



I Love Claims



THE GREAT BRITISH
**Motor Claims
Survey**



Motor Claims



Contents

ILC Partners	p.3
ARC360 Partners	p.4
Introduction	p.5
Section: Business	p.6
Section: Industry	p.10
Section: Repair	p.16
Section: Other	p.23
About ILC	p.31
About ARC360	p.32



I Love Claims



On the following pages are the **Corporate Partners, Partners and Insurer Partners of I Love Claims and ARC360**. These relationships are built on an aligned approach for a “better tomorrow”.

Our partners align with our proactive philosophy of executive level interaction, strategic collaboration and innovative problem solving.

Both I Love Claims and ARC360 wish to thank all our partners for their continued support and vision of bringing the industry together.



I Love Claims

Corporate Partners

AkzoNobel

AUTOGLASS®



carpenters
group

Copart

Davies
Claims Solutions

e2e
end-to-end
TOTAL LOSS
VEHICLE MANAGEMENT

Entegral®

enterprise
rent-a-car

gt motive
a mitchell partner company

HILLS Green
Parts Specialists

AA®

INNOVATION
GROUP

SG
Response

SHERWIN
WILLIAMS®

thingco

Verisk

Insurer and Industry Body Partners

ageas

MS&AD
Aioi Nissay
Dowa Europe

AVIVA

CO
vea Insurance

ERS

insure
the box

LVE

MARKERSTUDY
GROUP

Managing
General Agents'
Association
MGAA

pukka
INSURE

Sabre
INSURANCE GROUP

swinton
group

TESCO Underwriting
Limited

Toyota
Insurance Services

ZURICH®



Corporate Partners



Partners



Introduction

In July 2021, ARC360 and I Love Claims (ILC) issued its second, annual Great British Motor Claims Survey.

The Great British Motor Claims Survey 2021 followed on from the inaugural ARC360 and ILC survey carried out on Wednesday 1 July 2020, as part of the ILC Digital Motor Claims Festival.

The inaugural survey helped to provide a sentiment snapshot of how the Covid-19 pandemic was and could potentially impact on the UK's incident repair sector moving forward.

This follow up – 12 months on – highlights how insights, knowledge and opinions have evolved over time.

The anonymous, online survey posed 25 industry specific questions, broken down into four broad areas: Business General; Industry General; Repair; and Other. Questions ranged from current key business timelines through to supply and demand, shifting relationships, and total losses.

Some areas requested specific feedback which has been included verbatim (see rationale). Other questions simply generated comment and, where deemed sufficient in volume, have also been included verbatim.

This report includes all the findings to stem from the survey.

A special thanks goes to all those who took part in the survey, as well as those who provided such positive feedback and support of the initiative.

I do hope you find this document of interest and would welcome any feedback or thoughts for next year's look into the evolution of the sector.



Mark Hadaway

Managing Director
ILC

Co-founder
ARC360



The survey was again supported by Trend Tracker Ltd.

Please note: due to fact The Great British Motor Claims Survey was 'open invitation' to complete, the sample size of the data output for statistical significance could reasonably be called into question, as too could the balance of participants/represented organisations.

SECTION:

Business General



THE GREAT BRITISH

Motor Claims Survey

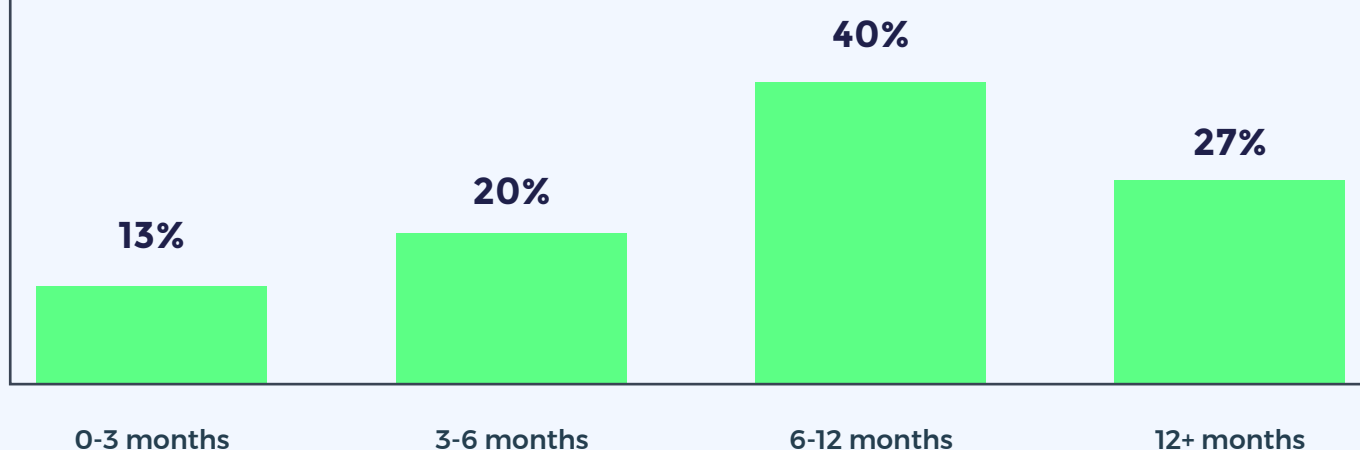
ILC

Motor Claims





Following the events of the past year, as of now (July 2021), what is the key timeline focus within your business:

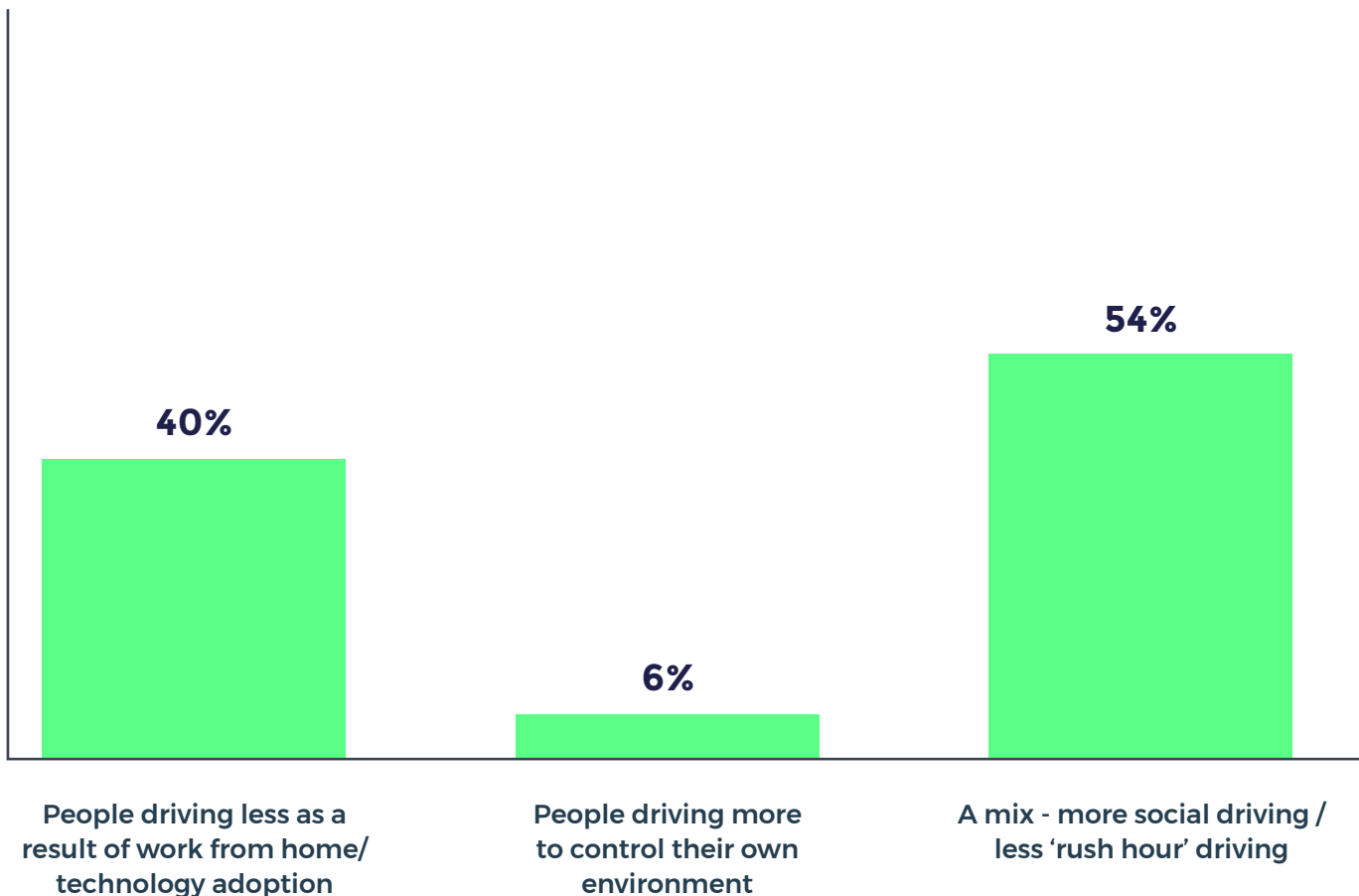


Rationale

- Long term growth and sustainability is more important than short term gains
- Long term projects, growth, diversity
- Covid 19 has had little impact on timeline focus and remains as was
- Investing in the future expansion of the business
- Normalising of society
- Difficult for me to answer. Ideally I would have advised that my primary focus is on the next three months as I feel there is still potential for huge impact on the industry, but focus needs to be on a six month plan and 12 month plan as we all need to learn to work and cope with Covid and move forward
- Impact of whiplash and FCA pricing regime
- Just about to move into our next fiscal year
- We're confident we have sufficient volumes over the next 12 months to be medium to long term planning
- We're medium-term planning at present and working out the change plan for 3-5 years
- Most claims on our system are settled within eight-hours (even during lockdown)
- To continue to monitor new claims
- Pricing fluctuations as Covid impact fully understood. Market taking different approaches driving soft market
- Settle Covid uncertainty and return to 'normal'
- Still unsure how the pandemic has affected the claims process
- Still in the recovery phase with some uncertainty



How do you foresee people's driving behaviours having changed in 12 months' time:

