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The Litigants in Person whiplash portal build may be progressing well, but fraud and a lack of clarity from the government could jeopardise its effectiveness, according to Sabre CEO **Geoff Carter**.



The Lip Portal is slated to launch in April 2020, with testing set to begin this Autumn.

However while the IT build by the Motor Insurers' Bureau is progressing, there are concerns that the rules may not fit the IT system, as these are yet to emerge.

In addition, some worry that the portal could spur fraudulent behaviour by claims management companies.

Speaking to Post in a H1 results call, Carter, pictured, said: "The MIB is doing a pretty good job from what we can see. We have been working with them fairly closely over the last few weeks. They are doing some very good IT builds, with a good approach to it.

"The challenge we still have is the rules haven't emerged from the Ministry of Justice. So the IT system is still being built slightly in a vacuum without knowing what the final rules look like. That means there is a significant risk that the IT build might not support the rules that finally emerge. That is not going to be great.

"The bigger issue here is around the risk around CMC behaviours. I wouldn't be surprised to see some pretty unpleasant

creatures crawling out from underneath the rocks once the rules are known.

"We've got some very good lawyers who behave in a professional way. There is a risk of unregulated new types of CMCs coming to the fore, who might not be working on the customer's best interests, where they are trying to find a way around the rules to maximise fee income for themselves. We need to be very careful and cautious of what might happen with some of those CMC behaviours."

Pricing

Sabre expects to see rates in the motor market continuing to harden.

However if whiplash reforms are effective then this could offer some reprieve.

Carter said: "What could disrupt it is if the whiplash benefits do deliver. You can get to a number of about £35 per policy saving. For most insurers that might be a 7% to 8% reduction in claims costs per policy. If you are very bullish about whiplash reforms then you might decide that whiplash benefits might help you out and you don't need to push rates through.

"Our view is that is quite a brave stance at the moment, with everything we see about whiplash changes. It's going to take a while for these changes to become clear. If lawyer or CMC behaviour changes, it's not the sort of reform that will go live and within a few days you will see what the impact is. You need to see a month's data wash through."

FCA review

The motor insurer does not indulge in dual pricing. With an ongoing Financial Conduct Authority review into pricing practices, Carter is optimistic that Sabre could be set to benefit.

He added: "The FCA last week sent out their principles they are going to apply to pricing, which look very sensible. The issue on dual pricing is there are a lot of strong stakeholders involved in this, including the Competition and Markets Authority. There have been some fairly strong statements from government.

"I'm expecting some reasonably firm action on dual pricing. Clearly if that happens and it pushes up new business prices, then we are expecting to benefit from that, because we won't need to do the same." ■



Government takes aim at mobile phone road safety loopholes

The government will seek to tighten the law around the use of handheld mobile devices on the road, but will not extend a ban to hands free use.

By Jen Frost

hands free phones in its upcoming review of road traffic policing.

It will consider amendments to the Highway Code and the inclusion of information on hands free in road safety campaigns.

Chair of the Transport Committee, Lilian Greenwood, said: "The government's decision to accept our recommendation to tighten up the law around the use of handheld mobile phones while driving is great news. The difference between interactive communications and standalone functions on our phones is a loophole that has prevented police from prosecuting drivers who continue to use their phones behind the wheel and put themselves and other road users at risk.

"Our evidence showed that the risk from hands free devices is just as real. While we're pleased that ministers will prioritise work on handheld mobiles, this issue still needs to be addressed. We'd like the department to keep us informed of their work to examine the risks of hands-free use and the wider context of education and enforcement.

"The moment someone picks up their phone while behind the wheel they are a danger to themselves and others"

Responding to the Transport Committee's Road safety: driving while using a mobile phone report, the government today said that rules on hand-held mobile device use in cars must 'reflect the real world', in which phones are used for more than calls and texting.

It hopes to have proposals in place by Spring 2020.

The government pledged to refocus its efforts to assist the Crown Prosecution Service to take "effective enforcement action" against offenders.

However it cautioned that penalties – currently a £200 fixed penalty and six penalty points – are unlikely to change.

