PRIVATE MOTOR INSURANCE MARKET INVESTIGATION

Theory of harm 1: Statistical analysis of claim costs

Introduction

1. This paper discusses quantitative evidence on whether the separation of cost liability and cost control gives rise to an uplift in the cost to the fault insurer of non-fault private motor insurance (PMI) claims (ie an 'overcosting'[1]). (On this issue see also the working papers 'ToH1: Overcosting and overprovision of repairs' and 'ToH1: Overcosting and overprovision of TRVs'.)

Summary

2. We asked the ten largest PMI insurers to provide us with data on both the claims they had managed and the claims they had paid as the fault insurer (managed by another party) in the past three years. Five out of the ten insurers provided us with data which we were able to aggregate and compare.[2]

3. For repairs, we compared the direct cost to an insurer of managing a customer's non-fault claim, which it then passed to the fault insurer[3] (ie where it has cost control but no cost liability), with the cost to the same insurer of managing a non-fault claim which it had captured (ie where it has cost control and cost liability).[4] We also used

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[1] We do not use the term 'overcosting' pejoratively as any differences in costs may arise for legitimate reasons. The term refers to the costs of a vehicle repair service or a TRV service provided by a non-fault insurer being 'over and above' the costs of a repair service or a TRV service provided where there is no separation of cost liability and cost control. The term should be distinguished from 'overcharging'.

[2] In order to assess whether the separation of cost liability and cost control results in higher non-fault claims costs, we initially asked the ten largest PMI insurers to supply us with an extensive dataset on their various claims costs (fault and non-fault). We intended to use this data to conduct a detailed econometric study comparing non-fault claims costs when controlled by a party other than the fault insurer with claims costs (fault and non-fault) which the fault insurer controls. However, when we received the data which the insurers were able to provide, we found many problems with it. Although all of the insurers provided us with data in response to our request, and helped us to understand how their responses had been compiled, we found that only the data of three insurers could in principle be used for an econometric analysis.

[3] By 'direct' cost, we mean the cost that the non-fault insurer was billed by the repairer and passed on to the fault insurer. The five insurers in our sample told us that they did not take into account any related rebates, referral fees or other forms of income received before passing on the bill to the fault insurer so this direct cost could also be considered as the gross cost, rather than a cost net of those other forms of income (see paragraph 7).

[4] We note that this analysis is different from that on which we focus in the working paper 'ToH 1: Overcosting and overprovision of repairs', where our principal comparison is between the cost of repair bills received by the fault insurer from other parties

the benchmark of where the insurer insured both the non-fault claimant and the fault claimant (ie where it again has both cost control and cost liability). For temporary replacement vehicles (TRVs), we compared the cost to a fault insurer of a non-fault claim managed by the non-fault insurer (ie where it has cost liability but no control) with the cost to the same insurer of managing a non-fault claim which it had captured (ie where it has cost liability and cost control).[5] We again also used the benchmark of the case where the same insurer insured the non-fault and the fault claimants.

4. We found that:

- Both the average total repair cost and the average TRV cost were higher where cost liability and cost control were separate than where this was not the case. Both differences depended on the alternative benchmark used and varied by insurer.
- The difference in average repair costs across insurers ranged from £7 (0.5 per cent of total repair costs) to £205 (20.6 per cent of total repair costs).
- The difference in TRV costs ranged from £572 (106 per cent of TRV costs) to £1,390 (580 per cent of TRV costs).
- These differences did not appear to be explained by differences in the demographic or geographic characteristics of the drivers involved in accidents.

5. We noted that the differences in repair costs were generally lower than those we found in the working paper 'ToH 1: Overcosting and overprovision of repairs'. In particular, for some of the insurers in our sample, we noted that they had previously told us that the differences between their average net costs incurred in non-fault repair claims and their average costs passed on were much higher than suggested

which have managed a non-fault repair claim (ie non-fault insurers and claims management companies (CMCs)) with the cost of captured claims. For this reason, we would not expect the results of the two analyses to be the same.

[5] In this regard this approach is the same as that we take in the working paper 'ToH 1: Overcosting and overprovision of TRVs'.

by the numbers we found through this analysis. Therefore, we interpret these numbers with some caution.