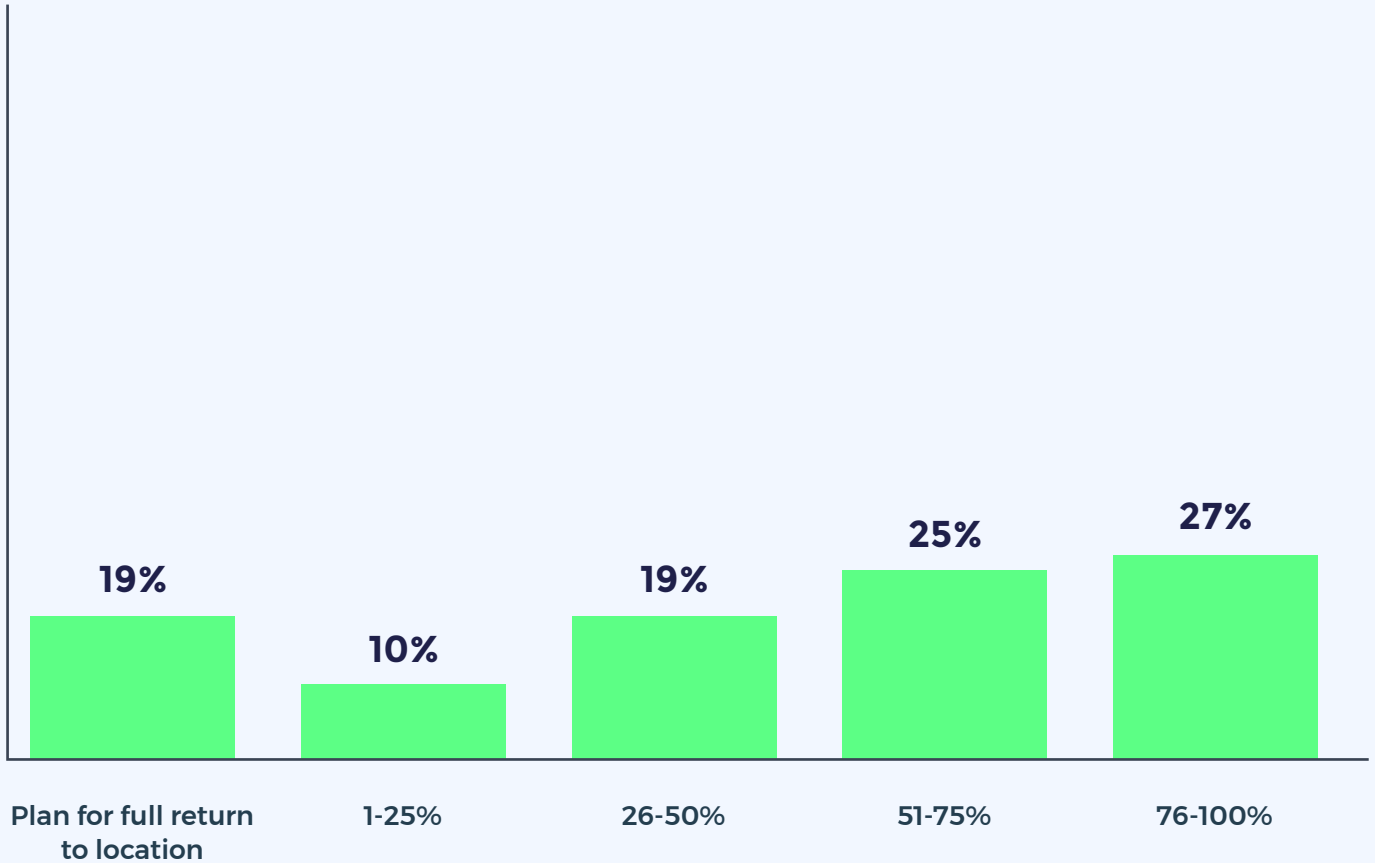


Comments

- Covid has forced companies into looking at the necessity of staff being in the office when the roles are not manual roles where the member of staff is needed to be present
- Definitely less driving as a result of lockdown and working from home. Also, less social driving to visit friends / shopping etc due to lockdown travel restrictions
- This will very much depend on age, business leaders maintaining a hybrid work/life balance and continued future strains of Covid
- I think the new normal will be more travel than today, but less than pre-pandemic to the tune of -5-10%
- Seen a marked decline in KMs that we track for claims
- Also believe a mix
- Covid behaviour change
- Believe that a lot of people want to work from home and there is a larger focus on the environment



As a business, what percentage of your people will work from home and/or adopt a hybrid approach in the future?



SECTION:

Industry General



THE GREAT BRITISH

Motor Claims Survey

ILC

Motor Claims



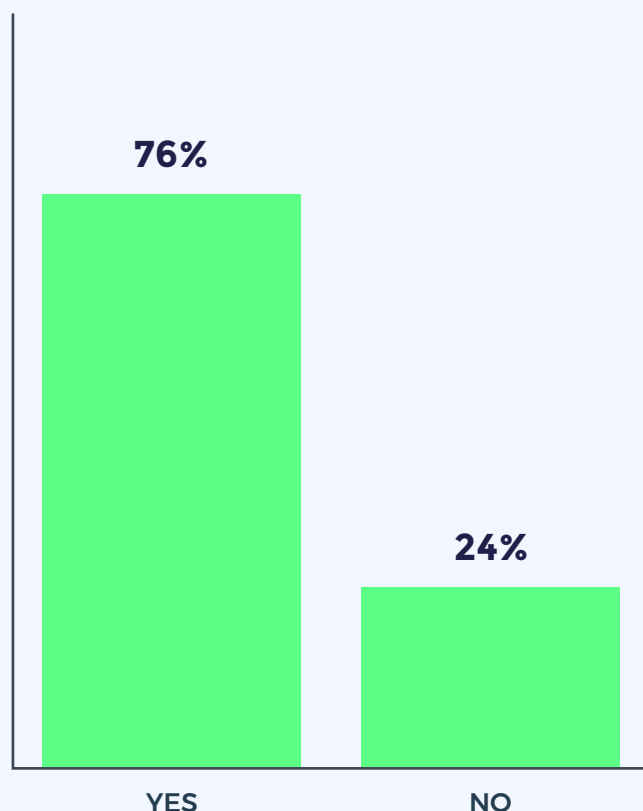


Do you think the pandemic has created lasting change to the motor claims industry?



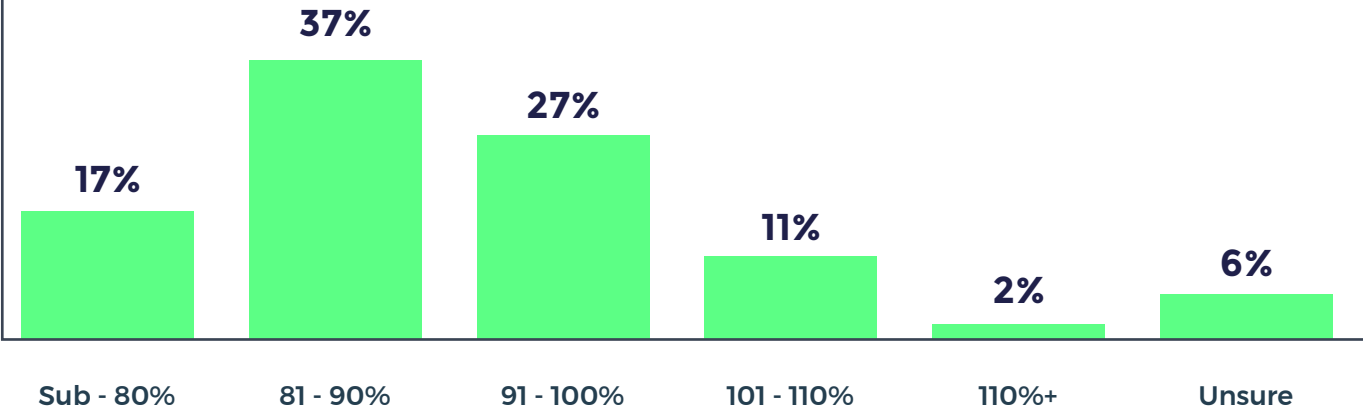
Rationale

- Insurers seem to be progressing claims slower as a result and using the pandemic as an excuse for poor performance
- Less miles being driven will undoubtedly mean less vehicles involved in collisions, especially in the rush hour at the start and end of each day
- Home working, tech/digitalisation solutions, change in motoring behaviour/habits
- If lasting means long-term then it's very unclear as to the impact of Covid-19. Assuming that the pandemic is controlled at a global level then the industry may return to a pre-pandemic status
- Insurers becoming more greedy and putting profits before people, even more so since the pandemic
- I think it's still too early to say and this has only really been a 15-month rollercoaster ride, that's a blip of an eye in a long term view of the industry and any changes that may come out of this
- More working from home
- This one is a question of timing - as I respond, the UK is about to emerge into a 'no restrictions zone'... ask me again in three months and I could have changed my mind!
- Lower annual mileage by the majority of drivers, accidents will be either minor damage (car park, low impact) or severe
- We may have reduced commuter traffic but as people work from home more the uptick will be in staycation and social interaction whereby travel will increase over the weekends
- The industry has been supported well enough by the Government to not have severe impact on bodyshops, and I believe old habits will eventually return to driving patterns
- Honestly unsure... in South Africa people are driving less, unless their jobs require them to be on the road. This has ultimately seen a downturn in claims from a comprehensive perspective; a change in claims from a service and maintenance perspective; and definite drop in warranty and top up policies claims
- Driving habits, vehicle technology
- It has changed everything and motor not excluded. Driving behaviours (time) will have changed for good
- Home working and public transport reluctance
- Pandemic has shown a quicker, more efficient way of working using technology, costs savings, and happier customers and employees
- Home working, accelerated digital plans, more usage based insurance etc

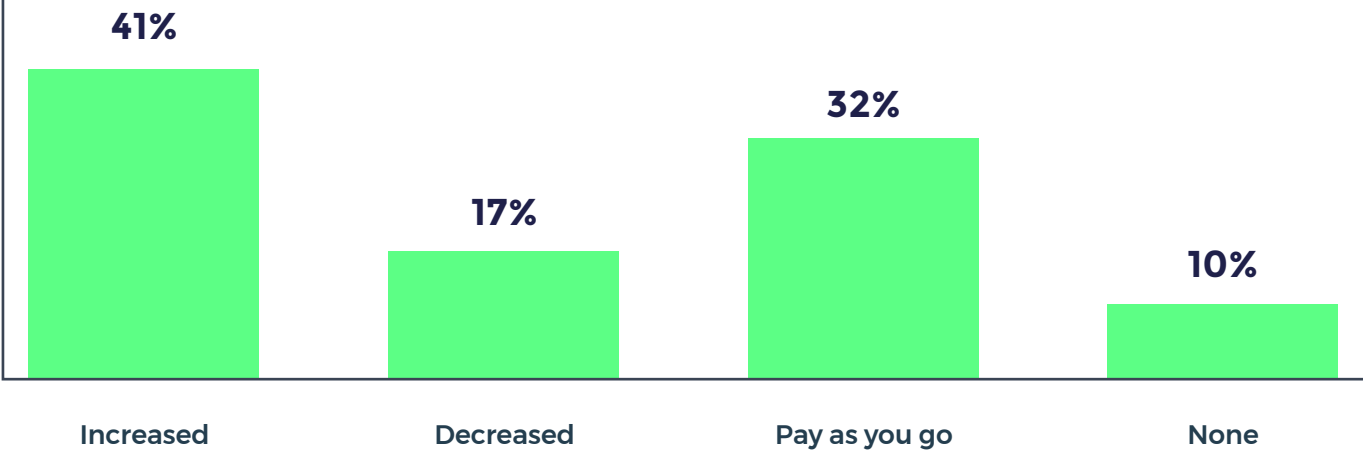




Where do you anticipate motor claims volumes to be in Q4 2021/Q1 2022? (based on current projections)