While ministers have ruled out banning hands free use in vehicles, the Department for Transport will seek views on the use of

hands free phones in its upcoming review of road traffic policing. "Closing the loopholes are one thing, getting more cops in cars to actually catch people in the act will help deter drivers further."

In 2018 there were 683 casualties, including 29 deaths and 118 serious injuries, in crashes where a driver had been using a mobile phone was a significant factor, according to official figures.

Hands free

Zurich UK CEO Tulsi Naidu has previously called for stricter laws on the use of mobile phones in vehicles, including banning the use of hands free devices.

Speaking at Post's Motor Insurance World event in June, Naidu said: "I would ban all forms of mobile phones and similar devices; anything that can help reduce distracted driving is positive.

"We have a tweet going out today calling on employers not to encourage staff to have conference calls while they are driving."

A Zurich spokesperson said: "We welcome any focus on improving road safety, particularly as the push towards autonomous vehicles gathers pace, and we fully support the Government's decision to accept the recommendation to tighten up the law around the use of handheld mobile phones while driving. The fact that the Department for Transport are working to further understand the risks of hands-free use is a positive step, the outcome of which will be very important not just for road users' safety but also for the insurance industry as a whole."

Neil Greig, director of policy and research at road safety charity Iam Roadsmart, today said: "The facts are there to see – the use of mobile phones for any purpose and in any manner while driving is distracting and potentially fatal.

"Today's news is good, but not good enough. The increased penalties introduced in 2017, six points and a £200 fine, did change drivers' behaviour for a while, but bad habits are creeping back in. Drivers keep doing it because they don't think they will get caught, and they don't appreciate they are risking lives.

"Mobile speed cameras need to be employed more broadly to also catch drivers using hand-held phones. Drivers need to know their actions could kill." ■

"The department's thoughtful response to our report demonstrates a willingness to engage with the committee on issues of concern to the public. It pulls together several initiatives it has recently announced and work with other groups such as the public, local government and devolved administrations. I am pleased that the scrutiny work of our cross-party committee is having an impact and helping to improve safety on our roads."

Jack Cousens, head of roads policy for the AA, added: "The moment someone picks up their phone while behind the wheel they are a danger to themselves and others.

"These tougher rules are common sense and re-enforce what we have been campaigning on. Drivers should be focused on the road ahead and not the tweet or email that has just pinged to their phone.

Cuvva-ing all the bases with statistics



Post senior reporter Emmanuel Kenning wonders about Cuvva's 3% claim.

By Emmanuel Kenning

The recent £15m funding raise by Cuvva is another reason to praise the company.

As one insurtech expert – who knows far more about all this than I do – put it, getting Series A round through is no mean feat.

The expert also touted the backing of Dominic Burke, now Marsh-JLT Specialty chairman and Lloyd's chairman Bruce Carnegie-Brown as being noteworthy.

In 2015 Cuvva staked a claim to sell the first hourly motor insurance policy.

Since then it has sold more than 40 million hours of insurance and has over 250,000 customers and built an 80-strong team. According to the firm, it has the UK's most downloaded insurance app.

The app goes beyond the transactional to build a relationship between provider and customers. It includes features such as MOT reminders, tax reminders and advice on where to buy the cheapest petrol.

The company has plans for the future. A pay monthly motor product in 2020 and doubling in size within the next 18 months as it uses venture capital backing to target the long-term motor insurance business.

Founder Freddy Macnamara makes a good point when he talks about the way

people buy goods and services via flexible subscriptions to suit on-demand lifestyles.

"Why shouldn't you be able to do that for insurance?" he asks.

Which is what makes its emphasis on selling "3% of all UK motor insurance policies" somewhat bizarre.

I wonder what was trying to be achieved through its publication.

When asked about this metric the business told me that according to Motor Insurers' Bureau stats, Cuvva sold 3.23% of all UK motor insurance policies in September.

The trouble is what this statistic could imply. Surely the figure really should be labelled as transactions rather than policies?

If an insurance company sells 365 one day policies is it bigger and does it have more of the market than one that sells one yearly policy?