6. In particular, it appears to us that the differences in repair costs between situations where there is the separation of cost liability and cost control and situations without this separation are likely to understate the actual differences due to how the income which insurers receive related to the repairs they manage is recognized. We know that many insurers generate various referral fees and rebates from repairers and suppliers to repairers, or generate income from repairers in other ways (for example, through a group dividend payment if the repairer is part of the same group as the insurer) and for the purposes of our analysis in this paper we are doubtful whether all of these forms of income have been netted off the costs which insurers have given us for our alternative benchmarks (ie the captured claim cost and the cost when the fault and non-fault insurer are the same) to give the real net cost of repairs. If the costs we have used for our benchmarks are above the real net costs to the insurers, the differences arising from the separation of cost liability and cost control will be understated.

7. We also note that the comparison we make in this paper and the principal comparison we make in the working paper 'ToH 1: Overcosting and overprovision of repairs' is different. This paper focuses on a comparison of non-fault repair costs where there is control in both circumstances, but liability only in one (see paragraph 3); while, in contrast, in 'ToH 1: Overcosting and overprovision of repairs' the principal comparison is of non-fault repair costs where there is liability in both circumstances, but control only in one (see footnote to paragraph 3). The difference is that in this paper we focus on the non-fault repair costs billed by the non-fault

insurer to the fault insurer;[6] while in the working paper 'ToH 1: Overcosting and overprovision of repairs' we focus on the bills received by the fault insurer from all parties which have managed a non-fault repair claim. Between the two papers we find that the average non-fault repair costs received by the ten largest insurers when the fault insurer are higher than the average non-fault repair costs billed by the five large insurers in our sample in this paper. It appears to us that causes of this difference could be (i) a different level of efficiency between insurers in dealing with non-fault claims; and/or (ii) there being other sources of repair claims to fault insurers (eg CMCs). In other words, the cost of repair bills received by fault insurers will include claims from smaller insurers, which might be less efficient than the insurers in our sample, and claims from CMCs, and as a result the average repair bill received by the insurers (used in the working paper 'ToH 1: Overcosting and overprovision of repairs') might be higher than the average repair bill sent out by the five large insurers in our sample (used in this paper).

8. We also note that the differences in TRV costs between situations where there is the separation of cost liability and cost control and situations without this separation are higher in this paper than those we find in the working paper 'ToH 1: Overcosting and overprovision of TRVs'. It appears to us that this is also due to a different comparison being made. In this paper we compare the cost of all TRV bills between the different situations, regardless of the way in which the TRV is provided (eg credit hire, direct hire or courtesy car). In contrast, in the working paper 'ToH 1: Overcosting and overprovision of TRVs' we compare the cost of credit hire (which usually occurs where the party handling the claim is not liable for the cost) and direct hire (which usually occurs when the claim is captured or the fault and non-fault insurer is the same). In other words, if a fault insurer provides a courtesy car to a non-fault

[6] We asked the five insurers in our sample for our analysis in this paper whether the amounts they had given us as their costs incurred when they control non-fault repair costs but are not liable for them were the same as the costs they billed to the fault insurer, and they told us that they were (ie the insurers did not take into account any related rebates, referral fees or other forms of income received before sending out the bill, but also did not add on any additional charges).

claimant at a lower cost than would be incurred were another party to provide a non-fault claimant with a TRV, this difference would be picked up in this paper but not in the working paper 'ToH 1: Overcosting and overprovision of TRVs'. Given that courtesy car provision is usually cheaper than direct hire provision, we would expect the average difference in TRV costs between situations where there is the separation of cost liability and cost control and situations without this separation to be higher in this paper.

9. We note that, although the summary statistical analysis on repairs and TRVs we report in this paper is informative, it does not completely isolate the effects of the separation of cost liability and cost control from the many other factors which might affect claims costs. We take this limitation into account when placing weight on this evidence.

10. Overall, the differences in TRV costs (on average around £900 to £1,000 per TRV) are significantly higher than the differences in repair costs, indicating that this is the principal cause of non-fault claim costs being higher as a result of the separation of cost liability and cost control. This finding is consistent with our current findings reported in our other working papers on ToH 1.

Structure of the paper

11. We begin by considering the appropriate alternative benchmark to use which represents the scenario where cost liability and control are not separate. We then describe the data we requested from the insurers and present our findings. Lastly we consider the limitations of this analysis.

