

FLEET INSURANCE OFFERS BENEFITS TO FLEET OPERATORS

White Paper – May 2017

(For information purposes only)

With careful management and attention to detail fleet insurance can both reduce insurance costs and enhance the safety of employees and still benefit the fleet operator with as much coverage as is required. It can also make a significant contribution towards road safety.

What is fleet insurance?

Fleet insurance covers a group of cars, commercial vehicles and trucks under ONE policy. It is designed to distribute the risk across the board so that a fleet operator pays only once for each peril, rather than insuring each vehicle individually, thereby paying for each vehicle's risk. It assesses the risk and evaluates the premiums based on the challenges for the entire fleet.

Fleet operators have unique needs. The insurance must take into account the complexities of insuring business vehicles, such as insuring cars for multiple drivers and making sure vehicles can be used for as many applications as necessary.

Business vehicles, particularly heavy vehicles used in logistic companies, may travel extensive distances, often crossing borders into Africa. Therefore it may be important to include expansive territorial limits into your insurance policy so that trucks and other fleet vehicles can cross borders without unnecessary complication. In addition, it may be necessary to include cover for cargo while in transit. Alternatively stock insurance can be added to the business insurance portfolio, which covers stock in transit or storage under the protection of the logistics company.

On the other hand, shuttle service companies and other transport services may consider taxi insurance combined with fleet insurance. This includes liability cover, extremely important given the risk of personal injury and death when transporting people.



It is important to consult with the right insurer to ensure the business gets the optimum level of vehicle cover. The insurer must understand the operational demands of the fleet, particularly if it is operating a number of heavy-duty trucks and commercial vehicles.

Calculating commercial fleet insurance costs

Although every fleet operator will have unique needs, there are some basic factors that every company will take into consideration when calculating fleet insurance costs. These include:

1. The number of vehicles to be insured and what kind of vehicles they are.
2. Vehicle age and condition.
3. Estimated mileage.
4. Claims history.
5. Vehicle telematics solutions.
6. Driver behaviour history.
7. Book value of each vehicle covered.
8. Routes – domestic vs international.

To qualify for fleet insurance, the vehicles must be owned by the same business/person. The insurer usually requires a minimum number of vehicles in order for the insured to qualify for fleet insurance. It remains the duty of the fleet owner to keep the insurance company informed of any changes to the fleet.

Benefits of Fleet insurance

1. Fleet insurance covers all vehicles owned by the business and ensures each vehicle is outlined in the policy. This greatly simplifies claims administration.
2. Drivers who struggle with individual insurance will be covered under a fleet insurance policy. This will assist them should they wish to obtain individual insurance at a later time.
3. Costs – companies who provide fleet insurance will still take into account the driver's past history and experience but the costs for fleet insurance are much less than purchasing individual insurance.



Insurance Telematics and Road Safety

Fleet managers and logistics companies have benefitted from vehicle telematics for a number of years now.

The benefits of effective on-board technology and vehicle telematics solutions include:

- Accident data and analysis
- Accurate reports which save time in accident reconstruction and legal proceedings
- Effective control by the fleet manager
- Driver behaviour is monitored and short-comings can be addressed.
- Reduction of liability and maintenance costs.

A major benefit is the ability to provide accurate driving data to the insurance company and to carry out driver ratings and risk profiling. Scientific measurement of driving behaviour not only promotes safer driving, but also reduces accident and insurance risks.

Fleet drivers are monitored directly while they drive, and this information can be transmitted directly to the fleet manager and insurance company. Insurance premiums will be calculated based on this information. In addition, tracking technology reducing the risk of vehicle theft and hijacking, thus further reducing insurance premiums.

What to look for in fleet insurance

Fleet insurance premiums should be based specifically on the risk profile of your business. It is essential to investigate the following when choosing a fleet insurance company:

- The ability of the insurer to administer the claims processes effectively and quickly
- Availability of emergency roadside assistance - 24 hours a day, 7 days a week.
- Cover for reasonable storage costs or towing to the nearest repairer.
- Who are the approved repairers that the insurer deals with?
- Cover for the costs incurred for the removal of the wreckage as well as costs for replacing locks, keys, remote controls or the reprogramming of vehicle security systems.
- Cover if needed outside the borders of South Africa



Passionate about delivering **Measurable Value** to our Customers

- Cover not only for the vehicles but also for accessories and spare parts
- Legal liability insurance cover for causing damage to the property of other parties as a result of a vehicle accident.

Conclusion

Eqstra Fleet Management and Logistics offers a wide range of insurance options to its customers. In the event that we are not able to cover some of the risks presented by clients, we will provide advice on how to adequately cover the risks by placing the policy with associated service providers.

In addition, Eqstra will provide comprehensive fleet reviews, claims experience assessments, fleet management and access to risk audits, and access to driver training and workshops.

Remember, as fleet managers and logistic companies strive for affordable commercial vehicle fleet insurance, road safety is the ultimate beneficiary. Affordable fleet insurance depends on safer driving behaviour and the ability to accurately measure such driving. Fleet insurance rewards safer driving which in turn assists in reducing accidents and improving road safety.

Please contact your Eqstra Customer Services Manager who will arrange a meeting with Eqstra's insurance experts.

Email address: info@eqstrafleet.co.za
12 Corobrik Road,
Meadowdale,
Johannesburg, South Africa

ACKNOWLEDGEMENTS:

Eqstra would like to thank Arrive Alive for their input into this White Paper..



Passionate about delivering **Measurable Value** to our Customers

All rights reserved. The information contained in this document is confidential and has been prepared by EQSTRA FLEET CONSULTING solely for information purposes to our strategic clients; it is not to be relied upon by any third party without our prior written consent.

This report, whilst based on the most realistic information and proven statistical methodologies available to us at publication and is intended to provide general information. It is not an exhaustive treatment of the subjects raised. Accordingly, it should not be relied on to address specific situations or circumstances and is not a substitute for accounting, tax, legal, or other professional advice.

Before making any decision or taking or refraining from any action which might affect your finances or business affairs, or those of your employees, you should consult a qualified professional adviser to validate.