And if another company sells 8760 hourly policies in a year is it even bigger and more market dominant?

Mulsanne is one of the carriers behind Cuvva. During the year ended 31 December 2018, Mulsanne wrote £33.3m of business after co-insurance.

The ABI's key facts document from December 2018 said there were 20.1m households with motor insurance policies.

The AA's car insurance premium survey for Q4 2018 put the average cost of annual comprehensive policy at a little over £600.

A back of the envelope calculation suggests therefore £12bn in premium. Or, if you prefer the ABI's general insurance overview stats, then in 2018 UK net written premiums in motor were £10.1bn of which £7.5bn came from the domestic market.

Unfortunately, Cuvva declined to comment when asked for metrics via either of these routes.

For households, 3.2% would be 643,200. For premium the range is £240m to £386m depending on which of the above is used as the base.

The insurtech has succeeded in the steps it needed to take since it was founded in 2014 and has scooped up awards, not least of which for Insurance Start-up in our very own British Insurance Awards in 2017.

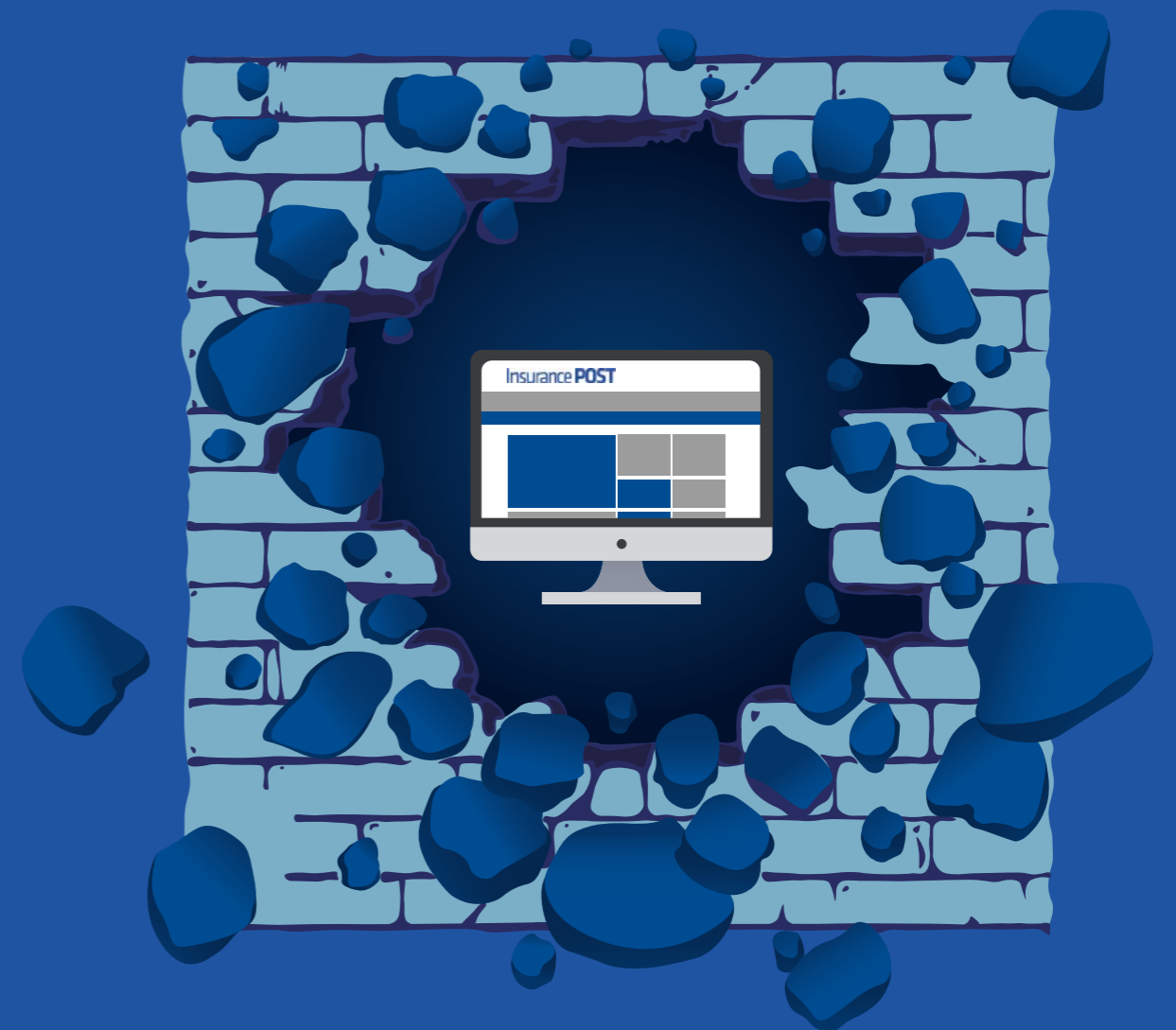
But it does insist on labelling itself as a "disruptor" that is taking on the "insurance establishment".

