THE CITY OF EDINBURGH COUNCIL

Member of

ALARM

...public risk management association

# Drug & Alcohol testing: impact on insurance policies

Ruth Kydd

Insurance Manager

## Objectives

- Insurance risks for fleets
- Impact of incidents involving drugs & alcohol on insurance coverage
- Benefits of having a policy / testing programme in place
- What does this mean for organisations?

# Insurance Risks for Fleets

Current risks:
- Number and type of vehicles
- Number & length of journeys undertaken
- Resource (drivers)

Insurer expectations of fleet risk management:
- Repairs
- Maintenance
- Technology: telematics / sensors / cameras
- Drivers: policies & their implementation

# Insurance Risks for Fleets

General Safety Regulations: July 2024 (last updated in 2019)

Number of improvements required as a result of the above, including:

- Alcohol Interlock Installation Facilitation (ALW)
- All new commercial vehicles will have a standardised alcolock interface in place

- Fleet operators will therefore be expected to have a policy in place / testing in the future
- Best practice would include both policy and testing programme in place – speak to your insurance manager / insurers / brokers

RMP-Risk-Control-General-Safety-Regulations-2024.pdf (rmpartners.co.uk)

# Insurance Risks for Fleets

Effective fleet management: H&S and managing driving is more important than ever

Health & Safety at Work Act 1974: includes
- *Driving or riding at work*
- *Company or hired vehicle, or employees own vehicle*

- Longer term management of risk for fleets will likely require D&A testing

# Insurance impact: Drugs & Alcohol

Police may carry out drug / drink testing with drivers where they are involved in an accident
Depending on outcome, driver may be subject to prosecution

Impacts on organisation could include :
• Significant reputational / brand damage
• Operator Licence issues
• Financial impact:
- Vehicle may be impounded (storage charges)
- Insurance coverage may not respond for own damage but the third party (compulsory element) only – Road Traffic Act

# Drug & Alcohol policies

- HSE and ACAS support an embedded process, focussing on wellbeing and a strong, resilient position
- Support available from both (ACAS have a draft policy)
- Needs to include legally obtained medication and prescription drugs
- Must meet legal levels (ie lower legal limit in Scotland) or you could consider the more rigid train / pilot limits?
- A reactive process: in the event that it is triggered, the HR process starts then (after an incident)

# Benefits of having D&A testing in place

- Improves employee and public safety, together with the protection of assets (vehicles)
- Assists organisations deliver their duty of care to employees; also promotes a culture of safer driving
- Improved defence rate for insurance claims, which will contribute to stabilising of premiums
- Positive financial impact for claims that are under deductible / excess
- Supports Operator Licence requirements
- Strong brand protection and less negative media attention
- Improved public trust in the driving culture of an organisation
- Confirms organisations commitment to corporate social responsibility

# Impact on organisations

- Challenging times financially: need to ensure mitigation of any potential incidents where drugs and alcohol may be a factor
- Need to support drivers within our organisations to ensure they are fit to drive
- Determine policy, extent of testing and process
- Implementation will require support from senior managers of each organisation, trade union colleagues and, above all, staff
- Joined up approach – internal and external collaboration required in design & implementation

# Insurance proposals / discussion points

- Full engagement with all stakeholders / representative bodies (eg HSE / ACAS / Trade Unions / providers of testing) to ensure common goal in place and focus on wellbeing / welfare
- Testing is proposed to include all legally obtained medication and prescription drugs
- Drivers only and / or all employees? Depends on nature of the business and expectations of employees
- System: auditable and restricted access, with testing being discreet
- Full auditable test results to show no sector / person has been targeted, random generator for testing

# Questions?