



customer own **insurance**

Best Practice Guide



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background and objectives

The BVRLA has produced this Best Practice Guide to assist Members to work with their customers to simplify and remove any unnecessary complexities and burden for vehicles being used on a customer own insurance basis.

The Guide simply provides illustrations of good practice in a number of different areas, however, it is important to note that it is solely at your discretion whether or not to adopt these guidelines.

The Guide is for Members only and may assist in the production of agreements or service level standards between customers and Members.

By way of clarification, where the guide mentions customers, we are referring to the corporate customer/employer. Where the guide mentions hirer we are referring to the user/driver of the vehicle, for example the employee of the corporate customer.



customer's own insurance

what is a COI rental?

A rental on a COI basis is where the customer is responsible for fully insuring the vehicle rather than purchasing any of the rental company's own insurance products. This is normally only offered to corporate customers with whom you may have a master hire agreement in place and which may include a service level agreement document.

what is required?

When a rental is to be conducted on a COI basis it is important that you are satisfied that the vehicle is insured by the customer on their motor vehicle policy and we recommend that prior to the rental a master hire agreement is signed and you obtain copies of:

The insurance policy

The hirer's driving licence details, if possible

The BVRLA's insurance indemnity form, which is available free of charge from the BVRLA website (www.bvrla.co.uk), will assist you in obtaining all the relevant information relating to the insurance.

The form will:

assist you if an accident/damage claim is being disputed by either the insurance company or policy holder,

pass the responsibility for checking driving licence details on to the customer .

provide you with the insurer's details .

The form should be signed by a recognised authorised signatory for the customer.

Where the vehicle is to be rented under an 'open cover' fleet policy the customer will need to check that there is no requirement for them to notify the insurer of vehicle details and you may wish to be assured this is done through a contractual obligation. It is important to check there is no restriction on the policy for using a rental vehicle. In addition, you may wish to remind your customer of their obligation to report vehicles on rent for more than 14 days to the Motor Insurance Database and remind them that failure to report vehicles

could mean that they are guilty of an offence and liable on summary conviction to a fine of up to £5,000. Further information is available in BVRLA Fact Sheet 536, 4th Motor Insurance Directive.

If the customer only has temporary motor insurance cover in place, it is important that you see sight of the cover note and that the cover note is sufficient to insure your rental vehicle. As mentioned, it is strongly recommended that the insurance indemnity form is used or if there is any doubt confirmation could be received by contacting the insurance company or broker.

Where the COI rental is a corporate customer it may not be possible for you to see any of the employees' driving licences. It is important that the responsibility for checking that the hirer has the appropriate licence to drive the vehicle is passed on to the corporate customer. This can be done through a term in the contract or a letter of indemnity between the rental company and the corporate customer. This should assist you with a defence for the offence: to 'cause or permit' an unlicensed driver to be in possession of a motor vehicle.



rental brokers and **accident management companies**

Rental companies are often in a situation where they will have no contact whatsoever with the corporate customer to whom they are renting the vehicle. This occurs when either an accident management company or other form of broker, such as a leasing company, is involved.



Ideally there should be a contract between you and the rental broker which will help to ensure that the rental broker takes responsibility for ensuring the correct motor insurance cover is in place and the hirer has the proper entitlement to drive the vehicle. However, in practice the rental broker is likely to pass this responsibility onto their own customers. You should nevertheless ensure this responsibility is passed on to the rental broker through your contractual arrangement or a letter of indemnity. This should assist you with a defence for the offence: to 'cause or permit' an unlicensed driver being in possession of a motor vehicle.

In addition, there should be an obligation on the rental broker to ensure that the customer and the hirer using the rental vehicle are aware of your terms and conditions of the rental agreement.

The rental broker should also be encouraged to assist you, where possible, when liaising with the customer regarding any accident or damage claims. A contractual arrangement between you and the rental broker which ensures that they will assist with such claims, or ultimately take some responsibility for any non-recovery, could be used. This would be part of your individual negotiations with the rental broker.

An accident management company will normally only deal with accident damage to the vehicle and this is unlikely to extend to charges for sundry items such as missing wheels, fuel charges or missing accessories.



deliveries & **collections**

It is advisable that the customer is made responsible for insuring the vehicle from the time it is delivered to the time it is collected this will ensure that the customer is clear in their obligations and will assist with damage claims.