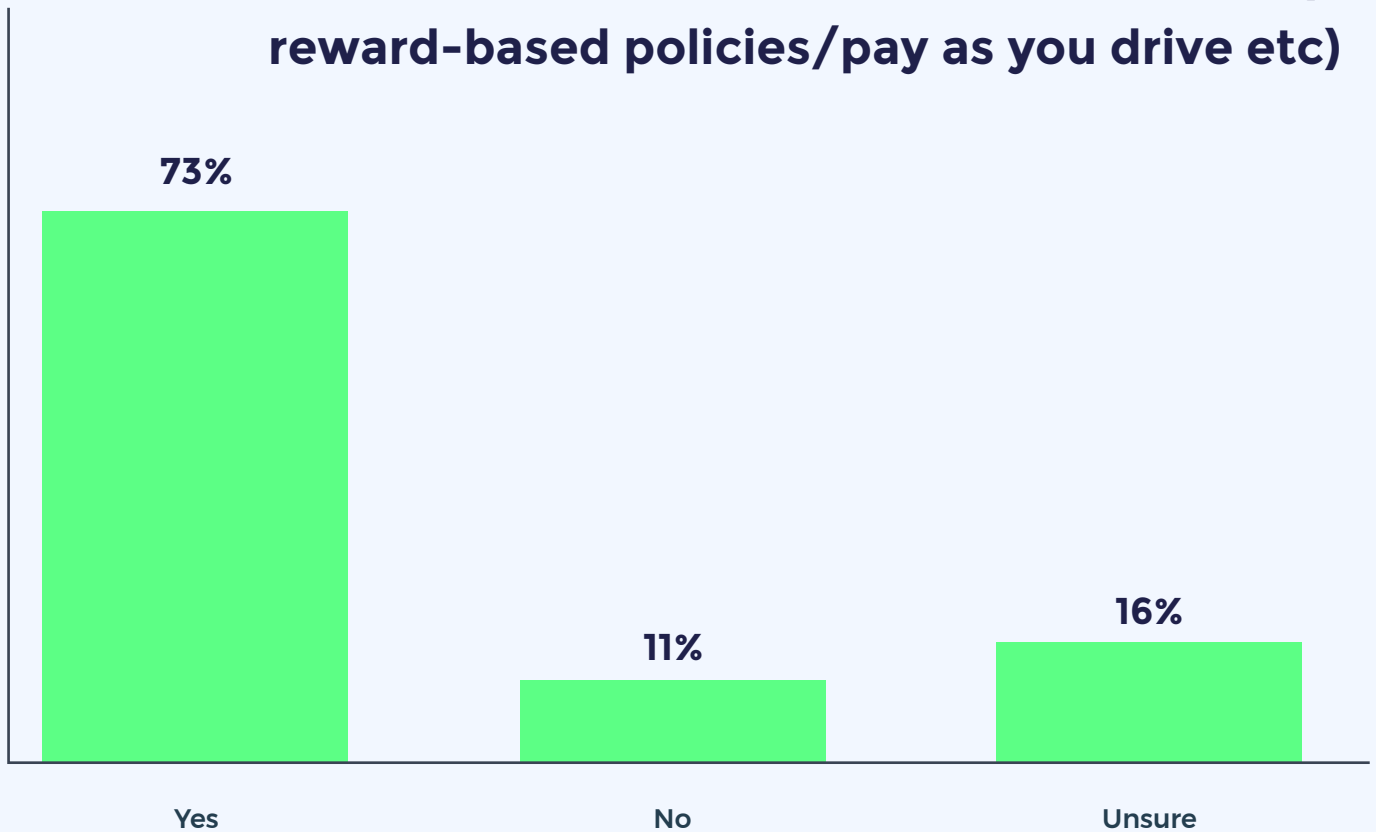


What changes do you think we will see to motor premiums moving ahead?

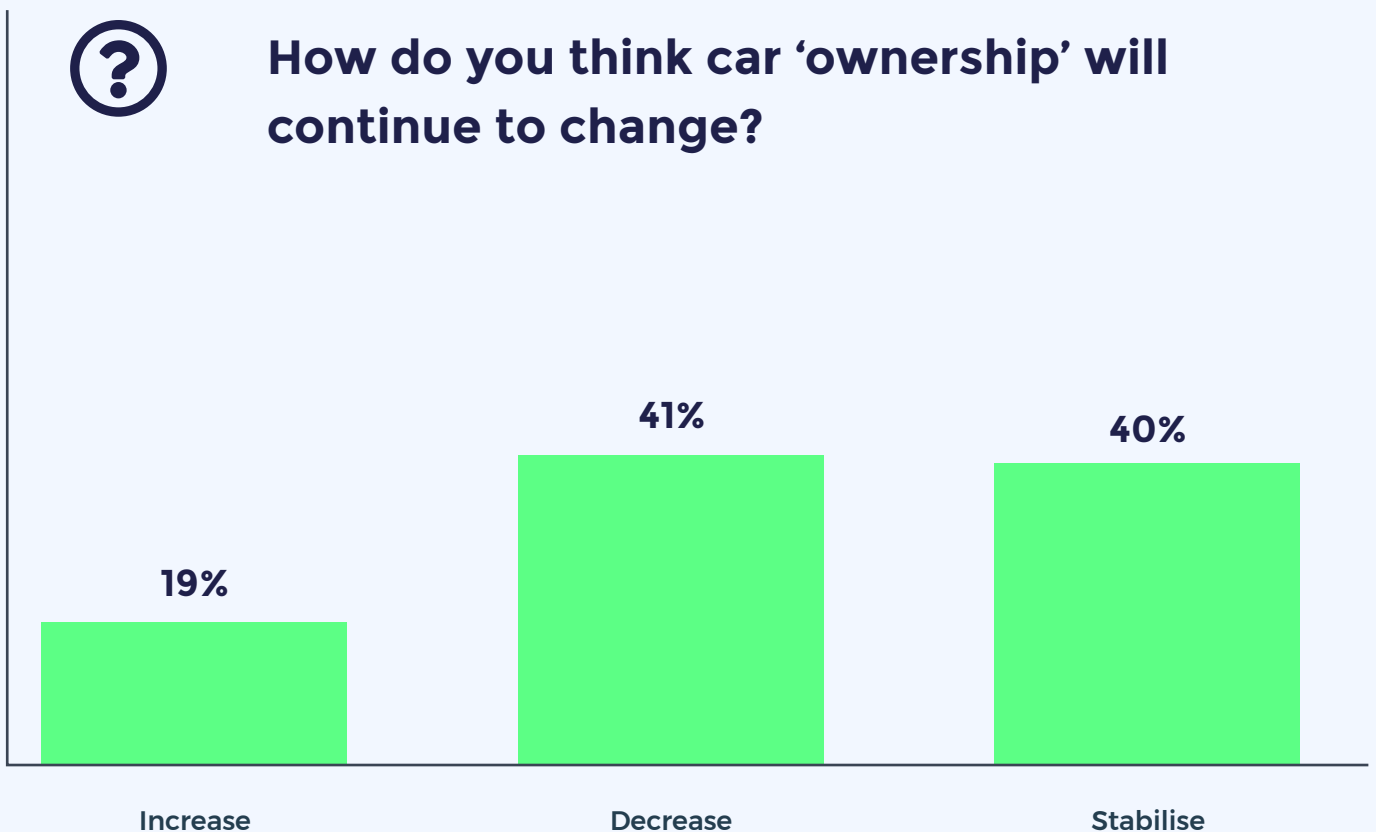




Will we see an acceleration in the uptake of on-demand/telematics-based insurance? (ie reward-based policies/pay as you drive etc)

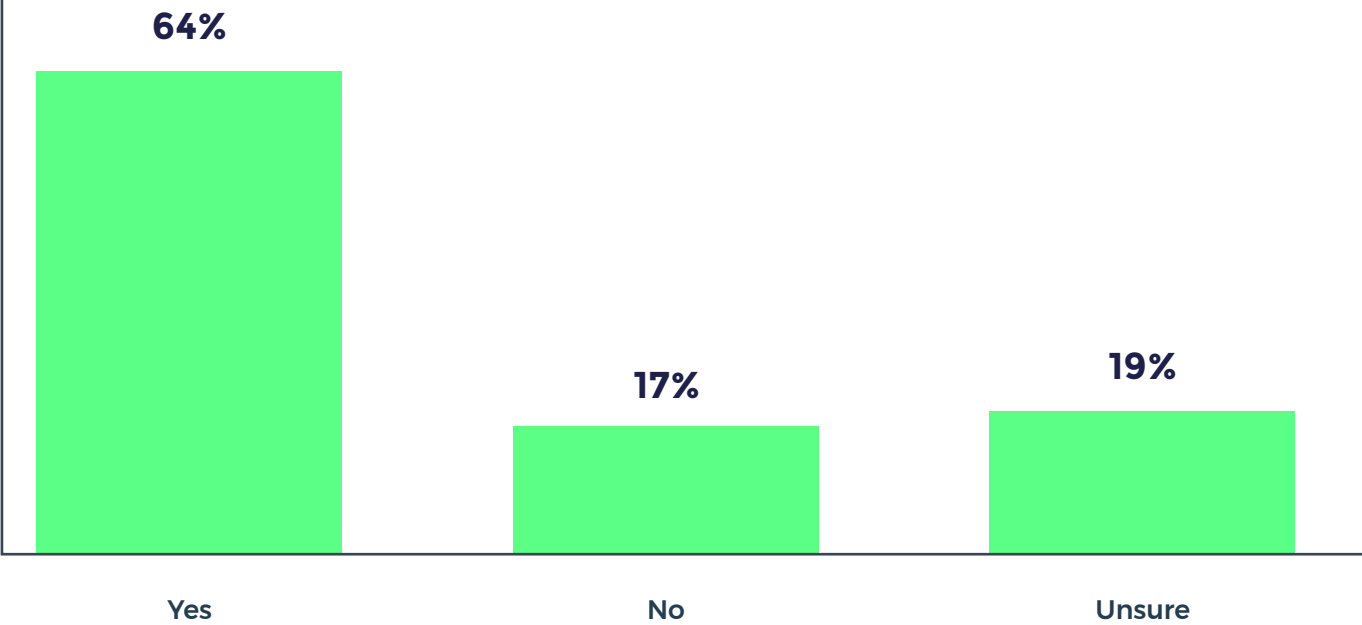


How do you think car 'ownership' will continue to change?