A benchmark against which to compare

12. To test the presence of overcosting under ToH 1 and to estimate its extent we need to compare the cost of post-accident services where there is the separation of cost liability and cost control (ie the more common situation) with the costs of these services in a scenario where there is no separation and no confounding issues (ie our benchmark).[7]

13. There are two conditions which need to be met for the benchmark:

(a) The claimant should receive post-accident services which are comparable with those which a non-fault claimant managed by a party which is not liable for the cost (eg a non-fault insurer or CMC) would receive, assuming that there is no overprovision nor underprovision in those services provided (see our other working papers on ToHs 1 and 2).

(b) The non-fault claim handler should have the incentive to keep the costs of post-accident services to a minimum.

14. A fault claim may or may not satisfy condition *(a)*. For example, if the claimant is insured only for third-party liability or is only entitled under their policy to a courtesy car while their vehicle is being repaired then this condition will not be met. For this reason, we have not used fault claims as our benchmark for comparison.[8]

15. There are three scenarios in which a non-fault claim might be managed by a party which satisfies condition *(b)*. These are (i) where it is the fault insurer and has captured the non-fault claim; (ii) where it is both the fault insurer and the non-fault insurer; and (iii) where it is the non-fault insurer but has a bilateral agreement with

[7] Possible confounding issues include: (i) the underprovision of post-accident services (see ToH 2), for example because claimants are unable to assess the quality of services provided; and (ii) sample biases, for example where one category of accidents tends to be systematically more serious than some other category of accidents.

[8] We also note that fault repair claims more often involve the front of cars (which are expensive to repair) than the back of cars (which are cheaper), while non-fault repair claims are more often the other way round.

the fault insurer. However, each of these possible benchmarks gives rise to some concerns. In particular, in all cases (especially scenario (i) where the claimant is not the fault insurer's PMI customer), there is a tension between conditions *(a)* and *(b)* such that condition *(a)* might not be satisfied. In addition, we note that, under scenario (iii), bilateral agreements are likely only to imperfectly align the interests of the fault and non-fault insurer so that there is likely to remain some scope for additional costs being incurred because of the separation of cost liability and cost control.

Data requested

16. We asked the ten largest PMI insurers (Admiral, Ageas Insurance, Aviva, AXA, CISGIL, DLG, esure, LV, RSA and Zurich) to provide us with data on their accident claims in the UK over the past three years (2010, 2011, 2012). For each year we asked the insurers to provide averages for:

    (a) total claim costs;

    (b) total repair costs;

    (c) parts costs;

    (d) labour costs; and

    (e) TRV costs.

    We asked each insurer to separate claims into categories corresponding to the four situations described above, ie 'Separation of cost liability and cost control', 'Captured', 'Same insurer' and 'Bilateral'.

17. Five out of the ten insurers provided us with data which we could aggregate and compare.

18. We received very few responses for the 'Bilateral' scenario so we dropped this from the analysis.

19. We noted that the various referral fees and rebates received by insurers from parties to which they provided work (eg repairers, CMCs/CHCs and salvage companies) and from suppliers to parties over which they had some control (eg paint, part and repair cost estimation system suppliers) made comparisons between insurers difficult, as it was not always clear whether these forms of income had been netted off the costs incurred. Moreover, for those insurers which owned repairers, it was not clear where profits were generated within their groups. In Appendix 1 we discuss in more detail some of the issues with the data.

20. We focused on two areas of non-fault claim costs:

(a) total repair costs;[9] and

(b) TRV costs.

21. For the scenario in which there is a separation in cost liability and cost control (ie the more common scenario), we used different data for the two areas of non-fault claim costs. For repairs, we used 'first party non-fault' data, ie the insurer providing us with the data is the non-fault insurer and these are the costs it has incurred in managing non-fault repairs, though it was not liable for them as these were passed on to the fault insurer.[10] In contrast, for TRVs, we used 'third party non-fault' data, ie the insurer providing us with the data is the fault insurer and these are the costs it has incurred in settling non-fault claims. We explain in Appendix 1 why we took a different approach in the two claim areas.

[9] We had hoped to analyse labour and parts costs separately, but the insurers found it difficult to provide data to this level of detail.

