



Preparing For Winter

Now that winter is here, it's a good time to start thinking about the increase in orders for liquid fuel ahead of the colder months, and how you can work with your drivers and internal teams to help minimise the likelihood of Road Traffic Accidents and claims for spillage or crossover/contamination while still managing to complete your deliveries.

Our three decades of experience enables us to say that the peak period for environmental damage claims is between November and February.

This reflects the increased volume of orders, the number of deliveries made in the dark, and the frequency of inclement weather conditions, all of which means drivers can be under pressure to complete more deliveries; invariably leading to pre-delivery checks being less thorough, so faulty valves or connections can be missed, and the first sign of something being amiss is when a claim is made.

These claims are usually settled below £10,000, but the costs can easily be much greater; settlements of £40,000 or £50,000 are not uncommon, and in a few instances, can reach well above £100,000*. This does not include the management time and any excess you are responsible for.

Although the costs are usually insured, insurers will clearly look to review premiums when claims costs increase and there will usually be an excess to be met by the company. There's also the negative

*As per Pen Underwriting claims, accurate to 30th September 2019.

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publicity that can arise from a spill, as well as the potential loss of business to a competitor that might take several seasons to recover (if ever). If the spill is not handled effectively, then prosecutions from the Environment Agency can also follow (although, in over 18,000 cases where OHES – OAMPS preferred Environmental Consultancy company - have handled the initial response, not a single prosecution has been brought).

With a typical domestic delivery generating less than £100 profit, even a single claim could wipe out profits for a significant number of deliveries, and so it makes economic sense to try to find ways to help reduce the likelihood of having a claim.

So having a comprehensive checklist that the driver completes before any fuel is discharged (such as the UKIFDA Initial Delivery Site Safety Report) will improve the likelihood of an obvious fault being discovered before any contamination takes place. Taking pictures of the tank being delivered into can also help you avoid picking up the costs of remediating pollution that was not caused by your driver.

Similarly, having as much information as possible retained on your CRM system of choice about the delivery site and ensuring the driver delivering is well aware of these issues will help – especially if you can see that there have been issues with equipment or access previously or the home owner has changed their tank arrangements without advising you.

Your response (and that of your insurers) to a spill can have an enormous impact on the costs – given the variety of locations, the local geology, the quantities, type of fuel involved and even the weather, it's difficult to precisely quantify the impact of delaying getting specialist intervention, but we have enough evidence from the past 30+ years to say that delays do ramp up the costs (as well as the likelihood that the Environment Agency will prosecute), and so it's important that drivers are encouraged to report spills quickly and with as much accuracy as possible.

The winter months can generate a significant proportion of your annual revenue (and a disproportionately high percentage of your annual profit) and with a little extra planning, you can have fewer, less costly claims and keep more of it!

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