

GIO TMF Coverage Alert

Re: Vehicle 'Fair Wear, and Tear'

Purpose

The aim of this Coverage Alert is to make Agencies aware of the Vehicle Condition Assessment Guide otherwise known as the 'Fair Wear, and Tear Guide' issued by State Fleet. This provides guidance as to what State Fleet assessors look for upon vehicle changeover.

Background

There have been occasions where NSW Government vehicles have been presented to State Fleet for exchange and unreported damage has been reported to TMF as 'accumulated damage'. There is no provision in the Statement of Cover for damage assessed as depreciation, wear and tear, rust or corrosion, mechanical or electrical breakdowns, failures or breakages, or damage to tyres by application of brakes, road punctures, cuts, deflation, or bursts. This can create a financial gap between the assessment of 'Fair Wear and Tear' by State Fleet and the repair of damage identified during the assessment stage. This financial gap is not covered by the TMF and is generally borne by the NSW Government Agency.

Actions Required

Given the high cost and frequency of these claims reported to date, GIO recommends awareness is raised within Agencies.

- NSW Government Agencies are responsible for managing vehicle costs, condition, and servicing to maintain high residual values
- The GIO-TMF 'MV guide to Completing Claim Forms' provides assistance in ensuring claims are submitted accurately and timely
- The NSW State Fleet Vehicle Condition Assessment Guide provides Agencies with assistance in describing 'Fair Wear and Tear' to reduce the financial burden

Please contact the Risk Management Unit within your Agency, GIO Operational Risk Management, or your GIO Client Services Manager for further information.