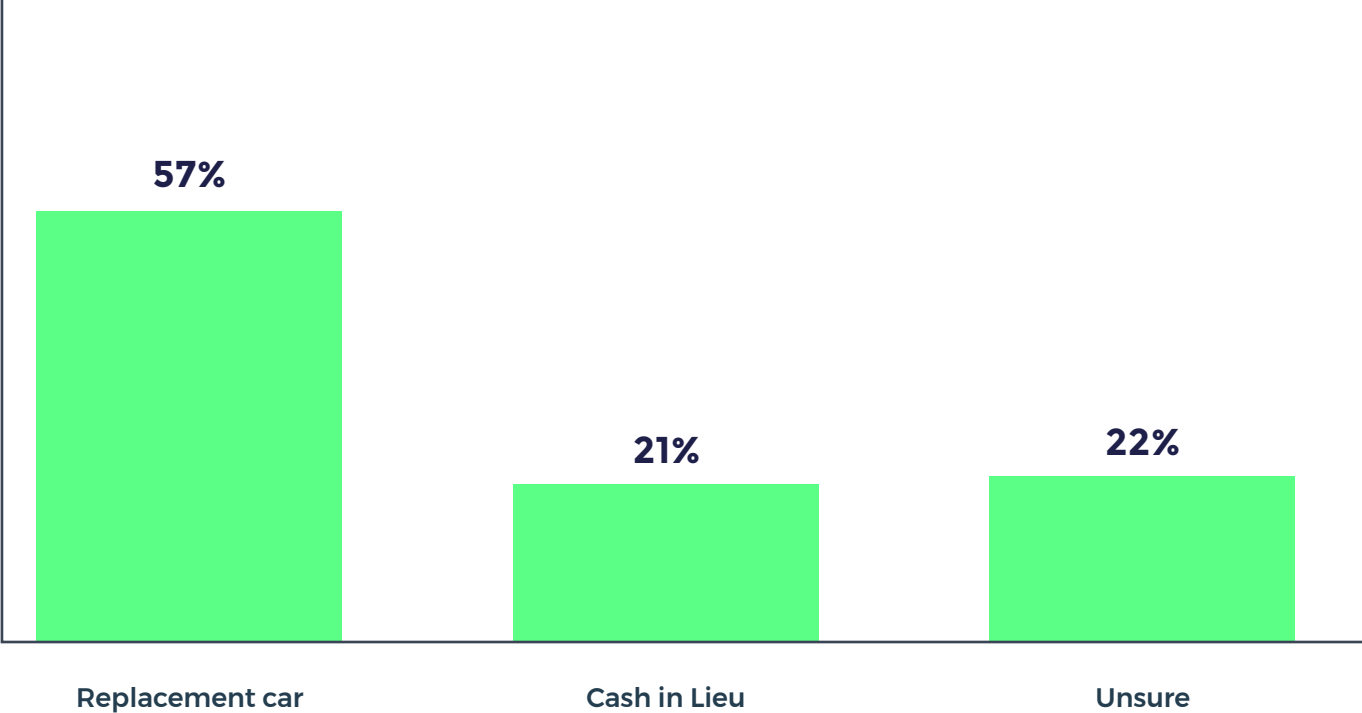




Do you believe we will see an acceleration in the uptake of ‘alternative’ vehicle ownership/usage models (ie car clubs/pay as you drive/subscription based)?

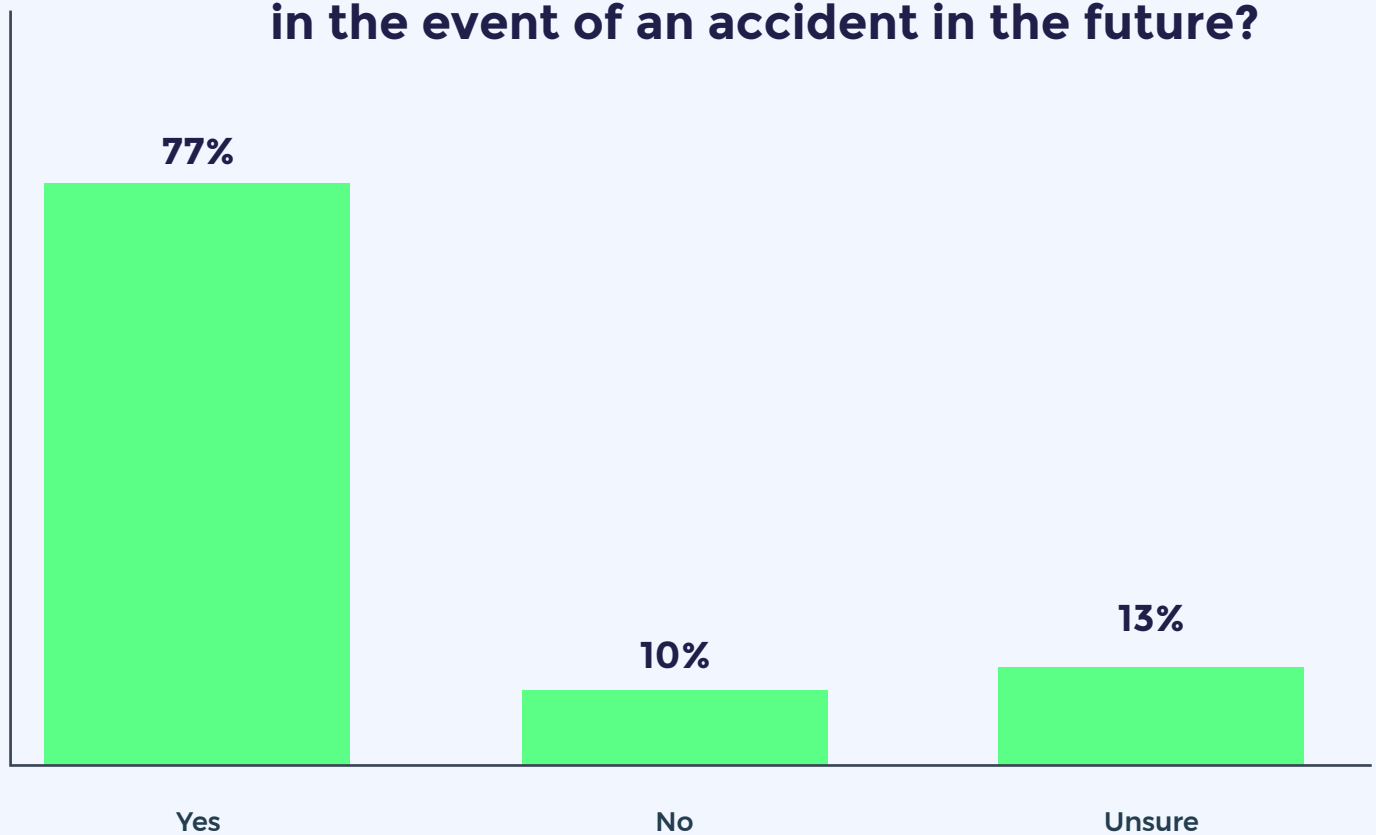


Do you believe drivers/customers still desire a replacement car or prefer to take cash in lieu alternatives?





Could/will insurers/claims outsource specialists look to provide/manage mobility in the event of an accident in the future?



SECTION:

Repair



THE GREAT BRITISH

Motor Claims Survey

ILC

Motor Claims



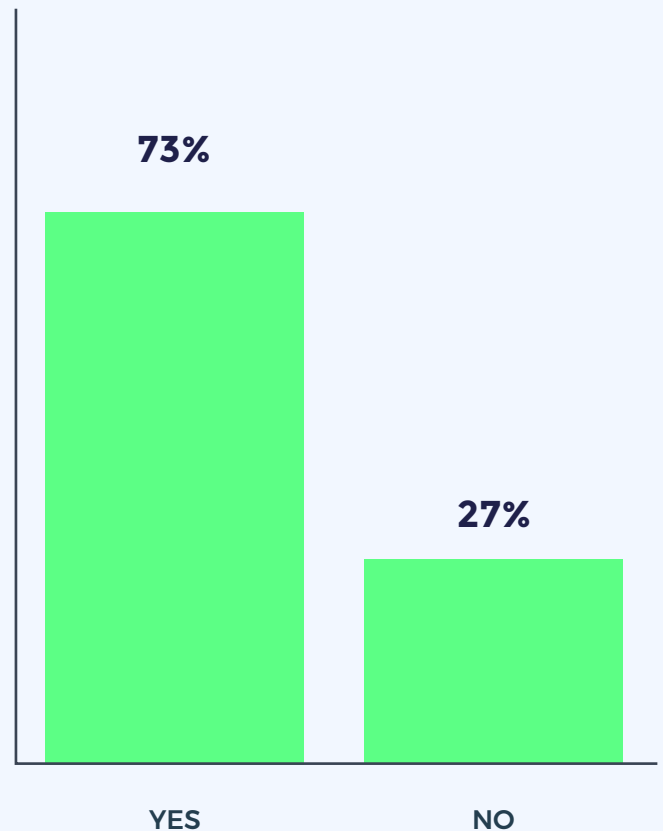


Do you believe impacts on supply and demand have changed market dynamics forever?



Rationale

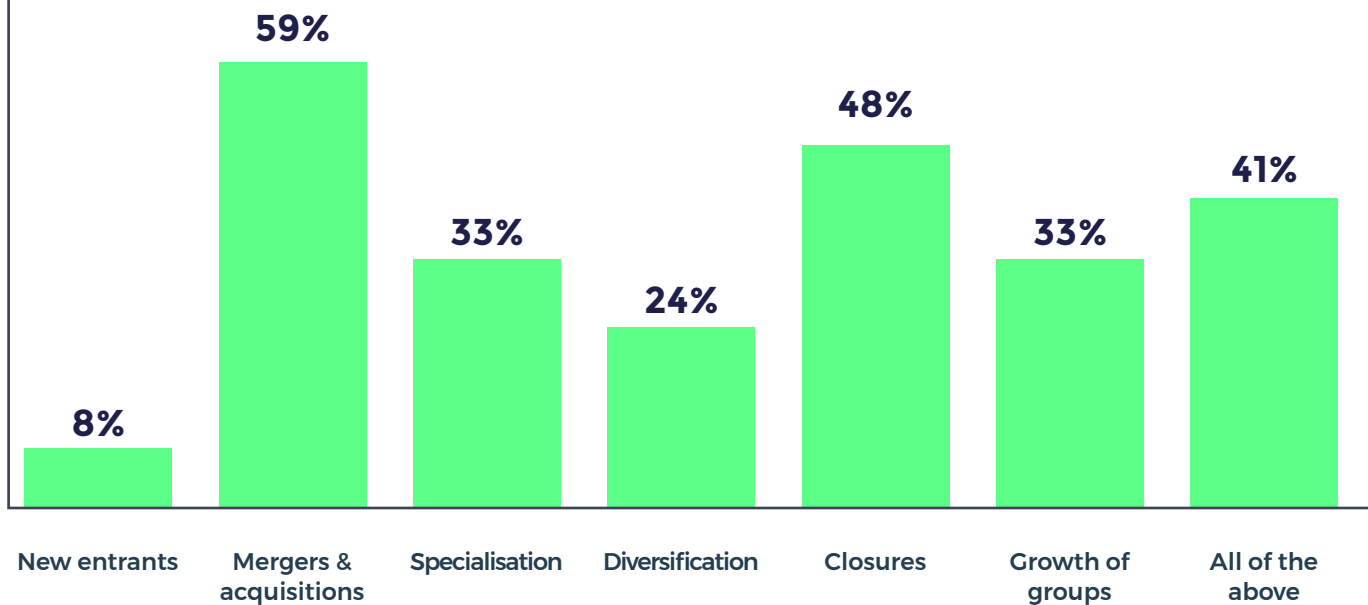
- Staff shortages are driving salaries higher and materials/parts are becoming harder to source in a timely manor
- Market conditions evolving rapidly
- Forever is a very long time and at the moment it is being suggested that the pandemic will come to an end. If this is the case then the supply chain (supply Vs demand) will adjust accordingly. Again, if market dynamics do change then the question remains as to the scale (minimal Vs significant) of these changes
- The supply chain has always been strained or stretched, repairers only have a finite amount of capacity but always tend to 'grab as much volume as they can' - it's the fear of losing it to a competitor. I think pre-Covid, the parts supply scene was changing, manufacturers were trying to take supply internally away from dealers as less stock was being carried. We know manufacturers have operated on a 'just in time' delivery system, Covid has disrupted that. We haven't seen the full effects of Brexit yet. I believe there will be an impact, the size or shape of this will take some time to truly reveal how it changes