[10] We understand that insurers did not take into account any related rebates, referral fees or other forms of income received before passing on the bill to the fault insurer. Therefore, the amount directly incurred, or the gross amount, is the amount passed on to the fault insurer (see paragraph 25*(a)*).

Results[11,12]

Repair costs

22. Figure 1 shows the average repair costs by insurer and claim type in 2012.

FIGURE 1

Average repair cost by claim category and insurer, 2012

[✂]

Source: Insurers and CC analysis
Note: [✂] figures are for 2011 to enable better comparability.

23. We estimated the average extent of 'overcosting' by subtracting the average costs in the benchmarks without the separation of cost liability and cost control ('captured' and 'same insurer') from the costs in the scenario with this separation ('first party non-fault'). We found that the average cost where there is the separation is higher than in the cases without, in accordance with our ToH 1 hypothesis. Figure 2 illustrates these differences.

FIGURE 2

Average cost of separation of liability and control, 2012

[✂]

Source: Insurers and CC analysis
Note: [✂] figures are for 2011 to enable better comparability.

24. FIGURE suggests that the average cost increase arising from the separation of cost liability and cost control in repairs is different according to the benchmark used. When compared with 'captured' claims, the cost increase ranges from £20 to £205; when compared with the 'same insurer', the cost increase ranges from £7 to £200. The data provided indicates similar ranges for 2011 and 2010 (see Appendix 2).

[11] The averages shown in the figures represented unweighted averages of the averages from the different insurers.
[12] Appendix 2 presents the tables of data supporting the graphs in this section, including results for 2011 and 2010.

25. There is also some variation between insurers. Several factors may explain this variation, including differences in the customer bases and the typical accident damage their customers' incur, differences in the insurers' claims handling efficiency, and various confounding factors (see footnote to paragraph 12). In particular, we note that:

(a) In all scenarios, some insurers might have reflected the referral fees, rebates and other sources of income which they receive in relation to repairs (ie from repairers, suppliers to repairers or from group companies) by netting off this income from the repair bills they receive from their repairers, while others may have provided us with the gross cost. Insurers told us that they had not netted off any other sources of income from their first party non-fault costs (ie the insurers did not take into account any related rebates, referral fees or other forms of income received before sending out the bill, but also did not add on any additional charges), and these costs therefore represented the amounts billed to the fault insurer. However, they did not all confirm that they had netted off these sources of income from the alternative benchmarks, meaning that these benchmark costs were likely, at least in some cases, to be overstated rather than reflecting the real, net cost incurred[13] (resulting in an understatement of the cost difference arising from the separation of cost liability and cost control for some insurers).

(b) Where an insurer is the first party non-fault insurer, it may or may not charge its customer their contractual excess, at least until liability is settled, and, where this is charged, the income may or may not be netted off the cost of the claim. [✂] and [✂] told us that their first party non-fault repair costs were stated net of the excess amount they received on some non-fault claims. As a result, we would expect some first party non-fault repair costs to be understated (resulting in an

[13] For example, [✂] told us that it recorded repair costs differently depending on the claim type. It said that its 'captured' claims did not reflect any rebates or discounts received.

understatement of the cost difference arising from the separation of cost liability and cost control for some insurers).

26. We also note that:

(a) [✂] told us that, when it controlled both the fault and non-fault claims arising from an accident (ie in both of our two alternative benchmark scenarios), it did not record separately in its systems the costs of the two claims. Rather, it recorded the costs together. Therefore, to answer our data request, [✂] provided an estimate of its non-fault claims costs in our benchmark scenarios by allocating 53 per cent of its total costs in these scenarios to the non-fault party.

(b) [✂] told us that it did not record claims data in its systems in such a way as to be able to identify which claims had been processed under the terms of a bilateral agreement. As such, its data for first party non-fault claims might be understated as some claims in this category might have been handled in a way to limit costs to some extent.[14]

(c) [✂] told us that some of its 'same insurer' claims might have included some elements which were managed, at least initially, by another party. As such, its costs in this category might be overstated since it might not have been able to exercise control over all areas.

27. Three insurers ([✂],[✂] and[✂]) told us that it was generally harder to capture a non-fault claim when the damage incurred was substantial, which suggested that captured repair costs would, on average, be somewhat lower than first party non-fault repair costs. This effect would result in an overstatement of the cost difference arising from the separation of cost liability and cost control for some insurers, and

[14] [✂] also told us that it had assumed that a non-fault claim was 'captured' if the TRV element of the claim was captured. [✂] said that it believed this to be a good indicator of whether a claim was captured, despite not being accurate in all cases.

would suggest that differences calculated against the same insurer benchmark might be more robust.

