



## AUTOMOTIVE BULLETIN

# CUTTING COSTS IN VEHICLE REPAIR

Cost cutting in the automotive industry is becoming more relevant than ever before. This leads some businesses to err on the side of caution and take a pro-active approach to minimise the risk of facing unnecessary costs. One such cost is that associated with accidents and ill health in the workplace.

Apart from the harm caused to the injured worker, the costs to business of dealing with accidents and ill health can be substantial. Such costs can include payment of wages to the worker during the period of injury/illness, production down-time, payment of overtime to an alternate worker, loss of management time in dealing with the incident, legal expenses, court fees and an increase in employers' liability insurance premiums.

In the motor vehicle repair sector, whilst the rate of injuries reported to the health and safety executive has been gradually decreasing since 2002, the number of major accidents has stayed relatively constant over the past eight years, at just over 100 per year. Additionally, incidents of ill-health in the sector shows that musculoskeletal disorders, contact dermatitis and occupational asthma remain common complaints. Longer standing business, especially in manufacturing, may face the prospect of incurring the costs associated with ex-employees suffering from

asbestos-related illnesses, where contact with the asbestos may have happened as far as 40 years ago. Recent studies have shown that the rates of asbestos-related illnesses to be diagnosed will peak in 2011.

In many cases, businesses have insurance in place to cover any claims made against them by employees or ex-employees. However, particularly with historical cases, such as those related to asbestos, it is often difficult and time consuming to trace the correct insurer for that period. In some cases, even if the insurer can be located, proving cover may be yet another hurdle to overcome.

To avoid such costs, business can take practical steps to help manage the risks associated with ill-health and injury in this sector. This could include checking records

of ill-health and injuries to look for trends and see where action may be necessary to prevent accidents and ill-health, ensuring your health and safety policy adequately sets out the organisation of health and safety in your workplace and is up to date and ensuring that your insurance policies adequately cover your business activities.

**The article contains a summary of complicated issues and should not be relied upon for specific matters. You are advised to take legal advice on particular problems.**

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