

# How to control the total cost of claims

Identifying risks, tackling claims frequency, and tightly managing the entire claims process are far more important than simply targeting repair costs

The past three years have proved to be turbulent ones for the accident management sector. A perfect storm of challenges has seen Covid-19 undermine the financial viability of a number of bodyshops, as work dried up during lockdown, followed by supply chain shortages of replacement parts just as traffic volumes and accident instances returned to pre-pandemic levels.

Compounding these issues has been a post-Brexit exodus of skilled workers, reducing repair capacity, alongside the dramatic transition in vehicle powertrains as company car drivers have migrated in their tens of thousands to electric vehicles (EVs), which in many instances require new equipment and repair methodology.

Fleets attempting to navigate these choppy waters require both a specialist partner and a clear focus on the elements that will truly make a difference to their businesses.

In the same way that vehicle decisions are typically based on the total cost of ownership (TCO), rather than list or lease price, so accident management services should be assessed on the total cost of claims and the reduction of risks, rather than a single factor, such as the cost of a



Andrew Chandler  
sales director, FMG

repair, advises Andrew Chandler, sales director, FMG.

"So many elements add to the total cost of the claim," he says. "There's the cost of the repair, naturally, but also the vehicle off-road time, replacement vehicle costs, and hidden incidental costs, such as the disruption to the business.

"If the accident management company can keep the driver fully informed, the driver can get on with their own work."

At the first notification of loss (FNOL), FMG asks the driver for their preferred channel and frequency of communication. Some prefer texts or emails, others want telephone calls, and a growing percentage are opting for FMG Connect, a web-based solution that positions FMG at the nexus of fleet, insurer, bodyshop and driver, allowing the driver to send direct messages, upload images, update claims information (like the details of a new witness), and book a hire vehicle.

"We want to give drivers options and not mandate how they communicate with us. No two accidents and no two drivers' experiences are ever going to be the same," says Chandler.

The same can be said for fleet requirements, with different businesses requiring different solutions.

FMG's customer base is split evenly between end-user fleets, leasing companies (including 17 of the top 20 in the Fleet News FN50) and insurers, giving it a unique vantage point to understand the dynamics of each market sector.

Variances exist, for example, in the provision of courtesy cars, which has become a more significant area of interest since the rapid switch to EVs. Drivers of battery-powered cars are often keen for a zero-emission replacement, whereas bodyshop fleets and corporate policies are still primarily able to supply replacement vehicles with internal combustion engines.

"Fleet managers, potentially, need to review their policies to make sure they are still fit for purpose in meeting drivers' expectations, while reflecting what the supply chain can actually support," says Chandler. "We can hire in replacement electric cars, but it's at an additional cost."

There is, however, far more common ground than differences among customer



objectives, with a shared primary goal to reduce the total cost of claims.

Here, the speed and efficiency of each step in the process is of critical importance, from supporting the driver at FNOL, intervening to assist a third-party in at-fault collisions, to supplying the repairer with as much information as possible to facilitate the swiftest estimate of the repair cost.

When the estimate arrives, digitally via an estimating platform, FMG's specialist engineers have just eight hours to review and approve it, investigating and analysing every element, including whether parts could be repaired rather than replaced to support customers' wider ESG agendas.

"One of the key criteria for fleets to consider is how much delegated authority does an accident management company have with insurers. At FMG, we've got full delegated authority with nine primary fleet insurers, which means we can act on these insurers' behalf to authorise repairs," says Chandler. "This can reduce VOR (vehicle off-road) times by four-to-seven days."

The shorter time frame massively reduces replacement vehicle costs and minimises business disruption where specialist vehicles are involved.

FMG has also added 100 bodyshops to its network over the past 12 months, taking its total to more than 400, in order to boost its repair capacity. In each case it aims to

**"One of the key criteria for fleets to consider is how much delegated authority does an accident management company have with insurers"**

Andrew Chandler,  
sales director FMG

be a significant customer to the repairer, accounting for about 20% of its business volumes.

Somewhat counter-intuitively, for a company whose core business is managing the entire claims process, FMG places huge emphasis on assisting its customers to reduce their road risk and claims frequency. Our dedicated risk platform, FMG Indicate, allows us to overlay previously siloed information, such as driver assessments, licence check, telemetry data and claims experience, FMG can help fleets understand why accidents are occurring and identify higher risk blind spots.

A driver with a clean licence, for example, may nonetheless be triggering a number of incidents within 30mph speed

limit zones. "The fact that they haven't been caught by a speed camera is irrelevant. We can see they're driving aggressively," says Chandler.

Likewise, closer analysis of a driver involved in two or three similar non-fault accidents within a year might reveal behaviours that could be improved through training and coaching.

For instance, telemetry could reveal a tendency to harsh braking for a driver repeatedly being hit from behind by third parties.

"Fleets should be focused on what they can do to reduce their claims frequency and to control the total cost of their claims, rather than limit their focus to the cost of repairs," says Chandler.

"Decision-makers should be completing thorough supplier visits to understand who will be interacting with their drivers to achieve best outcomes. The company's processes should meet the expectations of a driver in a technological advanced world – portals and applications – such as FMG Connect, should complement and add to existing methods.

"Look at what controls are in place to manage repair costs, its levels of delegated authority from insurers and its speed to authorise repairs. And check the communication channels it has to keep drivers informed. All of these elements bring benefits to minimise the cost of claims."



Visit [www.fmg.co.uk](http://www.fmg.co.uk) to find out more about us, or email [marketing@fmg.co.uk](mailto:marketing@fmg.co.uk)

**FMG**  
THINKING AHEAD