

Standard Bank with fleet management and insurance expertise can evaluate the specific needs of clients. After a risk assessment, bespoke insurance packages can then be devised to meet specific needs.

INSURANCE FOR FLEETS

According to Compass Insurance's Executive: Underwriting and Claims, Dean Delport, the first step fleet managers need to take is a proper risk assessment to gain a full understanding of the risks facing them as fleet owners, such as knowledge of key crime areas, road hazards and conditions in their operational areas. From here fleet managers need to ensure that a risk management strategy is put in place and is fully understood by all employees – from the drivers to administrators and upper management – of the company, including regular re-evaluations of the strategy.



Delport says that this risk assessment and strategy needs to be based on some key facets that will impact both the management of the fleet and the type and cost of insurance, including the following:

- The types of vehicles will influence the insurance needs. For example, large trucks for long haulage will be categorised differently than light delivery vehicles and/or sedans, as each will have different uses and require consideration around factors such as where and who has control of the vehicles, where they are parked etc. As all of these factors will impact on the insurance needs it is crucial that the vehicles are, (a) selected based on their design and the intended uses being envisaged by the owners, (b) roadworthy and are regularly maintained to ensure full compliance with road safety regulations.
- The value of the fleet – on the date of issuance of the insurance certificate – will impact on the cost of insurance. This value will be determined by factoring in the cost and age of the vehicles. The age of the fleet could also determine the extent of cover that may be required and the subsequent cost thereof, for example, older low valued vehicles may be considered for limited cover only (e.g. third party only).
- Capabilities and accountability of drivers needs to be top of mind at all times. Drivers must have a valid driver's license that is in line with the vehicle they will be charged with. Additionally, each driver's experience is a crucial consideration, along with knowledge of any incidences, such as previous accidents, convictions, fines, endorsements or any other factors that could influence a driver's capabilities and accountability.
- Part of managing risks around the fleet should then include having

an efficient and respected tracking device/system installed, which will serve a two-fold purpose; tracking the vehicle in the event of theft as well as monitoring the driver's speed and routes to observe deviations from job requirements. For further assurance against theft, a proper security system should be installed – i.e. a high-tech immobiliser system or anti-theft device – and the use of additional technologies such as data dots, which assists with the identification of assets.

Following the risk assessment, depending on the size of the fleet, the owners/company may want to carry a portion of the risk themselves, thereby reducing the cost of their payment to the insurer. This approach is feasible if the company concerned has a well established and effective fleet management strategy in place.

The main challenge that insurers are faced with is that the cost and management of claims is on the rise due to road and weather conditions, infrastructure challenges, condition of vehicles (tyres, brakes, whether serviced regularly), driver awareness and risk management, and ease of access into and out of South Africa. Further challenges in the motor industry include illegal vehicles on the roads, illegal licenses and the state of the economy – all of which may have extensive impacts on the efficient fleet risk management process and the cost of insurance

INCREASE OF USE

Fleet management solutions are increasingly being used world-wide to reduce operational costs, improve customer service levels and enhance safety and security.

Brendan Horan, General Manager: Sales and Marketing for MiX Telematics says that although advanced technology is at the core of all these solutions, it's how one helps customers use this technology that generates the real value for organisations."

The best strategy for making fleet management as efficient and cost-effective as possible is a strong partnership with the fleet operator or customer. This requires strong buy-in from the customer and a relationship that is a long-term partnership and not a standard customer-supplier relationship. A thorough understanding of the customer's business at implementation phase allows for a solid footing moving forward.

Horan says commercial telematics solutions have proven themselves as tools for fundamentally changing the way fleets are managed. They are not potential changers, they are proven changers.

Given the importance of on-time delivery and the high cost of fuel, knowing exactly where vehicles are and monitoring their drivers seem like definite advantages in an industry where profit margins are habitually low. As a fleet manager, having information about every aspect of an individual vehicle trip can greatly assist in the planning and managing of fleet operations.

Perhaps one of the greatest advantages of telematics to fleet operators is the improved security it provides. Horan says that fleet management solutions, designed specifically for this sector, can substantially reduce accident rates; drive improvements in fuel economy and CO2 emissions and lower maintenance costs. Controlling fuel spend is crucial for most companies. "The way vehicles are driven heavily influences this spend, but if you're in the office and drivers are out on the road how are you going to influence your drivers' behaviour?" says Horan. He says the only way is by being able to provide timely feedback to drivers on their performance and by rewarding them for any improvement.

In-cab display and onboard computer help customers change driver behaviour, achieve substantial bottom-line improvements and earn a return-on-investment in a matter of months.