# **Case Study - Chelmsford Electrical Limited**

## Profile

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| Company Name: | Chelmsford Electrical Limited |
| Business Sector: |  |
| Postal Address: | Chelmbrook House Brook Street Chelmsford Essex  Tel : 01245 295400, Fax: 01245 295450  [enquiries@chelmsfordelectrical.co.uk](mailto:enquiries@chelmsfordelectrical.co.uk),  24 Hour Emergency : 07967 038 999 |
| Postcode: | CM1 1SU |
| Fleet Size Overall: | 30 vans (1252-1580 Kg) |
| HGV: | (Intentionally Blank) |
| LGV: | (Intentionally Blank) |
| Company Cars: | (Intentionally Blank) |
| Private vehicles used for business purposes: | (Intentionally Blank) |

## Company Overview

Chelmsford Electrical Limited is a registered company in England and Wales under company number 1192568, with its registered office at Chelmbrook House, Brook Street, Chelmsford, CM1 1SU.

Established in 1970, Chelmsford Electrical acquired an early reputation for the quality and professionalism of its installation and maintenance work. It is a reputation based on attitude as well as skill with the key characteristics of:

* preparing properly for each job.
* working as a team.
* adapting to others on site.
* a genuine concern for safety.
* taking the extra step to ensure a job is up to standard.

It is an attitude which results in quality and value and creates a platform for growth.

From its early days, Chelmsford Electrical has expanded the scope of its operations to encompass design and installation services for domestic, commercial and industrial projects. It also provides services for local authorities including 24 hour emergency call out contract services and a full range of ancillary services in line with its status as an Electrical Contractors’ Association (ECA) member and a National Inspection Council for Electrical Installation Contracting (NICEIC) Approved Contractor.

Chelmsford Electrical has a turnover approaching £10 million, around 100 employees and projects in the City of London; the Home Counties; the Thames Gateway; and East Anglia.

Chelmsford Electrical continues to invest in people from school leavers on Full Apprenticeships right through to its senior management to maintain its growing reputation as "A Company which Delivers".

## Nature of Operation and Driving Activities

Chelmsford Electrical offers a full 24/7 emergency maintenance and repair service in addition to its installation activity. The company’s drivers often work to tight timescales and invariably at all hours of the day and night.

Chelmsford Electrical’s drivers encounter a wide variety of journey profiles, incorporating both urban and rural environments, as well as making extensive use of motorways. The journey destinations, too, often provide the drivers with challenges. They frequently encounter a partly completed road infrastructure on new industrial estates, housing developments and urban re-development projects. The vehicles in question also frequently carry high value cargoes, so personal security, theft and anti vehicle hi-jacking are other considerations.

## Organisational Structure

Prior to 2001, Chelmsford Electrical conducted all the administration, briefing and management of its drivers in-house. However, as the result of its significant Road Traffic Accident rate and the high costs for insurance for its fleet, the company reviewed its entire driver management process in 2001. On the advice of its insurance broker, Chelmsford Electrical engaged Drive & Survive to produce a training and driver administration package. In addition, the insurance broker also negotiated a package for Chelmsford Electrical with Zurich, a leading fleet insurer, to take over Chelmsford Electrical’s risk from its erstwhile insurer, one of Zurich’s leading competitors.

## Work Related Road Safety Policy and Procedures

Since 2001, Drive & Survive has delivered a rolling programme of driver training for Chelmsford Electrical’s drivers to cover all elements of its fleet of some thirty 1252-1580 kg (kerb weight) vans. Initially, Chelmsford Electrical based its work related road safety policy and procedures on the package provided by Drive & Survive.

The claims record prior to Drive & Survive’s involvement makes grim reading.

|  |  |
| --- | --- |
| **Premium Year** | **Number of Claims** |
| 1998-1999 | 4 |
| 2000-2001 | 13 |
| 2001-2002 | 33 |

In 2000, the incumbent insurers were only prepared to renew Chelmsford Electrical’s policy if renewal rates and premiums were drastically raised. Following some hard negotiation by Chelmsford Electrical’s appointed insurance broker, the policy was then switched to Zurich. Unfortunately, as the data from 2001 - the first year with Zurich – shows, Chelmsford Electrical’s Road Traffic Accident rate had deteriorated still further.

At the peak of this period, the renewal premium for Chelmsford Electrical’s fleet policy was £78,540.00 (inc tax). This equated to a vehicle charge of £1350 per vehicle plus tax. Chelmsford Electrical’s fleet at that time consisted of 55 vehicles including 12 cars.

The words from Zurich at the time illustrate the gravity of the situation:   
“As you will see it has been a dreadful result in our first year as insurer and the deteriorating trend that began as this risk expanded has unfortunately continued. In an attempt to limit the increase (in premiums) as much as possible we are looking to offer the Insured various alternatives at renewal. As you are aware, the first option will be to have ALL drivers complete the driver awareness programme with Drive & Survive.”

## Work Related Road Safety Guidance for drivers

With the introduction of the driver training package in 2001/2002, Chelmsford Electrical saw an immediate outcome with a dramatic fall in the number of claims and their related costs, including repair, administration and downtime costs.

