

European Risk Management Awards 2007

Best Loss Prevention Strategy



Introduction

Accidents happen and, for a large travel company, they have serious consequences for the business. The rising cost of claims meant National Express Group's Bus Division needed to take a fresh look at its response to accidents.

We needed to address financial, procedural and cultural issues that were negatively affecting business.

This submission is by Jenni Ladkin, Accident Intervention Manager during 2005/06, now Divisional Risk Manager, reporting to the Engineering Director.

Jenni's key responsibility was ensuring the effectiveness of the accident intervention aspect of the strategy.

She also worked with the local management team to develop and improve the strategy overall.

What our strategy addressed & why

National Express Group runs a fleet of 2,300 buses from 18 UK depots. Motor accidents are an inevitable hazard, with around 8,000 every year.

Claims have risen steadily, alongside the growth of a more litigious culture. In 2004/05, the cost of claims against us totalled around £5.5 million.

Previously, as a company, we had dealt with accidents reactively which meant we focused on who was to blame, who could be exonerated or how the company's case could be strengthened following a claim.

By operating in this way, we had allowed a 'blame culture' to develop, with drivers unwilling to report accidents or address common causes because of the fear of blame and discipline.

Figures showed that this affected us financially. Of the total cost of claims in 2004/05, 69% - or almost £3.8 million - were down to just four types of accident (52%) or a driver denying knowledge of an incident (17%). Our strategy needed to address those issues.

The AIMS Strategy:

The Accident and Incident Management Strategy (AIMS) was developed in 2003 by a senior management team and the Board of Directors, highlighting the need to become pro-active in our handling of accidents. In 2005/2006 claims year we formed a two-pronged strategy, looking at accident prevention and post-accident management.

To take control of the claims process, we set up the Accident Intervention Unit:
A first point of contact for assessing all motor accidents.

Following a systematic investigation, through aids such as post-accident Driver interviews and images from innovative internal and external CCTV systems, we sought to offer early intervention on third party claims.

A network of approved repairers and car hire agents were established to manage all preventable accident claims and the unit liaised directly with the third party - so claims and repairs were handled quickly and efficiently.

This acted as a deterrent for large credit hire claims as we monitored repairs closely and benefited from reduced labour rates and repairer discounts.

The second part of the strategy was adopting the Preventability concept: Shifting the cultural focus from 'blame' to a preventative approach.

Accident Investigators at each bus depot worked alongside the drivers to determine the underlying causes and prevent accidents from recurring.

This process included structured discussion of Accident Investigation evidence, use of Video Route Training, Driver Quality Monitoring and 'defensive driving' training - to improve awareness of potential accident situations and promote professional driving techniques.

Implementation

The Accident Intervention Team and depot staff worked closely to share information quickly after any incident, with a key contact for each business location.

Presentations and monthly reviews improved communications with operations teams, and key performance indicators were established so we could monitor the effectiveness of referrals and the scheme as a whole.

Staff were consulted about the new procedures so they understood the part they played in meeting the business needs, and the accident reporting procedure was streamlined to make life easier for drivers to capture information quickly after an accident.

The benefits

The immediate benefits have been:

- ◆ Notional savings of around £250k through quick intervention by the Accident Intervention Unit.
- ◆ A 22% reduction in overall motor claims costs, compared with 2004/05.
- ◆ A halt in the rise of actual motor claims. Figures have remained static since the 2004/05 claims year.

Local responsibility for the intervention and investigation of accidents has also meant that depots have embraced the new philosophy. Drivers now have a better understanding of accident procedures and have the knowledge and skills to understand and avoid accidents happening.

In the medium-term, better investigation of accidents will help improve the flow and quality of information to the Intervention Unit – as well as external National Express Group claims handlers, defending claims.

Long-term, we hope to change the culture and attitude towards accident management, with enhanced awareness and skills reducing the overall number of accidents.