TRV costs

28. Figure 3 shows the average TRV costs by insurer and claim type in 2012.[15]

FIGURE 3

Average TRV cost by claim category and insurer, 2012

[✂]

Source: Insurers and CC analysis
Notes:
1. [✂] and [✂] number of observations for 'same insurer' costs are very low so these results should be interpreted with caution.
2. [✂] figures are for 2011 to enable better comparability.

29. Again, we estimated the average extent of 'overcosting' by subtracting the average costs in the benchmarks without the separation of cost liability and cost control ('captured' and 'same insurer') from the costs in the scenario with this separation ('third party non-fault'). We again found that the average cost where there is the separation is higher than in the cases without, in accordance with our ToH 1 hypothesis. Figure 4 illustrates these differences.

FIGURE 4

Average cost of separation of liability and control, 2012

[✂]

Source: Insurers and CC analysis
Notes:
1. [✂] and [✂] number of observations for TRV costs and 'same insurer' are very low. Results should be interpreted with some caution.
2. [✂] figures are for 2011 to enable better comparability.

30. Figure 4 suggests that the average increase in TRV costs arising from the separation of cost liability and cost control is between £570 and £1,400. The result is broadly

[15] The third party non-fault category represents TRV bills received by the five insurers from other parties (see paragraph 21).

consistent across the two alternative benchmarks used. The data provided indicates a similar result for 2011 and 2010 (see Appendix 2).

31. We note that the caveats to the analysis of repair costs in paragraphs 25*(b)*, 26 and 27 apply equally to our analysis of TRV costs.

32. Overall, the differences in TRV costs (on average around £900 to £1,000 per TRV) are significantly higher than the differences in repair costs, indicating that this is the principal cause of non-fault claim costs being higher as a result of the separation of cost liability and cost control. This finding is consistent with our current findings reported in our other working papers on ToH 1.

Demographic and geographic factors affecting claim costs

33. We considered whether the differences in costs we had found between the different scenarios might be due to other underlying factors, in particular demographic and geographic factors, rather than being due to the separation of cost liability and cost control. As an example, if older drivers were both captured more often than younger drivers and involved in less severe accidents, this would make captured claims less costly.

Demographic factors

34. We asked the five insurers in our sample to report, for each claim scenario, the age and gender of the relevant claimants. Table 1 presents for each insurer the differences in the demographic composition of each of our benchmark claim scenarios against the scenario where there is the separation of cost liability and cost control. Overall, Table 1 suggests that there are no large differences, suggesting that

demographic factors do not give rise to significant differences in costs between the claims categories.[16]

TABLE 1 **Percentage difference in demographic type against scenario in which there is the separation of cost liability and cost control**

		Bilateral	*Captured*	*Same insurer*
Admiral		[✂]	[✂]	[✂]
	Drivers under 25	[✂]	[✂]	[✂]
	Male	[✂]	[✂]	[✂]
esure		[✂]	[✂]	[✂]
	Drivers under 25	[✂]	[✂]	[✂]
	Male	[✂]	[✂]	[✂]
LV		[✂]	[✂]	[✂]
	Drivers under 25	[✂]	[✂]	[✂]
	Male	[✂]	[✂]	[✂]
RSA		[✂]	[✂]	[✂]
	Drivers under 25	[✂]	[✂]	[✂]
	Male	[✂]	[✂]	[✂]
DLG	Drivers under 25	[✂]	[✂]	[✂]
	Male			

Source: Insurers.

Geographic factors

35. We also examined average total non-fault claim costs by region as if there are differences in costs between regions and if one or more insurer focuses on a particular region of the UK, this would affect our analysis of claims costs by insurer and by claims category.[17] We asked the insurers to analyse the non-fault claim costs they incurred as the non-fault insurer within England by region where the claim originated. Four insurers were able to provide us with this data. Figure 5 shows their responses. Overall, the figure shows that there is little regional variation in total non-fault claims costs, suggesting that geographic factors do not give rise to significant differences in costs between insurers or between claims categories.[18]

[16] We note that [✂] has [✂] per cent fewer younger drivers in its 'captured' category than its category where there is the separation of cost liability and cost control. This reflects that [✂]. We are unclear why [✂] has [✂] per cent more younger drivers in its 'same insurer' category.
[17] Total claims costs include legal, personal injury and other claims costs, eg administrative costs, in addition to repair and TRV costs and therefore these numbers are not directly comparable to the previous analysis in this paper.
[18] See Appendix 2.