When a vehicle is delivered and no one is present to sign for its acceptance, it is recommended that a vehicle condition report is left with the vehicle and an explanation that if the hirer is not happy with the vehicle condition he can report additional damage for a limited period, but not after the vehicle has

been driven by the hirer. If no communication is received from the hirer it is taken that he accepts the information on the vehicle condition report. Unattended drop-offs and collections may not necessarily be available from all BVRLA Members.



damage and accident claims

The hirer and customer have a responsibility to notify the rental company of any damage when the vehicle is returned, or if the vehicle is involved in an accident, you should be notified as soon as is feasibly possible.

If a vehicle is returned with damage, the customer should be notified as soon as is feasibly possible as shown in the table below. Detailed timescales will normally be found within the rental contract, or master hire agreement

Following on from this the length of time taken to inform the customer of the cost of repair varies from company to company and can depend on their individual processes and whether the vehicle is assessed using a standard damage matrix or an estimate is obtained from a body shop.

| <i>Scenario</i> | <i>Communication</i> |
|--|---|
| Customer/hirer is present when vehicle is collected | Collection driver should alert the hirer to the damage and always get the hirer to sign the vehicle collection report acknowledging the damage. Separate confirmation of damage should be sent to your key contact within your customer or rental broker if involved. |
| Customer/hirer not present when vehicle is collected | Collection driver should alert the hirer to the damage by leaving a card or copy of the unsigned vehicle collection report. Separate confirmation of damage should be sent to your key contact within your customer's business or rental broker if involved. |

You should make a commercial decision when or if, to repair the damage. Dependent on the nature of the damage you may apply the damage income as compensation for diminution of sale value, alternatively, the damage may be repaired prior to final sale or return of the vehicle to the manufacturer.

invoice

The invoice which is sent to the customer should address a number of areas:

The invoice should contain the following, although, not all of these will be applicable in all circumstances:

- details of the accident, damage, missing items or refuelling costs
- a summary of why the demand is being made
- driver's details
- copy of the repair estimate
- supplier invoice
- engineer's report

specialist services invoices such as towing, storage, engineer's fee

Where the invoice does not relate to an accident or damage it is recommended that the invoice is sent as soon as feasibly possible after the rental is completed.

Where the damage is considered to be cosmetic, you may wish to come to a separate arrangement with your customer as to how cosmetic damage is handled to reduce the administration burden on both or all parties involved, for example by using a standard damage matrix.



disputes

Where a dispute arises it is important that evidence is provided in the form of pre and post rental inspection forms. Whilst ideally these should be signed, this may not always be possible and a lack of signature does not mean the rental company cannot hold the customer liable for the damage.

The rental company may also choose to take photographic evidence of the damage. These are helpful if they record the date and time the image was taken and an image of the odometer. However, this may not show any underlying damage.

If the customer is disputing the damage he should be encouraged to substantiate claims as to why he feels he should not be charged for damage and put his dispute in writing ideally within 14 days of the notification that damage exists.

Where a third party rental broker is involved in the rental, he should ensure effective communication occurs between the end customer and you upon notification of damage. In addition, assistance should be provided, if

needed with regards to dispute resolution.

Whilst it is not always practical, if the customer requests an independent inspection you may wish to try and facilitate this to assist in resolving the dispute.

If the vehicle has to be taken off the road for repair, a loss of use charge may be charged, provided this is included in the master hire agreement or standard rental agreement. Loss of use is generally only charged for a maximum of 30 days and should be charged at your published daily rate unless otherwise agreed.

For further information on calculating loss of use please see BVRLA Fact Sheet, 527, Loss of Use Claims.

total loss

Where a vehicle is a total loss the rental company will in most cases retain control of the salvage and dispose of it through reputable agents adhering to the Code of Practice for Motor Vehicle Salvage. Customers will be invoiced the value of the vehicle less the amount recovered from the sale of the salvage and any other pre-contractually agreed associated costs.

