

Managing risk in the tyre industry

Protecting your people
and business



A scenic landscape featuring a gravel road that winds through a valley. In the background, there are large, rugged mountains under a clear sky. A body of water is visible on the right side of the road. The overall scene is bright and open.

From a diminishing insurance market, to fire and staff safety and wellbeing, the UK's tyre industry is under constant and increasing pressure.

With over 25 years' heritage supporting the tyre industry across the UK, and the sole partner insurance broker for the National Tyre Distribution Association (NTDA) members, our motor trade insurance experts take a pragmatic look at the issues at play in the tyre industry. We'll explore how business owners and managers can identify and reduce the risks to their businesses and their staff.

Risks to the tyre industry

There are numerous risks that could affect your business and your staff. In our experience, the most common insurance claims in the tyre industry include:



Sick or injured staff

It's a legal requirement for businesses with staff to take out employers liability insurance to provide cover when a member of staff becomes sick or injured because of work. And unfortunately, despite the tireless efforts of the NTDA and the Roadside Emergency Action Concerning Technicians (REACT) scheme, roadside injuries for tyre fitters are still a reality. In fact, according to the Health and Safety Executive (HSE) there have been over 7,000 injuries and 33 deaths in the motor vehicle repair industry over the last five years¹. Providing effective training to your staff can help reduce accidents at the roadside and employer liability claims.

¹ | Health & Safety Executive (HSE), 2022
<https://www.hse.gov.uk/mvr/index.htm>



Fire

Consider a range of passive and active measures designed to suppress, if not extinguish, the fire and ensure there is more than enough time for everyone to make a safe escape, including:

- sprinkler systems on the premises
- fire detection and alarms
- passive fire protection such as fire-resisting walls, floors and doors
- emergency procedures and training for all staff.

Traditional risks will always need consideration but technological developments in the industry, such as electric and hybrid vehicles, are introducing hazards into the workplace that equally need to be managed.

Not to mention the increasing risks of cyber-attacks on the client data that you hold.

Managing costs and premium volatility

Avoiding a claim is always better than having one in the first place, not least, because it can have an adverse effect on your premium in the future. Understanding your risks and managing them effectively can help to reduce the frequency and cost of your claims. Plus, it can help to create a risk-aware culture in your business.

Reporting claims early with full information will ensure that your insurer can settle the claim at the right amount as early as possible. By doing this it can make it easier to reduce time dealing with the claim and help you receive any claim payments faster. Depending on your insurer, you may also be able to access repair networks, which can save time and money in repairing your vehicles. Reduced costs will reflect in the claims experience and may have a positive impact on future premiums.

The insurance market for the tyre industry is diminishing quickly with only a small number of motor trade insurers willing to write insurance policies. When premiums rise, price becomes the focus and key balance sheet exposures may be missed as brokers fight to retain and win business.

Working with an insurance broker and provider who understands the motor trade industry and has relevant risk management and claims analytics experience can really make a difference to your business. Not only can they help manage your premiums and claims more effectively, but they can help you to come up with creative, cost-effective risk management solutions, as well as keeping you informed about latest best practices and standards.



Keeping your team safe by the roadside

In the tyre industry, the safety of commercial tyre technicians has always been of paramount importance. It's a regrettable reality that working by the roadside at all hours of the day, in all weather conditions results in some technicians being seriously injured or killed every year.

Roadside Emergency Action Concerning Technicians (REACT)

REACT is a scheme launched to licence all tyre technicians working on commercial tyres at the roadside, with a view to improving working safety. A step that has received the backing of the Highways Agency.

The REACT scheme records and monitors the training of technicians working at the roadside throughout the UK who are attending truck tyre associated breakdowns on motorways, dual carriageways and trunk roads, ensuring they can carry it out efficiently and safely without causing risk of injury to themselves or others.

Can vehicle telematics help your business?

Promising up to a 40% reduction in accident rates and fuel consumption by up to 15%, telematics can bring numerous benefits to many businesses².

2 | Lightfoot rewarding better drivers, 2022
<https://www.lightfoot.co.uk/>



What is telematics?

The most common form of telematics is a black box fitted to a vehicle via the CAN bus (engine management system). It records and delivers key information as to how the vehicle has been driven, such as:



Speed



Location



Distance travelled



Types of roads used

Combining telecommunications and informatics for use in vehicles, a telematics system can give control and knowledge of how your business is being represented whilst on the move.



What are the benefits?

As well as capturing data that will identify drivers who are at risk of a collision and need training, telematics track vehicle movement, assisting with routing, scheduling and incident management.

Modern day telematics systems also offer a host of business specific optional extras, such as in-vehicle driver feedback, PDA devices and phone apps for mobile monitoring.

Is it effective?

There is little doubt that when the purchaser fully engages with fleet telematics, it can have a positive impact. By displaying wall charts, giving feedback to drivers, setting strict driving standards and giving positive encouragement for improvement, then a reduction in incidents is possible.

