RiskTopics

Idle/ Parked-up Sedan Fleets during the COVID-19 Crisis

Many sedan fleet operators are experiencing severely reduced vehicle utilisation due to the impact of COVID-19. These sudden changes can be due to:

- Prioritised focus on critical commodities or services
- Reduced demand for some products or services resulting in less fleet utilisation

While these changes are essential, the speed at which they occur may overwhelm normal change management controls / protocols.

At the earliest point, implement change management measures to:

- Acknowledge the change that is occurring
- Identify critical existing controls and additional controls that need to be maintained
- Protect vehicles from potential exposures such as fire, theft and natural perils while idle / parked-up

Introduction

Zurich loss experience indicates that any rapid decrease in the utilisation of sedan & light commercial vehicle (LCV) assets may result in increased losses associated with fire and security risks of idle / parked-up vehicles. If these risks are not appropriately managed, then the following impacts may occur:

- Large losses of sedans and LCVs due to fire or theft
- Delay or impairment of business recovery when normal fleet utilisation resumes
- Unnecessary pressure on emergency services

During a downturn / shutdown where greater than typical fleet assets are parked-up, implement the measures offered in this document to reduce the impact of fleet losses and enable prompt business recovery when 'normal' commercial business resumes, which is likely to create a sudden demand in transport & logistics operations. Those businesses that have planned and prepared well have more chance to return to normal operations more efficiently.

Protecting Idle Fleets

Expect increased fire, theft and malicious damage exposure to idle vehicles unless measures are taken to minimize the impact of these exposures by considering the guidance in this document.

These measures are intended to limit the risk of damage to all or part of your fleet and reduce the challenges of restoring normal operations once the crisis is over.

Discussion

Your change management procedures should consider:

- Idle vehicles – Parking idle vehicles in depots, or elsewhere creates potential accumulation exposure. Loss experience shows these conditions may contribute to fleet losses and impair business recovery.
- Site Security – Locations where vehicles are parked up could include the principal depots or additional yard areas that are not typically utilized for vehicle storage. Consequently, security measures may not be adequate to protect fleet assets.
- Vehicle Security – Vehicle and trailer (both asset value and contents) could present a theft exposure during an extended period of idle fleet operations.
- Stock – Leaving goods inside vehicles or trailers creates potential exposures for theft, deterioration of goods or additional fire load. Refrigerated and dangerous goods present specific exposures.
- Fuel storage – On-site fuel storage is a potential fire and theft exposure that can increase during extended idle periods.
- Fuel degradation is a concern if left in vehicles for extended periods, as it may lead to engine damage.
- Natural perils – Locations that are exposed to natural perils such as bushfire, hail or flood may need further considerations prior to parking-up vehicles

Guidance

At the earliest possible point, acknowledge the change that is occurring and identify actions to provide additional and / or maintain existing controls.

Contact your Zurich account team

If fleet utilisation is drastically reducing and vehicles are being parked-up, take time to consult with your Zurich Underwriter & Risk Engineer to discuss appropriate risk management controls.

Fleets parking up idle equipment

In a crisis such as the COVID-19 outbreak, some fleets may need to park up vehicles, trailers and ancillary equipment. In these cases, consider the following actions.

Idle Vehicles

Normal fleet operations may result in vehicles including sedans, wagons, Utility Vehicles ('utes'), 4WDs, SUVs, vans and minibuses to be parked up at various times, and your protection measures may be adequate during those normal situations. But due to the current crisis, there could be a need for additional fleet to be parked up for significantly extended periods.

Take time to assess the impact of increased idle fleet and consider:

- Available parking areas in the depot and other yards
- Physical separation between each vehicle to limit potential fire spread
- Designated parking bays to ensure there is separation between each vehicle
- Greater separation between groups or clusters of vehicles
- Do not park vehicles or trailers in front of buildings or site essential services such as fire hydrants
- For locations that do not have on-site hydrants try to ensure that fleet park up areas are within 90m of street hydrants for potential Fire Brigade use
- For rural locations consider the available fire water supply (possibly water tanker), pumping and hose coverage
- Ensure that vehicles and trailers are parked in a fundamentally stable position
- Consider fuel additives and/or periodic rotation of fuel (starting/running engines & topping up fuel) which will help reduce fuel degradation

Site security

During normal fleet operations, site security is typically managed as a function of daily business. For some locations there are existing security measures that cater for fleet parking arrangements. Other locations might have limited / no security measures, or the reduction in fleet utilization caused by a crisis results in reduced site attendance (e.g 24/7 activity was the basis of previous site security controls).

Undertake a review of site security and consider:

- Perimeter fencing and gate access
- Remove vehicle keys and secure them in a safe (and not obvious) location either on or off-site
- Guard service and random patrols. Guard service may be limited to periodic outside patrols by vehicle, or guards stationed onsite at all time to monitor and patrol the premises
- Periodic site visits (Management or key personnel)
- External lighting
- CCTV surveillance
- If a CCTV system is not provided, consider a temporary WIFI-based system as an interim measure.

Vehicle security

Secure all vehicles (as well as any small trailers). Consider, where possible, removing high theft risk items such as portable technology (GPS units,2-way radios, smart devices etc) to a safe location (such as an office covered by monitored alarm). Remove and secure all detachable tow-bar hitches.

For vehicles that are fitted with fixed GPS systems consider loading geofence parameters for the park-up location to provide an alert if the vehicle/trailer is moved outside the geofenced zone.

Vehicle Contents

Leaving contents (goods & samples, tools, documents and IT equipment etc) inside vehicles and trailers presents hazards including fire with potential delayed manual fire fighting response due to limited site attendance. Perishable goods should be removed and stored in appropriate facilities.

Other considerations could include:

- Remove contents from vehicles and trailers. If there are incidental packaged dangerous goods, then arrangements should be made for relocation of these products to appropriate storage in accordance with dangerous goods requirements and standards.
- If refrigerated stock cannot be relocated ensure that designated areas are provided for these vans away from other parked fleet vehicles.
- Vermin control and mitigation

Fuel storage

Fuel storage on-site potentially presents additional fire load and fuel theft exposure. To reduce the fire hazard consider:

- Parking layout
- Avoid parking near fuel storage
- Secure fuel bowsers to prevent theft and malicious damage

Natural perils

For depot and park-up locations that could be exposed to natural perils, consider:

- Flood potential and accumulation exposure of parked-up vehicles
- Bushfire potential of surrounding areas impacting the site resulting in fleet loss
- Hail damage to multiple vehicles parked in one area
- Contingency planning and emergency evacuation to relocate vehicles to alternative safe location

Conclusion

Losses associated with fire, theft and natural perils of idle / parked-up sedans and LCV's pose significant risks to fleet operators in the event of a major reduction in fleet utilization due to a crisis (like COVID-19). However, these risks can be managed to a tolerable level if the change in the operating environment is acknowledged and rigor is applied to understanding these increased exposures and developing further enhanced controls.

References

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