dispute resolution

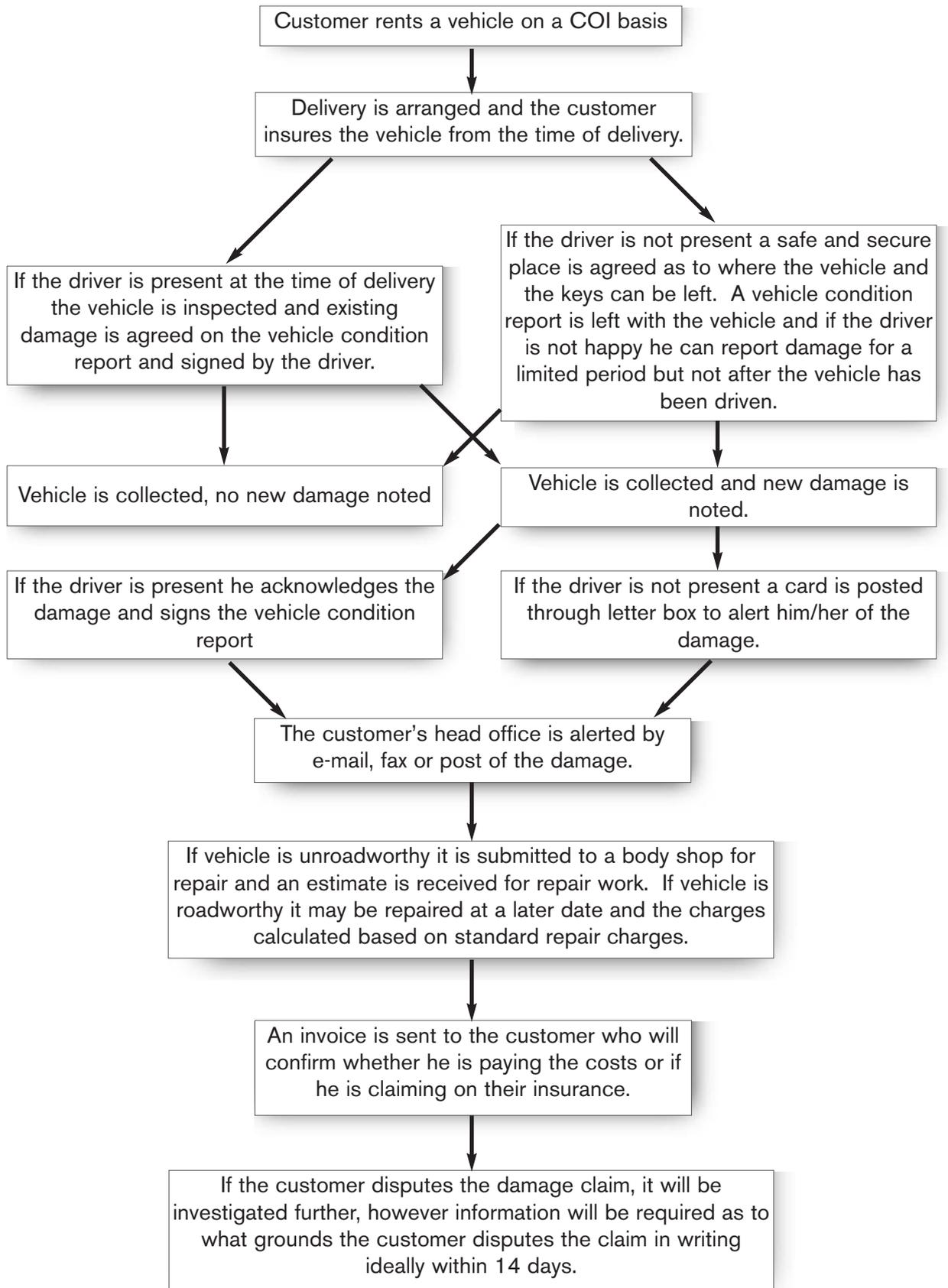
Unresolved disputes may be referred to the BVRLA by the customer and/or the Member involved. Details should be submitted in writing to:

The Director General,
British Vehicle Rental and Leasing Association,
River Lodge
Badminton Court
Amersham
HP7 0DD

In the first instance we offer an informal conciliation procedure, which is where we request information from both parties with regards to the complaint and make our comment, based on the information provided. If either party is not happy with the outcome of informal conciliation a formal conciliation procedure can be invoked where all relevant details are forwarded to the appropriate Conciliation Committee, which consists of three Members from the Rental Committee. The Association aims to resolve all complaints within 30 days.

flow chart

delivery & collection



flow chart

customer collects vehicle