Compelling telematics statistics

A survey into telematics suggest the positive impacts from telematics include:

- peace of mind knowing where vehicles/equipment are (58%)
- improved driver behaviour (36%)
- improved customer service (31%)
- more efficient routing and dispatching (29%)
- time/cost savings (18%)
- improved driver safety (17%)
- improved fuel efficiency (11%)
- meeting compliance requirements (8%)
- reduced insurance premiums (8%)
- fewer incidents (7%)
- reduced incidents/theft (6%)
- preventing fuel loss (4%)
- reduced maintenance costs (3%)
- and fewer unexpected equipment failures (1%)³.

Whilst plenty of anecdotal evidence exists in support of telematics, the exact benefits vary considerably depending on the circumstances of the business. This means that selecting the right system – and using it to its full potential, is of utmost importance.

Got telematics, but not using it?

Without direct knowledge of dangerous driving or speeding, an employer is not in a position to prevent it and keep their fleet safe. With a fleet telematics system installed, you will receive information about dangerous occurrences as well as persistent and excessive speeding, which increases your ability to act.

It is important that you are able to demonstrate an effective system of monitoring the data and taking action against drivers who are regular offenders.

Impact on driver behaviour

When drivers are aware of telematics systems being fitted to their vehicle, they are more likely to expect challenges for reckless driving events, and may demonstrate more awareness of their driving behaviour. If these challenges do not occur, however, the driver could be forgiven for thinking that their driving style is not monitored and revert to bad habits, reducing the benefits of the system.

Telematics can represent an excellent tool in controlling risk and monitoring vehicles, however, it is vital to the success of the project that research, implementation and enforcement of the system is sufficiently resourced to obtain maximum benefit.



The environmental impact of tyres?

According to research, pollution from tyre wear can be 1,000 times worse than what comes out of a car's exhaust⁴. Vehicle tyre wear pollution is unregulated.

Non-exhaust emissions (NEE) can be caused by brake, tyre and road surface wear and is a growing environmental problem, particularly for air quality.

A short-term solution to reduce NEEs is to fit higher quality tyres and always inflate tyres to the recommended pounds per square inch (PSI) level.



Tyre waste management – your duty of care

The safe disposal of tyres is another growing environmental concern to the industry. The UK's Tyre Recovery Association (TRA) has already warned that the increasing costs in the disposal of old tyres may also lead to a significant rise in illegal dumping of old tyres on private land and in fly-tipping generally⁵.

Responsible tyre recycling is something that should be welcomed and encouraged. However, it comes at a cost.

Make sure you know your legal duty of care and only engage with recognised professional tyre collectors and reprocessors.

⁵ | Tyre Trade News 'Pollution from tyre wear 1,000 times worse than exhaust emissions', 2020 <https://tyretradeneews.co.uk/news/pollution-from-tyre-wear-1000-times-worse-than-exhaust-emissions/> and 'Association warns local authorities of likely spike in illegal tyre disposal', 2020 <https://tyretradeneews.co.uk/news/association-warns-local-authorities-of-likely-spike-in-illegal-tyre-disposal/>

Know your responsibility:



Consumer

As you have generated the waste, you are part of the waste management process. By paying a small fee, your contribution ensures the tyre recovery system runs smoothly and efficiently.



Tyre retailer

Must ensure the tyre waste produced is collected by an authorised waste carrier.



Tyre collector

Must be authorised to carry the tyre waste and must ensure the tyre waste is managed correctly by the tyre recycler.



Tyre recycler

Responsible for the reuse of scrap tyre being reused as energy or other material applications.

Reporting waste crime

Anyone can report waste crime. If you see a person fly tipping, or suspect they are storing waste illegally, the Environment Agency or Crimestoppers would be pleased to hear from you.

Environment Agency Hotline (24/7)
0800 807 060. Crimestoppers 0800 555 111.

Alternatively visit their websites and complete the anonymous online form.

Summary

TRA members account for three quarters of all UK waste tyre arisings due to the success of its unique responsible recycler scheme (RRS) which mandates best practice and regulatory compliance within an increasingly circular economy.



For a number of years, the NTDA has had a tremendous amount of support from Marsh Commercial, which is a truly active member of the Association. From risk management advice to presentations at regional meetings and the Tyre Industry Conference, members have experienced, first hand, the tangible benefits Marsh Commercial offers.

STEFAN HAY
NTDA Chief Executive

Insurance may not be your top priority, but you can rest assured, your business is ours.

We have been arranging insurance for the tyre industry for over 25 years. As the sole partnered insurance broker for NTDA members, our wealth of expertise can arrange a vast array of protection for you and your business.



For more information visit:

[marshcommercial.co.uk/
campaigns/ntda](https://marshcommercial.co.uk/campaigns/ntda)

Or contact us at:

0174 336 0545

This is a marketing communication.

Marsh Commercial is a trading name of Marsh Ltd. Marsh Ltd is authorised and regulated by the Financial Conduct Authority for General Insurance Distribution and Credit Broking (Firm Reference No. 307511). Copyright © 2021 Marsh Ltd. Registered in England and Wales Number: 1507274, Registered office: 1 Tower Place West, Tower Place, London EC3R 5BU. All rights reserved.

A business of Marsh McLennan.