- Oh, this is a toughie. There are many different 'supplies' in terms of a motor claim and, at present, OIC seems underwhelmed, however I am sure there are businesses considering alternative supply mechanisms that might lead to a demand scenario emerging
- This is a moving target and will continue to ebb and flow between consumer, insurer and supply chain. This will always be the case especially when there is an open market driven by competitive behaviour
- It will revert to normal market purchasing
- Believe there will be consolidation in the market
- Due to several factors - including Brexit; the pandemic; rising bent metal costs; and the whiplash reforms - the market is on the pivot of transformation



In light of what we currently understand of the sector and the impacts of reduced work in the last 18 months, what do you think we might see from a repairer perspective in the coming 12 months?

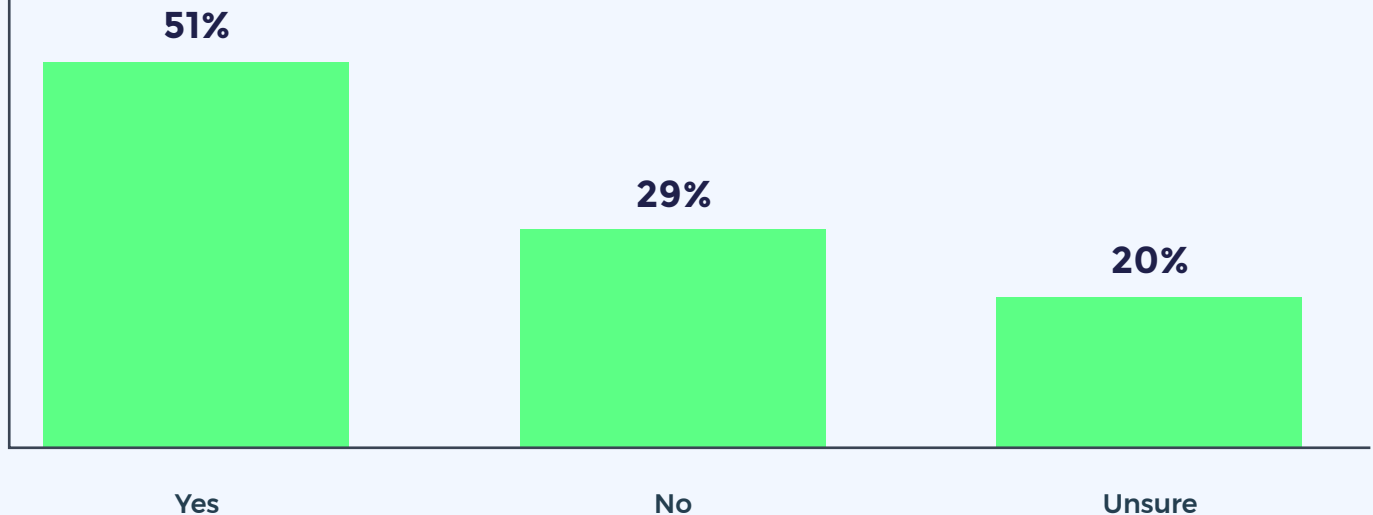


Rationale

- Lack of skills will force repairers to consider if there is a future
- Stagnant labour rates and increased wage costs is unsustainable. No new staff will enter the trade when skilled wages are so low in comparison to industries like aviation
- Possibly the most unlikely scenario is 'new entrants' whilst the market is experiencing destabilisation. The other scenarios are all feasible and possible to take place at the same time; with diversification & specialisation going hand in hand between suppliers. Again, these options are reliant on there being an ongoing impact of Covid on the market.
- This is already happening and focus appears to be moving towards how to increase profit by perhaps doing less jobs per month as opposed to being reliant on an Insurer being the main provider of your work
- I don't believe we will see a reduction in capacity from that of pre-covid. Evidenced by the closure of Nationwide and resurgence by the new owners, and groups expanding by acquisition and new build. We may get to a position whereby the market is dominated by the few, but I believe capacity will either stay the same or grow, but with a much-improved quality and standard of operation.
- In short, we believe that the registered repairers will acquire those struggling, or independently owned in order to diversify their holdings/value added solutions
- Survival of the fittest - many will not have financially viable businesses eg reduced volumes and/or cannot make necessary investments in technology



Is the approved repairer model - as we currently know it - sustainable for the future?



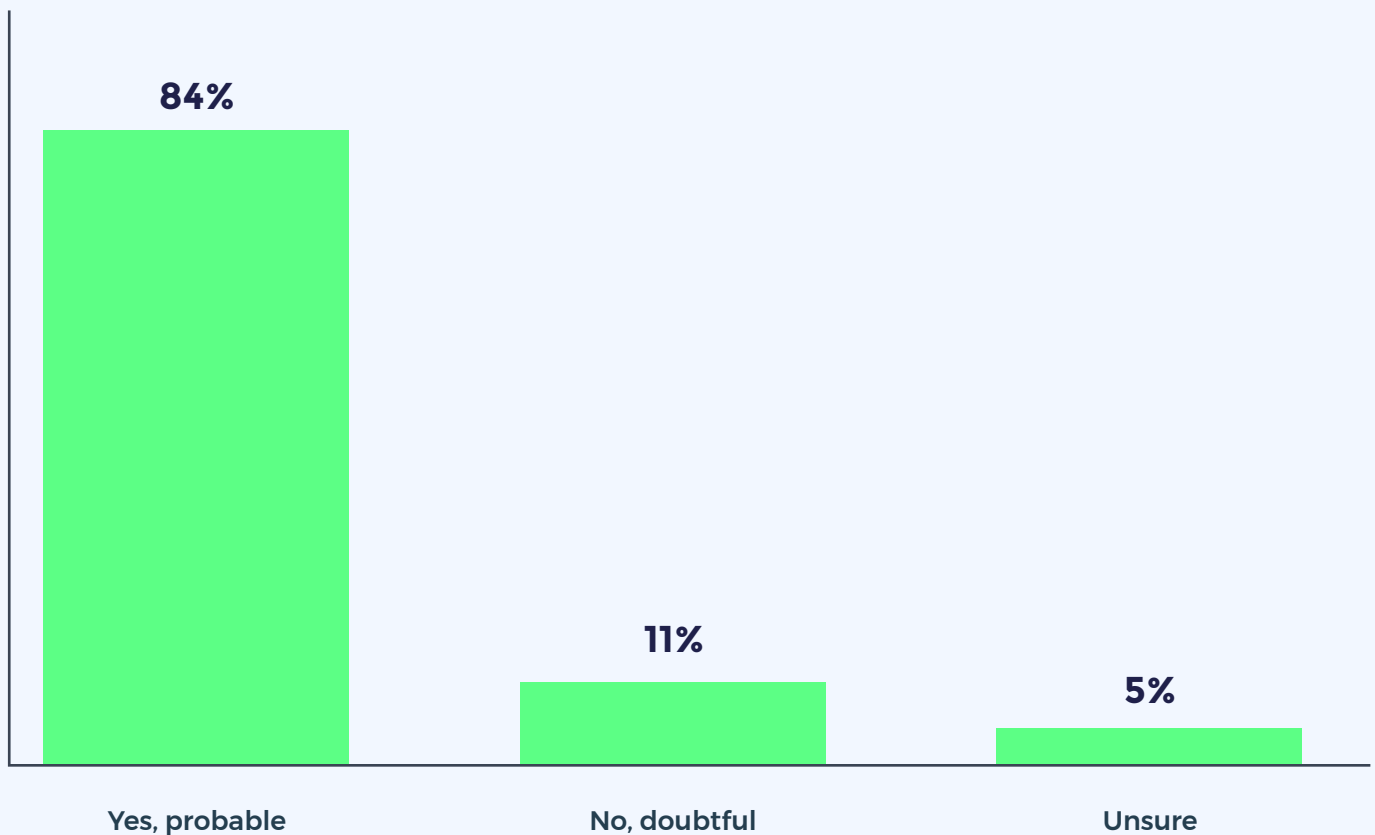
Rationale

- Approved repairers breed poor quality, corner cutting, high stress levels, lack of job satisfaction and extremely tight profit margins with no surplus to invest (and that's for the ones who play it straight)
- As before, rates are not keeping up with wage expenses
- Technology in vehicles is becoming more and more advanced and therefore vehicles will require technical knowledge and training to support repairing the vehicle correctly
- Really depends on the long-term duration and impact of Covid-19 and if the market/supply chain will 'snap-back' to something similar to pre-pandemic conditions
- Not enough profit in the work. Insurance companies are squeezing the profit out of jobs in a race to the bottom
- An approved repair network brings more than the outdated ideas that insurers or work providers use it to manage rates and costs down. Repairing cars safely is more important, especially with the increase in technology and manufacturing methods. A network should run a robust due diligence process and strong audit function, this ensures that repairs are deployed to the right repairer, with the capabilities, equipment and trained staff, that repairs will be done correctly
- I am outside looking in but it seems to me repairers are not prepared to put up with the current labour rating models in place

- This will be largely due to how the groups behave, if they continue to undercut each other to win business and create the competitive pot for the insurers to take advantage of - then yes. If groups can demonstrate the cost of operation ie standards, equipment, training and utilities - then no.
 - South Africa has just put into law that one can service their cars anywhere, and even if it is still under service plan or warranty from the manufacturer that the client cannot be penalised. We have to wait to see how this plays out, and what problems become known
 - But not in exactly the same form
 - The complexity of repair of modern vehicles with EV and more hybrid vehicles on the road
 - It should be but a better balance between controlling costs and customer needs has to be met
 - The margins of the approved repairers are squeezed and they have little bargaining power
-



Do you believe accident claims costs will continue to increase over the next 12 months?

