An overview of Motor Fleet insurance

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- **I have trained more than 2,000 individuals to become ACII qualified**
- I have trained over 50% of the individuals in the last 8 years that have gone onto achieve the highest ACII pass in the whole of the UK.
- I train to a pass rate of more than 96% in all CII qualification levels. Certificate , Diploma and Advanced Diploma.
- I deliver the Allianz scholarship and academy programmes in both the UK and Ireland and I have been a Cii examiner.
- I have trained students who have won national prizes in almost all ACII subjects including Insurance Law (MO5), Liability (M96), Commercial Property and BI (M93), Personal Lines Insurance (P86), Business and Finance (M92), Underwriting Practice (M80), Advanced Underwriting (960), Claims Practice (M85), Advanced Claims (820), Marketing (945), Advanced Broking (930) and Advanced Risk Management (992).

Learning Objectives

- Understand the main component motor fleet covers
- Understand extensions including occasional business use and contingent liability
- Understand how fleets are rated
- Understand why spotting claims trends and implementing risk management is so vital in fleet insurance

Why arrange a Commercial Fleet policy?

- Motor fleet policies often allows different vehicle types and varying covers to be insured under one policy.
- The premium paid often represents a reasonable outlay for the client so they will seek value and quality.
- The range of cover offered in the fleet market may be greater than would be available elsewhere.
- A good claims history should, in the client’s view, be reflected in the premium charged and claims experience is a significant part of rating motor fleet business.
- It is administratively easier and more cost effective to arrange a single contract, and issue blanket certificates.

Types of Cover

- Road Traffic Act Cover.
- Third Party Only.
- Third Party, Fire And Theft.
- Comprehensive.
- Laid Up.

- WHAT DO YOU UNDERSTAND BY THE TERMS:
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    - **Contingent Liability.**
    - **Occasional Business Use**
    - **Unauthorised Movement**

Aspects of Cover

Fleet insurance can mix and match vehicles

Private cars plus commercial vehicles so let’s explore the difference between a private car and a commercial vehicle

Below are the four main categories of commercial vehicle Insurance

Compiling a Fleet Presentation

- **INFORMATION TO INCLUDE:**

1. Period for which you've acted as brokers.
2. Outline of the policyholder's business.
3. Location of head office.
4. Details of any associated/subsidiary companies.
5. Reference to split of vehicles /locations.
6. Risk management policy + evidence.
7. Who at the client monitors/controls the fleet.

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Compiling A Fleet Presentation

- **INFORMATION TO INCLUDE:**

8. Broker/client meetings?
9. Claims statistics.
10. Particulars of any drivers who have an adverse conviction history – are any and drivers no longer with the company
11. Adverse/Large claims history.
12. Last year's premium rate.
13. Does it include OBU?
14. Any positive trends or risk features you particularly wish to bring to the attention of the Underwriter

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Motor Fleet Rating

- All vehicles carry a **book rate** but when a client groups together a fleet of vehicles a client's individual claims experience can be calculated to reflect a discount for the fleet rather than individual discounts for each vehicle.
- Vehicle exposure is calculated in vehicle years.
- Claims experience comes from a confirmed experience form.

What is a vehicle Year?

- Fleet insurance exposure is calculated on vehicle years not number of vehicles so what is the difference?

How are Vehicle Years calculated?

- The vehicle year is **the exposure of one vehicle for a full policy year.**

What is a cut off date

- Clearly the holding insurer cannot issue claims experience actually on the renewal date, so they have to put a cut off date in place.

- This maybe one month or two months before renewal what determines this.

- So the most recent years claims experience will only be up to ten or eleven months, as such we cannot allocate a full vehicle year to each vehicle, as that would not reflect the true exposure.

How will a fleet underwriter analyse a claims experience

- They will look at accident frequency which is calculated by:

Number of accidents/ vehicle years x 100%

- They will also look to see if this is increasing or decreasing

- They will look at severity which is average claims cost per vehicle calculated by:

Total claims cost (including reserves)/ vehicle years x 100%

- Again they will look at trends