In 2006/2007, Chelmsford Electrical adopted Drive & Survive’s integrated Driver Risk Management Programme, which involved online driver risk assessment for all drivers and thus a risk categorisation for each. The interventions were then tailored to the specific need of the individual as follows:

|  |  |
| --- | --- |
| **Risk** | **Action** |
| Low Risk Drivers | No further action. |
| Medium Risk Drivers | Recommended for Drive & Survive’s online E-Learning Modules. |
| High Risk Drivers | Only this category actually completes practical, on-road Drive & Survive Training. |

Chelmsford Electrical’s assessment was that this strategy would result in even better value for money because resources would only be devoted to those who needed training the most. An added benefit was that the company would be provided with a ready prepared audit trail of risk reducing activity should the need have arisen.

## Specific examples of procedures

In fact, experience with the on-line driver training package during 2006/2007 was different to that anticipated. Some drivers found this system more testing and demanding. As a result, the company reverted back to the one-to-one training in 2007/2008. Chelmsford Electrical is very pleased with the result and is confident that the improvement in the figures seems to indicate that particular delivery of training best suits its fleet and its drivers.

Chelmsford Electrical is continuing its driver training as an ongoing program with new drivers receiving one-to-one training within the first six months of joining the company. In addition, the company is also carrying out the on-line risk assessment for all its drivers on an annual basis. This gives Chelmsford Electrical an up to date assessment of the risks posed by individual driving habits which could easily get lost in the hustle of the working day/year. In addition, Chelmsford Electrical reviews the performance of each driver as part of their annual appraisal review. If these individuals have been subject to a claim during the previous insurance year, Chelmsford Electrical automatically considers them for one-to-one refresher training.

## Auditing and review

Since the introduction of the one-to-one driver training package provided by Drive & Survive, Chelmsford Electrical has seen some fluctuation in the claims performance but during recent insurance years the number & related costs have been small when compared to the peak of the early 2000s. A summary is shown below:-

|  |  |  |
| --- | --- | --- |
| **Premium Year** | **Number of Claims** | **Cost of Repairs** |
| 1998-1999 | 4 | £14,885.00 |
| 2000-2001 | 13 | £30,442.00 |
| 2001 | 33 | £41,670.00 |
| 2002 | 8 | £4,710.00 (Impact of first year of driver training) |
| 2005/2006 | 8 | £12568.00 |
| 2006/2007 | 12 | £24430.00\* (This figure includes a one-off third party claim amounting to £16,328.00) |
| 2007/2008 | 5 | £4067.00 |

## Performance measures

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## Accident reduction

Following the introduction of driver training, the improvement in Chelmsford Electrical’s road traffic accident figures was dramatic. As the table above highlights, the difference between 2001 and 2002 represents a claims value reduction of 89%.

This success spurred Chelmsford Electrical to commit to an ongoing programme of driver training with Drive & Survive, which continues to this day. Improvements in its claims record have also continued although with peaks and troughs. Even in the disappointing 2005/2006 period, claim costs still showed a 42% claims value reduction over the 2000/2001 baseline figure. The most recent figures for the 2007/2008 period show a 91% reduction over the baseline figure.

## Financial and other benefits

The decision to opt for a driver training package in 2001 was an easy decision for Chelmsford Electrical to make. At that time, the insurance company offered to reduce the company’s insurance premium by an amount equivalent to the cost of the training. In effect, as there was no cost to Chelmsford Electrical, the training was effectively self-funding.

In 2002, the insurer wrote to Chelmsford Electrical and the tone was dramatically different:   
“As you will see, there has been a dramatic turn round in performance of this risk since the introduction of the driver training programme. In view of the results I am pleased to confirm that the Insured has qualified for a 10% rebate, offered on completion of the driver training. Having invested the money in getting the risk back on track we would like to hear what the Insured’s plans are for future training, for instance follow up courses provided by Drive and Survive.”

Despite a ‘hard’ insurance market, Chelmsford Electrical’s insurance costs have been contained since the start of the millennium.

The premium per vehicle in the year 2001/2002 was £1350.00 plus Insurance Premium Tax (IPT). By premium year 2006/2007, this figure had dropped dramatically to £483.00 per vehicle. In addition, Chelmsford Electrical have negotiated a retrospective rebate scheme, whereby, provided that the cost of their claims is below an agreed percentage of the premium paid, Chelmsford Electrical receives a refund. This is, in practice, in the region of 10% of the premium.

Chelmsford Electrical have just finalised its fleet insurance renewal premium for 2008/2009. The premium invitation with our existing insurer is now £550.00 per vehicle, for the 51 vehicles in Chelmsford Electrical’s current fleet. The insurers continue to offer up to 10% in the form of a retro-rebate provided that the cost of the claims in the previous year does not exceed 50% of the annual premium.

## Lessons learned

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## Current and future developments

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## Additional information

As a member of the ECA (Electrical Contractors Association) and an approved contractor of the NICEIC (National Inspection Council for Electrical Installation Contracting) Chelmsford Electrical Limited are duty bound to complete all their installations to the current regulations.