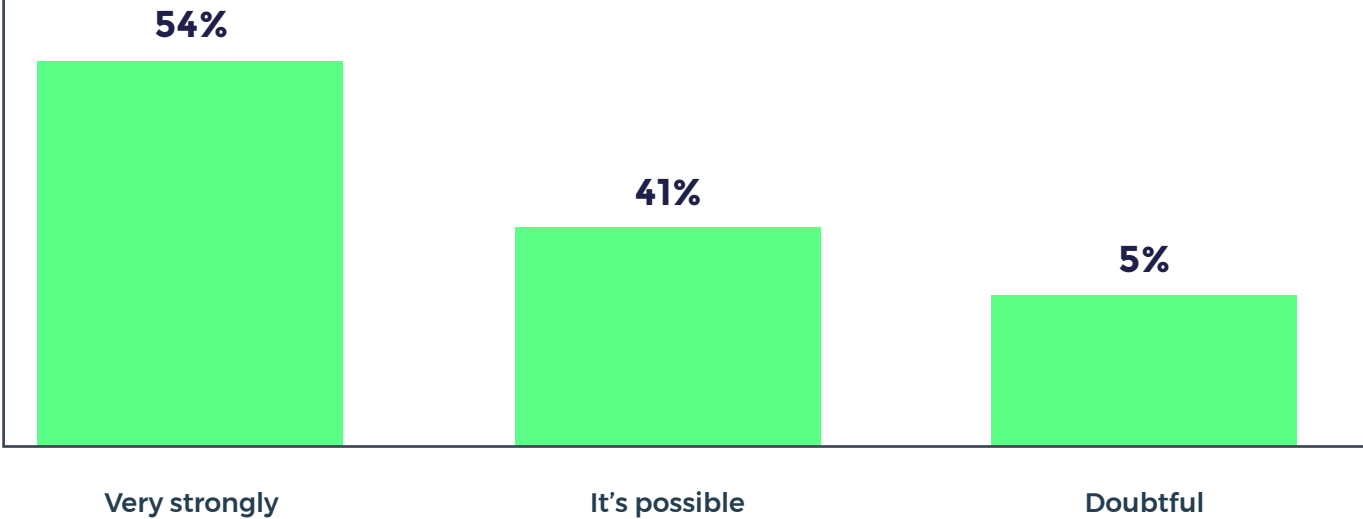


Comments

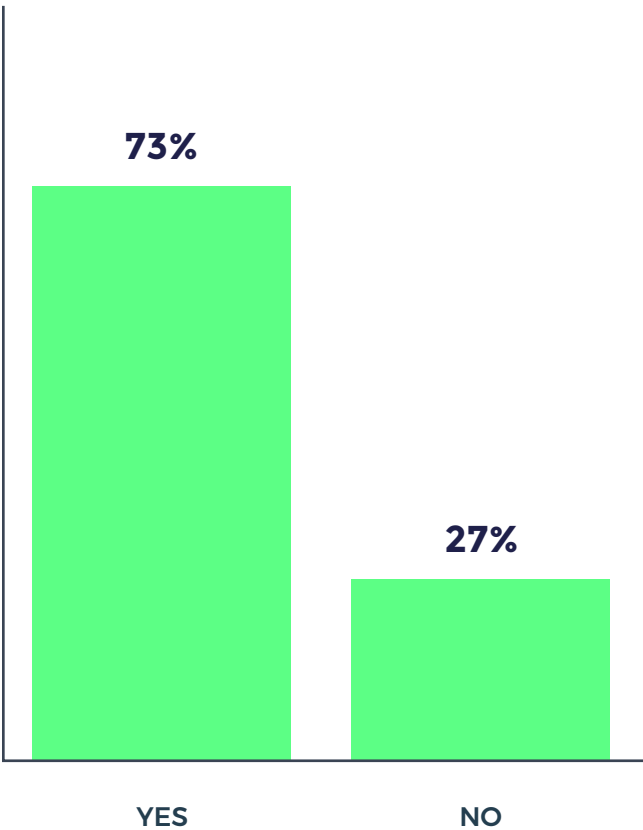
- Rectifying poor workmanship will soar!
- If insurers continue to delay repair authorisations, their claims costs will continue to increase. Also, new technology in vehicles is becoming too expensive for the public to pay themselves
- Technology is driving increased costs
- Whiplash reforms, decreased volumes
- Unsure if this means total claim costs or individual claim cost. Possible that there will be less claims of a higher value but total costs will be reduced
- Technology in vehicles will push up average claims costs, but the number of claims will reduce as more technology is introduced into vehicles
- Major drop in personal injury claims costs due to Civil Liability Act
- May well depend on how many road users and how many accidents there are - and the take up or not of EVs
- In/on car technology, parts availability and consumer choice combined with legislation as move ever closer to net carbon zero and electrification
- Cars are more expensive to repair. It is inevitable



How strongly do you feel consolidation (mergers and acquisitions), at a repairer level, will be a key theme moving ahead?



Do you feel insurers/claims outsource specialists will adopt/speed-up the roll-out of securing dedicated repair capacity either via solus partnerships or ownership?



SECTION:

Other



THE GREAT BRITISH

Motor Claims Survey

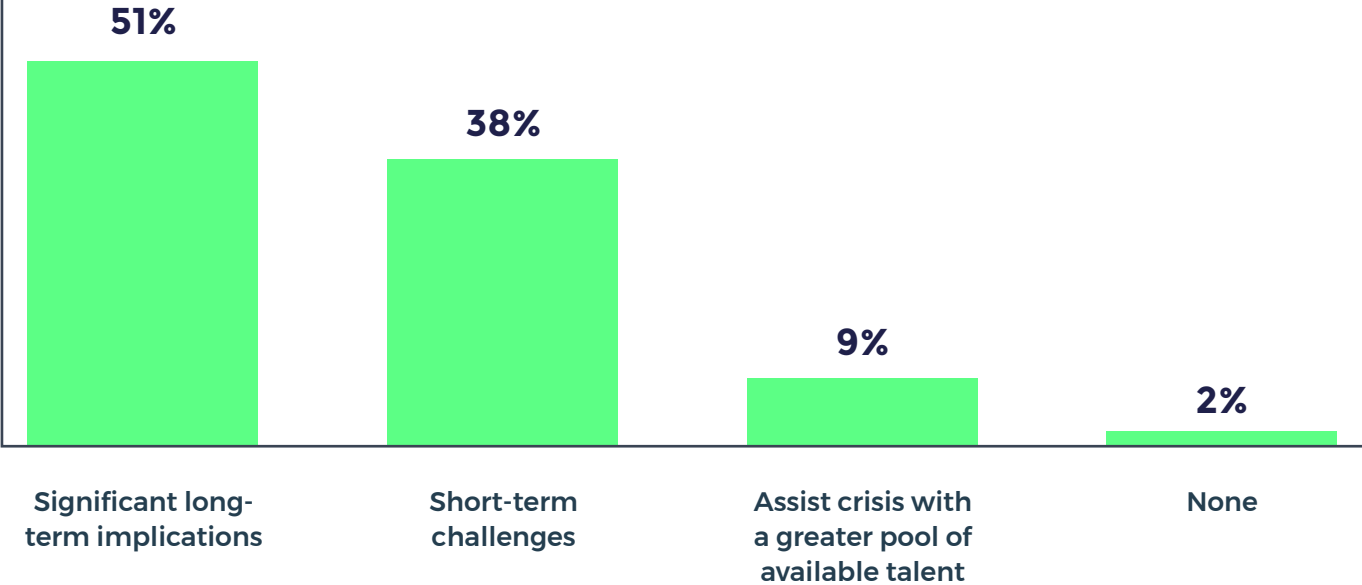
ILC

Motor Claims





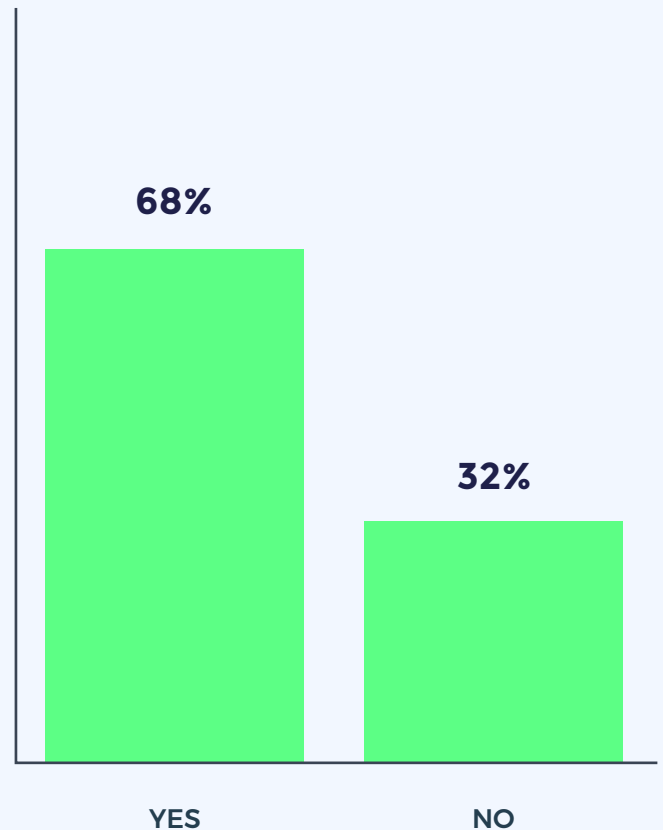
What impact do you feel the past-18-months had on the industry skills crisis?



Other



Do you believe the motor claims supply chain, as a whole, has undergone significant change in the past 18 months?

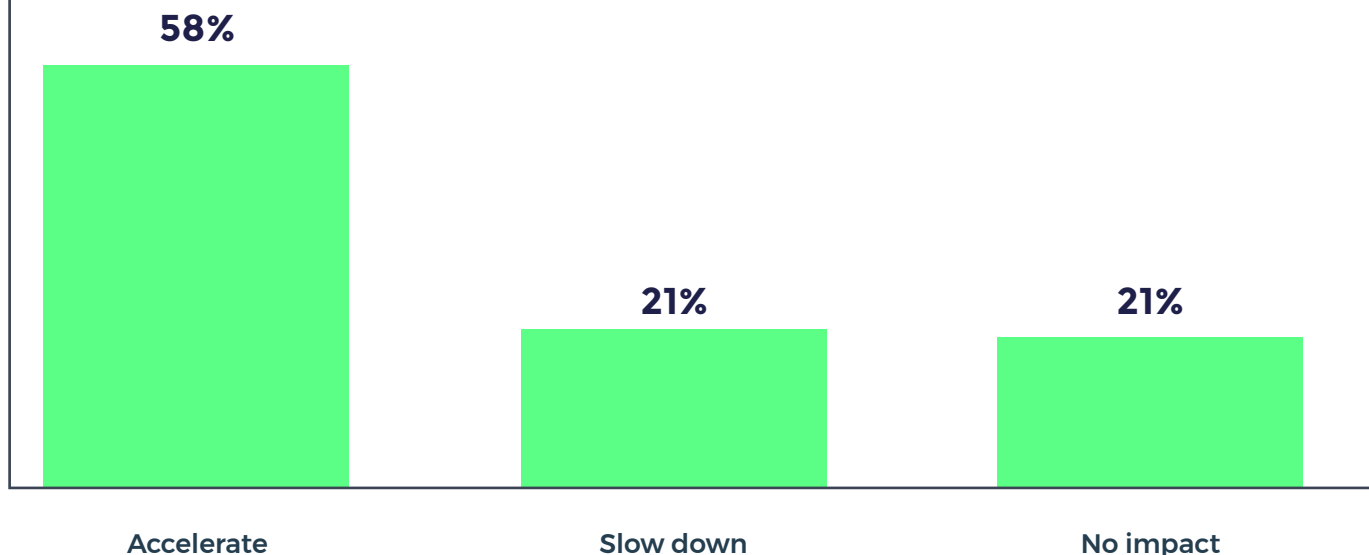


Rationale

- Nothing changes!
- Certainly not in a positive way.
- Change has taken place to adjust to the impact of Covid-19. However, don't see that there has been anything put in place that could not be undone or reverted back to a previous state should the need/requirement arise
- I think everyone has had to adapt/flex their models but perhaps bigger changes are yet to come
- I don't believe it has changed, I strongly believe it has been impacted as the life blood is accident claims, which are still at -20% of pre-pandemic. This industry suffers from a lack of innovation and will simply slip back into the way we used to do business
- Businesses now have a better understanding of their own financial resilience
- The pandemic was an unknown event that has shown which businesses were agile and innovative. Those that were not will struggle
- Supply chain has had to adapt and be even more flexible/accommodating than ever