It is fair then to pose the question of just where the pay-as-you-go 'insurer' sits in the market.

The stats ultimately are the stats. As Macnamara said, "we've got so much further to go". ■

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The ABI's James Dalton on why GI pricing will be a priority in 2020



James Dalton, director of general insurance policy at the Association of British Insurers, reveals what the trade body will be focusing on next year and why.

Around this time of year, thoughts of the New Year always bring a sense of optimism and opportunity, challenge and caution. With a new government and a probability that we will leave the European Union on 31 January, next year looks like it is set to start with more uncertainty than most.

We've been thinking about the Association of British Insurer's general insurance business priorities for 2020 and, there are a whole range of issues and challenges for the industry to grapple with: from insurers' use of consumer data; to implementation of the whiplash reforms; to pressing for more meaningful progress from the government on reform of the building regulatory framework post-Grenfell.

But during the first part of the New Year, one issue is set to dominate: pricing practices in the retail home and motor insurance markets.

The Financial Conduct Authority is set to publish the conclusion of its market study into the pricing of home and motor insurance. When the FCA's interim report was published in October the ABI said: "Millions of insurance customers get extremely good deals by shopping around regularly, but we agree that the household and motor insurance markets could work better for consumers who do not shop around at renewal. This is not an issue unique to insurance, but we are the only sector to have taken voluntary steps to

address the issue and these are bearing fruit already."

It will be crucial to ensure the right outcome – one that works for all home and motor insurance customers and continues to allow for competitive insurance markets that benefit the majority who shop around. But what does this look like? It is important to remember that:

- The scope of the products in the Market Study should not be extrapolated from retail home and motor insurance to other general insurance products, where consumer expectations and market dynamics are different.
- Any ban on auto-renewals would potentially lead to serious consequences for customers through inadvertent lapses in cover. We have stressed that the consequences of customers' cover lapsing can be very serious indeed and include them breaking the law by driving uninsured or breaching contractual requirements, such as mortgage contracts, so putting their home at risk. In addition, banning auto-renewals is likely to impact most negatively on vulnerable customers, who are currently benefitting from the protection auto-renewals provide.
- The remedies should be fully assessed and tested before being implemented, with a timetable for post-implementation evaluation set out. Consideration should be given to whether a phased approach is more appropriate.

Price differentials between new and existing customers are, of course, not unique to the insurance industry, and are a characteristic of competitive markets. But what is unique is that the insurance industry has been the first sector to actively tackle the issue, through our Guiding Principles and Action Points initiative launched with the British Insurance Brokers' Association in 2018.

This is not simply a set of well-intentioned words: the ethos and approach to better outcomes for long-standing customers is being given board or senior management level priority and formally incorporated into firms' procedures for determining the premium at renewal. Firms are reviewing their pricing approach for customers who have been with them for longer than five years and are assessing whether this approach delivers a fair outcome.

The ABI and Biba will publish a report in May that demonstrates how our respective members have sought to tackle excessive differences between new customer premiums and subsequent renewal premiums that unfairly penalise long-standing customers.

