

Best Practices of an Accident Management Program

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While it might be a bitter pill to swallow, if you are working in fleet, you can almost guarantee that accidents will occur in your operation every year. Because of this, any fleet should understand the processes that make for efficient and effective accident management. Finding the most effective ways to leverage the solutions involved in accident management will help guarantee a positive impact on how a fleet operates in the post-accident efforts.

That is why having a comprehensive accident management program is so important. Not only is the program designed to ensure that the process of handling potential accidents proceeds smoothly, it should also help achieve goals that will positively impact a fleet's bottom line.

At a Glance

There are several key concepts that make up a powerful accident management program, which include:

- Being able to properly process First Notice of Loss (FNOL).
- Obtaining the most financial returns in the Loss Recovery procedure.

- Effectively conducting the repair of the vehicle.

“An accident management program provides fleets a way to process claims effectively and efficiently by experts in the field. This includes having a team of claims representatives receive the first loss of notice, expediting and coordinating getting vehicles to a repair facility, and scheduling a rental vehicle if needed for the fleet driver,” said Jennifer Gordon, product sales consultant for Merchants Fleet Management. “Another benefit of an accident management program is having repair representatives evaluate the repair process, validating the repair shop estimates for accuracy, and negotiating with the repair body shop if necessary.”

Several other industry experts offered additional insight and best practices to the various aspects of accident management.

Safety First

Prior to considering the accident management program, it may best serve the fleet to first ensure that it has established a comprehensive safety program. The ultimate goal really in any fleet is to prevent accidents from ever occurring in the first place. The more a fleet establishes methods that will prevent an accident from ever occurring in the first place, hopefully means the less it will have to worry about the pains of managing an accident.

Although there are several key concepts to a safety program, the main aspect is proper driver evaluation and training

“Accident management programs are reactive, so having a good proactive approach to preventing crashes in the first place is key. Making sure that your drivers are safe by continually monitoring driver behavior and training drivers to be safe are part of an overall risk mitigation strategy,” said Ted Lewin senior manager of risk management services for Wheels, Inc. “Running frequent MVR’s on all drivers, as well as more often on your riskier drivers, as well as assigning specific training by incidents such as moving violations, camera violations, and crashes helps focus strategies on a driver-by-driver basis.”

And, even though the goal of the fleet safety program is ultimately designed to keep your drivers safe, combining elements of the safety program with an accident management program during the claims process can be useful in reviewing the claim and evaluating and training drivers.

“By integrating these programs, it allows fleets to link a driver’s accident claim to their overall driver profile as well as trigger specific trainings for drivers based on their accident reason,” said Gordon of Merchants. “For example, if a driver backed into another vehicle in a parking lot the system would push a training to the driver focused on backing out of a parking spot.”

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Gordon further elaborated on how an accident management program allows fleets to get a sense of how their drivers operate vehicles on a grander scale.

“By having an accident management program, it will allow fleet managers to view claims at a high-level, rather than just claim by claim. Accident management programs will provide the fleet manager with a dashboard showing top accident reasons, total costs of repairs, drivers with multiple accidents, preventability statistics, and much more,” Gordon said. “This will then provide a bigger picture to the fleet manager on what they need to train their drivers on and to keep an eye on in the future.”

While keeping a close watch on fleet driver behavior is a fundamental aspect to any fleet safety program, another aspect in fleet safety are the vehicle safety technologies that have become ubiquitous to newer model-year vehicles

“With the advent of new collision avoidance technologies becoming increasingly more available in the fleet space, interest has been heightened as to the effectiveness of these technologies in preventing crashes. Most OEM’s have committed to move ahead with these technologies, and I believe we will continue to see fleets pay close attention to the total cost of ownership with these safety enhancements,” said Lewin of Wheels. “While most well run fleets have taken

important steps to identify and monitor driver risk, more attention will be paid to what types of vehicles are prone to be involved in the most accidents.”

First Notice of Loss

However, in the instance that the methods put into place for your fleet safety program happen to fall through and an accident does take place, the fleet and its driver must follow the proper processes involved in first notice of loss (FNOL).

FNOL, according to investopedia.com is “the initial report made to an insurance provider following a loss, theft, or damage of an insured asset.” However, if the fleet has established an accident management program, the initial report will be made to the representatives in this program.

Assuming that the driver is unharmed after being involved in an accident, the driver would report the FNOL to the representatives of the accident management program.