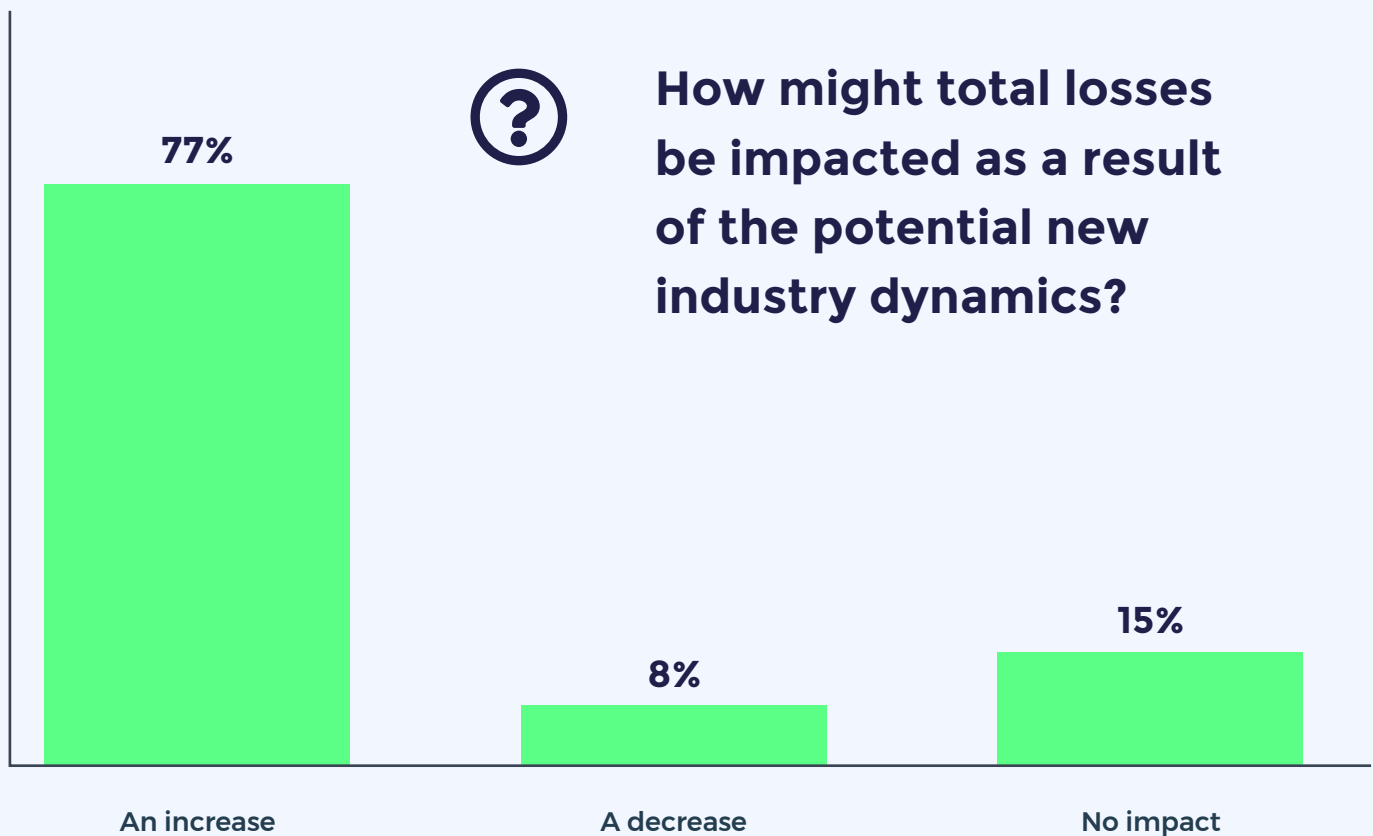
How do you believe the abilities/capabilities/intentions of vehicle manufacturers in driving technological developments into the market have been impacted? (eg EVs, ADAS, autonomous etc)



Comments

- Best assumption is that R&D has been reduced as the sale of new cars has reduced and mileage by consumers has reduced. Likely that manufacturers have still been developing new tech in the background but have delayed releasing this into the market
- We know these advances are coming and will continue to come, I don't believe its slowed down and it won't accelerate, manufacturers had to close down during Covid as well. It will take time to build that production. We all know EV vehicles are coming, Nissan and Stellantis have just announced new sites in the UK for this so it's coming, Covid just paused it
- I think the appetite for this and, of course, cost implications have been influenced by the pandemic
- Technological development is based on two factors, legislation and consumer led competitive advantage. The pandemic has done nothing to accelerate this, if anything the pandemic has impacted the increase due to supply chain challenges on parts ie semi-conductors.
- There is a greater move for automation or integrations between systems to reduce costs and increase profits, and to effectively manage claims
- The more tech in the vehicle the more data can be obtained - data is the key

Other

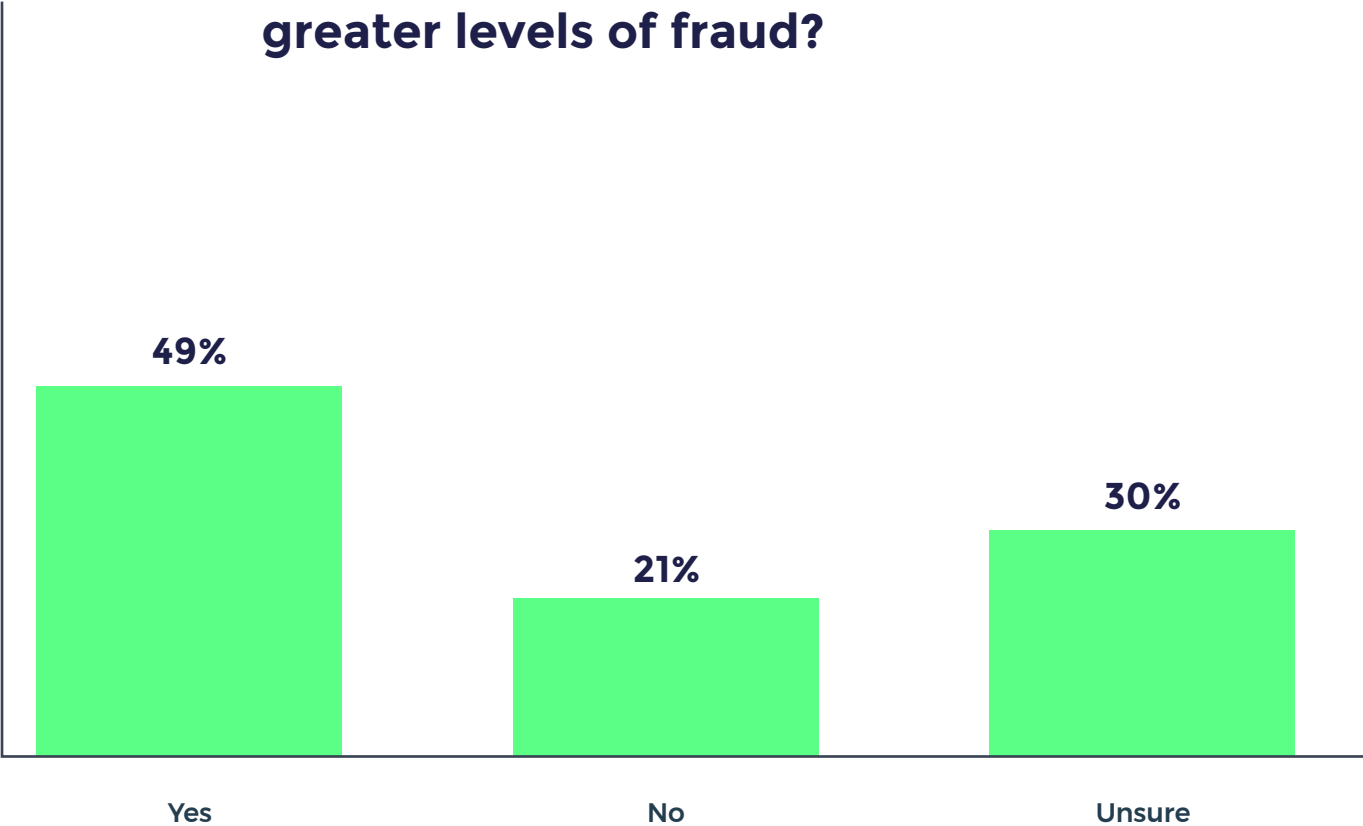


Rationale

- Vehicles with more technology are more expensive to repair
- The reduction of miles being driven by car owners reduces the likelihood of an accident/total loss
- Due to increased repair costs and new technology along with gaps in repairer knowledge/skills I see more vehicles being written off/bridge the gap
- Hard to say. ADAS will drive down high speed/high impact collisions so technically there should be a decrease in total losses, but given the increased repair costs due to technology, could vehicles be written off? I think that could depend on vehicle values. Due to slow down in production of new cars, we know there has been an increase in used car prices - how long will this last? Birmingham has introduced a clean air zone and will other cities follow therefore will used car prices on older vehicles drop?
- I'm not sure there will be any less total losses, but potentially more taking the cash and figuring out what if any vehicle ownership is required going forward
- Parts supply will impact the decision, residual value and the balance of increased salvage value offerings
- Cost to repair expensive components, speed and cost of repair etc
- Less skills to repair the technology therefore more write-offs for fear of getting the repair wrong. Should drive people back to approved repairers
- More it costs to repair a car the more total losses there will be
- The tech will be so expensive that total losses will rise due to checking and replacement of sensors etc
- Total loss frequency may stay the same because any less driving will be offset by more propensity to total loss to control indemnity spend



Will new industry dynamics increase exposure of the motor claims industry to greater levels of fraud?