Few issues that the industry will have to deal with next year are likely to have a greater impact on the industry's reputation, or how the retail insurance markets operate, than the outcome of the FCA's Market Study. That is why it is a priority among priorities for the ABI in 2020. ■

Insurers issue warning as keyless motor theft soars



The number of motor theft claims paid out by insurers in the first quarter was the highest since 2012, leading insurers to call for action from motor manufacturers.

By Jen Frost

A claims payout is being made to a victim of car crime on average every eight minutes, according to figures from the Association of British Insurers. During the first three months of the year, 16,000 claims of theft of or from a vehicle were settled by insurers.

The Home Office has reported a 50% increase in vehicle thefts over the last five years, partly owing to criminals bypassing keyless technology.

Meanwhile, the cost of such claims has risen by 22% on the same period last year, according to the figures provided. The cost of pay outs hit £108m.

Vehicle repair costs have also continued to rise. The cost during the quarter was a record £1.2bn.

Laurenz Gerger, ABI motor insurance policy adviser, said: "The continued growth in car crime must be reversed. Car security has come on leaps and bounds but needs to keep pace with the ingenuity of car criminals. The rising number of theft claims being paid by insurers in part reflects the vulnerability of some cars to keyless relay theft.

"Action by motor manufacturers to tackle this high-tech vulnerability, allied with owners taking some simple, inexpensive precautions will help put the brakes on this unwelcome trend."

John Dacey, customer claims director, Axa, added: "The cost of car theft claims is rising but that trend can and must be reversed. Car buyers and owners are

increasingly aware of the risks associated with keyless technology and they often take the right steps to protect their vehicle. We welcome those individual actions. But motor manufacturers must now up their game and ensure their vehicles are less exposed to hacking."

However, while car crime claims costs are rising, the ABI motor premium tracker has shown that premiums are at their lowest in two years, at an average of £466.

The incoming introduction of Civil Liability Act reforms is likely to have encouraged motor insurers to pass on cost savings to customers, according to the ABI.

In addition, new vehicle registrations in March saw an increase in new cars purchased by lower risk, mature drivers. ■

Data from motor crashes will help reduce fraudulent claims



Exclusive: Damage analysis from dozens of high speed car crashes could help traffic investigators spot fraudulent traffic collisions.

By Pamela Kokoszka

Post attended a live crash demonstration at Bruntingthorpe Airfield and Proving Ground in Leicestershire on 20 June.

The data generated from the crash will help investigators determine which crashes are genuine, and which are staged for fraudulent claims.

The Institute of Traffic Accident Investigators in conjunction with salvage company E2E replicated “fraudulent” staged accidents and compared the resulting damage patterns to genuine accidents.

Staged accidents were replicated in six different scenarios with different speeds and configurations.

Meanwhile, the “genuine” accidents were replicated in a series of crashes with identical configurations using the same type of vehicle, with speeds varying from 40 to 90mph - allowing traffic investigators to see the difference in damage occurring from different speeds.

The data from these crashes will be available in the coming weeks.

According to E2E, the data from the low-speed impact site will be a valuable asset in considering damage consistency in claims where fraud is suspected.

Equally, in rear-end collisions, the

database of damage gives an indicator of the velocity change, which is useful for medical experts in determining the likelihood of genuine whiplash injuries.

Neil Joslin, chief operating officer at E2E, said: “We had two different things going on, so we had high-speed crashes, and they are very important because it helps everybody involved in high-speed crashes understand what 50mph impact looks like and that can help paramedics when they turn up to the scene to treat somebody that was involved in a high-speed crash like that.

“In addition for the low-speed crashes, people were really interested in those because we have been seeing genuine low-speed crashes and staged low-speed crashes, and just looking at the different damage that comes out of that.

“Overall, there is a lot of knowledge and expertise that has been taken away from looking at the different crashes that have been going on.”

Joslin added that using the insight to help traffic accident investigators and claims professionals spot staged crashes is the key.

He said: “These kinds of crashes do need to be investigated and certainly the experience the investigators have got by looking at those crashes has been invaluable to spot which crash impacts are genuine and which are staged.” ■

Watch footage of a crash test scenario with 100% head-on overlap at maximum speed staged by The Institute of Traffic Accident Investigators and E2E at

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