

Accounting for Fleet Collision Costs

Dear NETS Members,

December 23, 2010

Kevin Wright (Spectra Energy) sent a question concerning accounting for collision repair costs. Please see Kevin's full question below.

Responses follow Kevin's question.

Please contact me if you have any questions or suggestions.

My thanks to those of you who contributed.

Jack Hanley
NETS
Executive Director
jhanley@trafficsafety.org

Question

In accounting for costs associated with vehicle collision damages, does your organization manage repairs through:

- A single insurance pool?
- By assessing some or all of the cost back to the affected management group (dept.)?
- A mix of the above?
- Or some other manner?

Please elaborate.

Kevin P. Wright, CRSP
Sr. EHS Specialist - EHS Systems
Spectra Energy Transmission
ph: 519-436-4600 ext 2898 |
KPWright@spectraenergy.com

Accounting for Fleet Collision Costs

Responses

In accounting for vehicle collision costs, does your company manage repairs through:

		A single insurance pool?	Assessing some or all of the cost back to the affected management group (dept.)?	A mix of the above?	Or some other manner?
1	Sanofi-aventis <i>Tom Cosentino</i> <i>Thomas.Cosentino@sanofi-aventis.com</i>				We are self insured for the first \$5 million per incident. We manage the process through a broker. We do not charge any costs back to the driver or department.
2	Novo Nordisk <i>Donna Bibbo</i> <i>dbib@novonordisk.com</i>				Novo Nordisk has a centralized fleet budget which includes all physical damage repair costs. We are self-insured for physical damage.
3	Sunoco <i>Bill Sanicky</i> <i>WMSANICKY@sunocoinc.com</i>		All collision costs are coded "charged" to the driver's department.		
4	Anonymous			(Anon) uses a mixture of both methods to allocate costs of repair.	
5	Anonymous	Insurance liability costs are allocated to a general cost center.	Repair costs are allocated to specific cost centers.		We are self-insured for comp and collision.

Accounting for Fleet Collision Costs

In accounting for vehicle collision costs, does your company manage repairs through:

		A single insurance pool?	Assessing some or all of the cost back to the affected management group (dept.)?	A mix of the above?	Or some other manner?
6	Shell <i>Rich Stoyko</i> <i>richard.stoyko@shell.com</i>		Repair costs go back to the affected management group.		
7	Roche Diagnostics <i>Francine Seguin</i> <i>francineseguin@roche.com</i>		Costs are not covered by fleet insurance. Deductibles and replacement rentals are charged back to the affected Management Group.		
8	AstraZeneca <i>Kimberly Jamme</i> <i>Kimberly.Jamme@astrazeneca.com</i>		AstraZeneca is self-insured for physical damage claims. Collision and rental costs are charged back directly to the business area (e.g. Sales, Medical Affairs, Facilities, etc.) on a monthly basis.		

Accounting for Fleet Collision Costs

In accounting for vehicle collision costs, does your company manage repairs through:

		A single insurance pool?	Assessing some or all of the cost back to the affected management group (dept.)?	A mix of the above?	Or some other manner?
9	Valspar <i>Virginia Kodet</i> <i>vkodet@valspar.com</i>	All repairs and rental car costs associated with vehicle damage are managed through an internal insurance account. The insurance account is funded through a monthly allocation charging back the business groups based on the number of cars they have. The monthly charge per car is \$100. Approximately 75% goes towards liability expenses and the other 25% goes towards collision/rental car expenses.			
10	Roche <i>Rocco Di Taranto</i> <i>rocco.di_taranto@roche.com</i>	We charge back our own collision repair costs directly to the unit of the division involved in the crash.			We are self-insured and have a third party administer for all other liability costs. All divisions pay into a pool in lieu of an insurance premium and this provides funding for the third party.

Accounting for Fleet Collision Costs

In accounting for vehicle collision costs, does your company manage repairs through:

		A single insurance pool?	Assessing some or all of the cost back to the affected management group (dept.)?	A mix of the above?	Or some other manner?
11	GSK Mark Rhodes mark.t.rhodes@gsk.com		All costs associated with vehicle collision damages are charged to the employee's supervisor's cost center.		<p>At GSK, we are withdrawing from own damage insurance cover globally. It was believed to be the only way we would get people to focus on the frequency and severity of our accidents.</p> <p>In the transition, we use a selection of agents locally where GSK doesn't do it itself and these include;</p> <ol style="list-style-type: none"> a. Local Insurer b. Local Broker c. Local third party consultancy d. Car leasing company <p>As you can imagine, it isn't a popular move with all local operating companies but it certainly focuses the mind on the issue of accident human impacts and costs.</p>
12	J&J Sandy Lee SLee3@its.jnj.com		<p>For our US fleet, we assess all the cost (of bent metal and associated expenses) back to our operating companies.</p> <p>Subrogation monies are credited back once received. We're self-insured for other party damage claims.</p> <p>Subrogation monies are credited back once received. We're self-insured for other party damage claims.</p>		

Accounting for Fleet Collision Costs

In accounting for vehicle collision costs, does your company manage repairs through:

		A single insurance pool?	Assessing some or all of the cost back to the affected management group (dept.)?	A mix of the above?	Or some other manner?
13	Genentech <i>Fred Choy</i> <i>choy.fred@gene.com</i>	For employees who are given a fleet vehicle, we have a single insurance pool and the charges are NOT billed back to the employee but picked up by the company.			Employees given a car allowance are to purchase their own auto insurance and it is up to their insurance to cover any damages to their private vehicle.
14	GE Health Care <i>Jeri Hall</i> <i>Jeri.Hall@med.ge.com</i>	By assessing some or all of the cost back to the affected management group (dept.), each vehicle has corresponding unit # and all costs (maintenance, gas, repairs, etc.) are assessed back to the cost center that owns that vehicle. GE is self-funded and all costs are charged to the appropriate dept.			
15	Amgen <i>Scott Thompson</i> <i>sothomps@amgen.com</i>		We assess all of the cost back to the affected management group (dept.)		