“Unfortunately, accidents happen, so it is important that all the pertinent information is gathered at the time of the crash, which means that your drivers need to know what steps must be taken,” said Lewin of Wheels. He recommended that fleets leave instructional packets in the company vehicles that cover how drivers should address accidents, and can be accessed in case of an emergency.

Tony Blezian, vice president of operations at LeasePlan, agreed with the sentiments in regards to leaving clear instructions for drivers in the event of an accident, and expanded on methods the driver should take.

“Have a fleet policy that requires drivers to report accidents when they happen, and require police reports,” he said.

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The FNOL serves as the foundation for which the rest of the processes in accident management follow, which includes managing vehicle repair. Having secured a solid FNOL will streamline the procedure

Also having an accident management program that operates on a 24/7 basis can effectively help report FNOL and ensure that the fleet can get the most out of a reported claim.

Representatives from accident management programs that operate at any hour may be able to assess how to garner the best results in the event of an accident. The team begins by analyzing the driver’s location, where an accident occurred, how much damage the vehicle sustained, etc.

But the processes begin with the fleet and its drivers. They must be the spark to initiate FNOL.

Eliot Bense, vice president, technical sales & advisory services – risk, safety and accident management of Element expanded on the importance of this.

“Utilization of the program is key to success, underreporting can lead to a false accident rate and potential risk to your fleet,” he said.

He added that having a comprehensive FNOL will help to establish facts when assessing subrogation potential and defending liability claims.

Loss Recovery (Subrogation)

One of the most important elements to an accident management program is assessing subrogation, otherwise referred to as the loss recovery process. This process begins when the driver properly relays the FNOL to the accident management team.

Heather Brown, sales support manager for The CEI Group, said that the loss recovery process in an accident claim begins the second the claim is reported. Up-front identification of subrogatable claims shortens the recovery time frame and allows for the most accurate capturing of data, equating to a faster and more complete recovery of funds on behalf of the fleet, she said.

“Loss recovery, or subrogation, is an important part of a comprehensive accident management program — but it also can be a challenge and it involves diligently following through on a series of important steps to ensure a claim is successful,” said Romy Bria, director of fleet management services, ARI.

Bria of ARI added that having an accident management program with experience dealing in loss recovery will help ensure the fleet gets the highest possible settlement permitted by law. An accident management program involved in loss recovery will help from the initial investigation and collecting the police report all the way to establishing coverage on a covered party and filing a claim, he added

Blezien of LeasePlan stressed the importance of providing fleet management companies with data on the company’s liability carrier or third-party administrator, as a means to streamline the claims process.

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“This creates a communicative environment to more smoothly address claims against your drivers, as well as claims made on your behalf,” he said.

Bensel of Element added that aggressive subrogation can help in the recovery to recapture bent metal and appropriating soft costs.

Blezien of LeasePlan agreed with the idea of securing a fleet accident program that can add diminished value to subrogation demands. He also stressed the importance of utilizing independent appraisers for determining diminished value and loss of use, where applicable.

“Some diminished value appraisal firms can additionally assist in recovering the diminished value portion of claims if disputed by at-fault carriers,” he said.

Brown of CEI said the process of subrogation itself is very time consuming, so when an accident management program comes into play, it is a mostly “hands-off” process for the fleet and the driver.

“Sometimes if there’s a settlement offer that’s less than a full offer, they will be engaged. And of course certain legal decisions are always referred back to them to make sure that they’re signing off on those components,” she said.

Repairs

Along with subrogation, another key element to an accident management program is working through the repair process.

Brown of CEI said following the event of an accident the repair management team in an accident management program will work with the driver on locating an appropriate shop to contact. She said the driver will take the car to the shop, assuming it is drivable. Otherwise the accident management team will work on assisting with the towing of the vehicle.

An estimate for the damages done to the vehicle will be assessed when the vehicle is taken to a repair shop.

Oliver Zerhusen, Director, Maintenance and Accident Products, Donlen, discussed the procedures involved in the repair process.

“After the vehicle arrives in the body shop we receive an estimate for review. We have a dedicated state-licensed appraiser team that audits every estimate for accuracy, safety and cost savings opportunities and actively negotiates with the body shop to reduce costs,” Zerhusen said. “The repair shop then completes the repair and the vehicle gets picked up

by the driver as soon as we get notified by the body shop.”

However, it is vital that the fleet knows how the representatives in its accident management program proceed during the repair processes. Knowing what to expect of the process early on is essential.