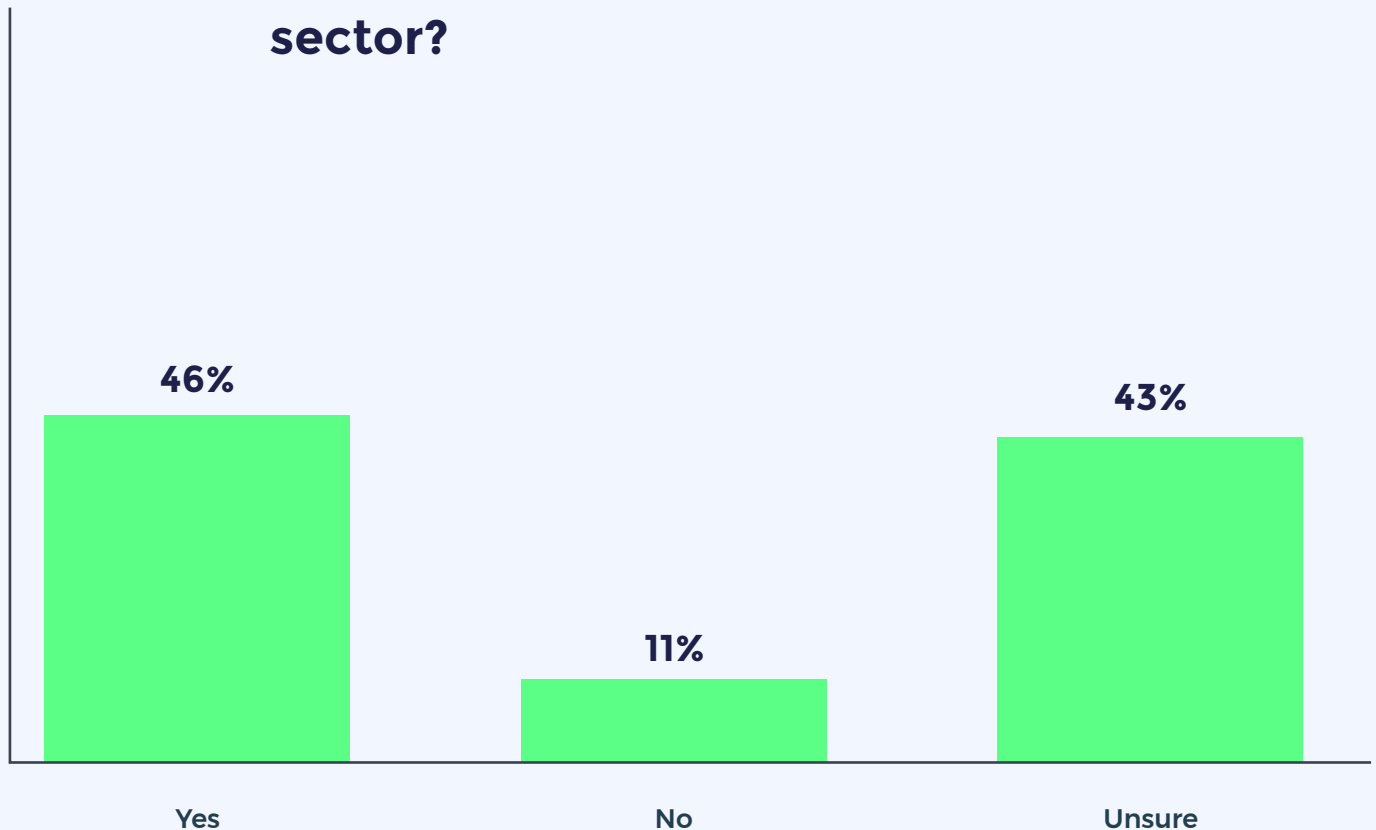
Comments

- Possible that less claims will make it easier to highlight fraud cases?
- I think there will be loopholes for fraud but subsequently process to combat - in some cases fraud has to happen before you know what it is and how best to deal with it
- Fraud, in part, has only been able to maintain or increase due to a lack of data transparency, interaction between parties and non-fault organisations offering great rewards for referrals
- We are currently seeing PH and T/P stating that damage is related to an impact when clearly is unrelated - but due to the Ombudsman threat insurers are authorising work to save the £500.00 costs of a PH or T/P taking them to this regulator
- Greater technology to detect and counter fraud available
- Maybe but it will become easier to spot

Other



In relation to motor legal services, are the PI reforms going to widely influence the sector?

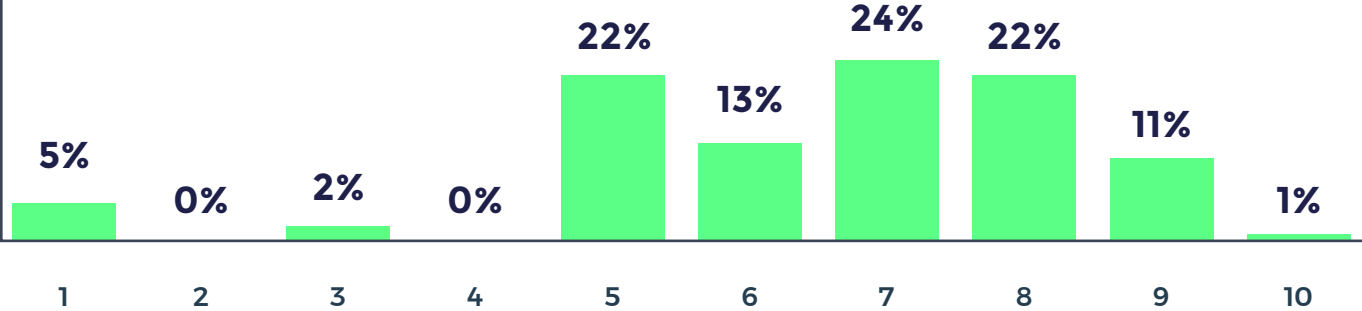


Comments

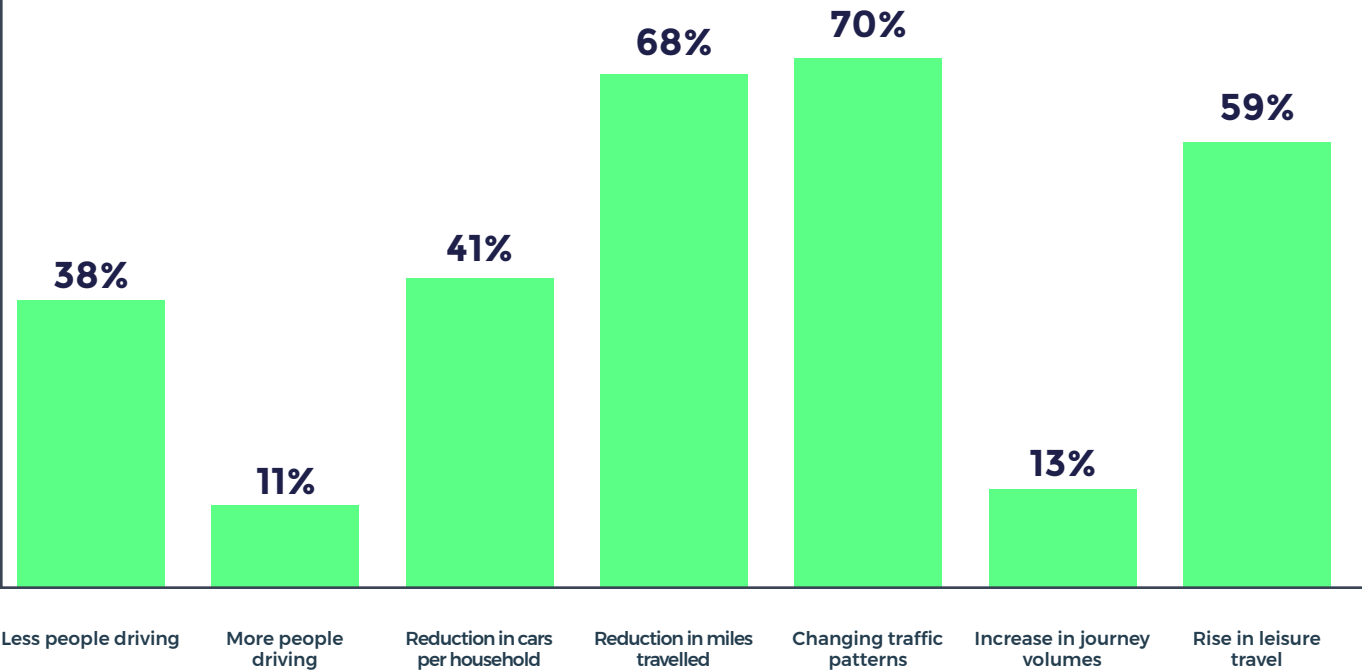
- But not for quite some time
- Another blundered attempt to control a very entrepreneurial sector
- Whilst the whiplash injury sector may have been capped but non-fault hires, non-fault labour rates etc should undergo the same scrutiny. The only companies to gain are the accident management and insurance companies as repairers have to giveaway massive discounts when repairing these vehicles. Repair costs to fault and non-fault work should not be differentiated
- Move claims to PTSD
- More consolidation and other entrants leaving motor legal market completely



**Overall, how well do you think the motor claims industry has ‘managed’ the challenges associated with the past 12 months?
(1 low - 10 high)**



How do you foresee the nation’s driving behaviours will have changed in 12 months’ time? (multiple-choice)



Other _____



I Love Claims

I Love Claims (ILC) is the hub for insurance claims industry professionals providing accessible, collaborative and inclusive opportunities for all.

We positively embrace our community and actively encourage engagement for a better tomorrow.

ILC operates **ClaimsTech**, **Home** and **Motor** divisions, as well as a motor 'supply chain' subsidiary - **ARC360**.

We host regular physical and digital events, as well as produce a number of digital assets including online features, newsletters, podcasts, reports and webinars.

ILC has a community membership of circa 7,000 claims professionals.



Motor Claims



ARC360 is the forum aimed specifically at the automotive incident repair sector.

ARC360 provide an open platform upon which the automotive incident repair industry can raise key issues and explore cross-sector solutions in an open, transparent way.

ARC360 brings together key persons of influence for executive level interaction, strategic collaboration and innovative problem solving via digital and physical event formats.

ARC360's key aim is to ensure that everyone is engaged and all perspectives are considered in helping to create a better tomorrow through what we learn today.

THE GREAT BRITISH **Motor Claims Survey**



I Love Claims



Motor Claims



Copyright notice

The material contained in this I Love Claims/ARC360 – The Great British Motor Claims Survey – has been obtained from an anonymised, polling/feedback session. The report was conducted in association with Trend Tracker Ltd. The report is provided free of charge without warranty of any kind, either express or implied.

I Love Claims/ARC360 has made every effort to ensure the accuracy of the information contained in the report. It cannot accept liability for any information therein or any interpretation made thereof.

I Love Claims/ARC360, as the author of the report shall not be liable for incidental or indirect damages whatsoever, including without limitation – damage for loss of business profits, business interruption, or any other pecuniary loss that may arise out of the interpretation of data contained within the report.