windows (ensure clear field of vision)
- Windscreen washer fluid (including anti-freeze in winter)
- Windscreen wipers



Risk management advice and guidance

Don’t forget we have a wealth of advice and information to assist your clients available on www.riskdirector.co.uk



and finally

Have your say and **win £100** worth of bonus bonds!

So we can continue to develop products and services our customers want we would love to hear your views.

Click on the link below and tell us what you think of:

- our motor trade products, are there any enhancements you would make / additional covers?
- our service to you – is there anything we could do to improve the service we provide to you and your clients?

<http://www.allianzbroker.co.uk/motorfeedback.asp>

Win **£100** worth of bonus bond vouchers!

As a thank you for the time you've taken to give us your views, you'll be in entered into a free prize draw to win a chance to go shopping in the January sales with £100 worth of bonus bond vouchers!

For full terms and conditions please refer to the email attached to this newsletter.



Allianz Motor Trade Solutions for you and your clients

Download our Motor Trade Solutions brochures today for more information!

Our Motor Trade Solutions guides have been designed for you and your clients to provide you with details on our motor trade products, value added services, claims management and much more!

Still leading the competition... but we couldn't do it without you

We're so proud to have won Commercial Lines Insurer of the Year but we really couldn't have done it without you. We're committed to working in partnership with our brokers to deliver products and services our customers want.

Chris Hanks, general manager, commercial, is also thrilled to have won Industry Achiever of the Year but couldn't have done it without the dedication and professionalism of his Allianz colleagues.

Thank you for your support

in helping us achieve these awards and we look forward to a continued successful partnership with you.