“It is critical to be sure that the team you are working with when it comes to repair management is experienced and understands the impact of downtime on your fleet and your business,” said Bria of ARI.

It’s important that both the fleet and the accident management team are on the same page about the elements in the repair process, which includes how it plans on getting the driver back to work as soon as possible.

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Lewin of Wheels stressed the importance of acquiring a rental vehicle during this time.

“Most physical damage claims are between \$2,500 to \$4,000. So having clear lines of repair authorization can speed up the repair process significantly,” said Lewin. “Keep in mind that your driver is most likely in a rental while the vehicle is being repaired, so having a streamlined, integrated process results in significant savings.”

The reason for this is because a vehicle that is off the road equates to revenue that the company isn’t earning.

“A critical focus in the fleet industry and for us at Donlen is downtime management, meaning the goal to minimize the time a vehicle is tied up in a shop for repairs,” said Zerhusen of Donlen. “Often times, the commercial fleet vehicle is part of the revenue generation chain and every moment the vehicle is down for repairs could mean lost income to our customers.”

A fleet can also report in the claim that in addition to the losses accrued from the damage done to the vehicle that there should be financial reimbursement due to the loss of revenue from not having the driver be able to perform his or her duties.

“In some cases you can not only make a claim for the cost of the repair and any fees you may have incurred while the damaged vehicle was in the shop, you can also demand reimbursement for loss of use,” said Bria of ARI.

Bria noted a case involving a telecommunications company in which ARI was able to show the value of the damaged unit as well as the impact of the downtime on the overall business. This resulted in a recovery rate of 152% of the costs of the actual damage.

Lewin of Wheels elaborated on the importance of considering downtime in the event of an accident.

“Once the driver’s needs are satisfied, initiating the repair process and determining potential subrogation becomes the accident management service’s responsibility. Vehicle downtime is critical, so it’s important that your supplier have some latitude in making decisions on your behalf,” said Lewin.

Bensel of Element said that, as with subrogation, the accident management program should be supporting the driver at any given time of the day. He stressed the importance of the program having a 24/7 contact center that provides towing/rental assistance and event driven management of the claim repair process.

Incorporating Telematics

Zerhusen of Donlen said the elements involved in the claims process can be greatly supported by telematics data.

The information found in telematics data can help act as a way to back up the driver’s statement in an accident claim.

“Telematics can provide details into the activity of the vehicle at the time the accident occurred. For instance, if there was a claim against a driver but the driver denies that they were part of the accident, telematics data can provide details

as to where the vehicle was at that point in time,” said Gordon of Merchants.

The data will also be especially helpful in the fleet’s safety program.

“Using telematics data can lead to more accurate identification of root cause issues and subsequently enable better enforcement of safety policies as well as training opportunities to improve driver behavior,” added Zerhusen of Donlen.

Ananth Rani, founder and CEO of Azuga also credited telematics data to backing up the safety program.

“Telematics has a strong role to play in reducing the risk of accidents. Three of the leading causes of accidents are speeding, hard stopping/braking and distracted driving,” said Rani. “Telematics hardware, such as Azuga’s, reads data from the engine computer and also uses accelerometer data to provide highly sensitive and accurate information on driving behavior available for management to use with its workforce in order to improve driving habits.”

Bria of ARI attested to the usefulness of the data from telematics to ultimately reinforce the accident management program.

“Having the ability to evaluate and benchmark your drivers, as well as monitor for risky behavior or possible infractions of your safety policy can go a long way toward supporting a comprehensive accident management program,” he said.

He further elaborated on the usefulness of telematics data.

“Telematics when used as part of larger driver safety program can not only provide data when an accident happens to support the subrogation process, it can also provide information and insight before an accident ever happens that can be an indication that a driver may not be driving in a safe or compliant way,” said Bria.

Staying Involved

While an accident management program is designed to support the fleet in the event of the accident and take control of the claims processes as much as possible, the fleet should still be as involved as much as is can with the program.

Bria of ARI stressed the importance of transparency in the process.

“Just because you may partner with someone to help you manage the administrative processes does not mean you aren’t ultimately responsible for ensuring a solid result that delivers savings to your organization,” Bria said. “Today’s technologies allow for you to have insight into the whole process from beginning to end, so you can dig into whether a PO has been issued for a certain repair or can check on the status of a recovery claim. Partnering with a provider that can give you complete transparency will help you maximize the impact of any accident management program.

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