FIGURE 5

Average total non-fault claim costs incurred in England by region, 2012

[✂]

Source: Insurers and CC analysis

Other factors

36. The summary statistical analysis we have conducted does not control for all other possible factors which might give rise to differences in claims costs between the scenarios we have considered. Therefore, there may be other factors which explain some of the differences we have found, which we have not analysed.[19]

[19] We note also that summary statistical analysis can be sensitive to the techniques used to clean the data (ie removing mistaken entries and outliers).

Data sources

Introduction

1. In this appendix we discuss why we chose different data sources for repairs and TRVs for the situation where there is the separation of cost liability and cost control.

2. For both repair and TRV costs, we considered whether we should use the costs which the insurer controls as the non-fault insurer but for which they are not liable (ie first party non-fault costs) or the costs for which the insurer is liable as the fault insurer but which they do not control (ie third party non-fault costs).

Repair costs

3. We asked the insurers for data on the costs of non-fault repairs which they managed for their own customer, ie ‘first party non-fault’ repair costs, rather than the bills they received as the fault insurer, ie ‘third party non-fault’ repair costs. If we had used third party non-fault costs for repairs, these costs would aggregate the actual costs incurred by various parties (eg non-fault insurers, CMCs, car dealerships, etc), which could have differing levels of efficiency in handling repair claims. In seeking to identify the presence and extent of a cost increase arising due to the separation of cost liability and cost control, we would wish to compare equally efficient repair claims handlers and this would not be the case if we used third party non-fault repair costs. For this reason, in this paper we use first party non-fault repair costs to represent the scenario where there is the separation of cost liability and cost control.

TRV costs

4. There are various ways in which a non-fault claimant might receive a TRV, eg on a credit hire basis, a direct basis, or as a courtesy car. Although the same concern about differing levels of efficiency might suggest we should use first party non-fault

costs for TRVs as well as for repairs, we noted that this would risk giving a distorted view due to different insurers providing non-fault claimants with a TRV in different ways. It appeared to us that we were interested in the costs incurred across the industry, reflecting these different practices, as the choice of practice might itself be driven by the separation of cost liability and cost control, and this concern outweighed our concern about efficiencies. For this reason, in this paper we use third party non-fault TRV costs to represent the scenario where there is the separation of cost liability and cost control.

Data tables

Repair costs

TABLE 1 **Average repair costs by claim category and insurer, 2012**

	1st party non-fault	*Bilateral*	*Captured*	*Same insurer*
Admiral	[✂]	[✂]	[✂]	[✂]
esure	[✂]	[✂]	[✂]	[✂]
LV	[✂]	[✂]	[✂]	[✂]
RSA	[✂]	[✂]	[✂]	[✂]
	[✂]	[✂]	[✂]	[✂]
DLG				
Average	[✂]	[✂]	[✂]	[✂]

Source: Insurers

Note: [✂] figures are for 2011 to enable better comparability.

TABLE 2 **Average repair costs by claim category and insurer, 2011**

	1st party non-fault	*Bilateral*	*Captured*	*Same insurer*
Admiral	[✂]	[✂]	[✂]	[✂]
esure	[✂]	[✂]	[✂]	[✂]
LV	[✂]	[✂]	[✂]	[✂]
RSA	[✂]	[✂]	[✂]	[✂]
	[✂]	[✂]	[✂]	[✂]
DLG				
Average	[✂]	[✂]	[✂]	[✂]

Source: Insurers

TABLE 3 **Average repair costs by claim category and insurer, 2010**

	1st party non-fault	*Bilateral*	*Captured*	*Same insurer*
Admiral	[✂]	[✂]	[✂]	[✂]
esure	[✂]	[✂]	[✂]	[✂]
LV	[✂]	[✂]	[✂]	[✂]
RSA	[✂]	[✂]	[✂]	[✂]
	[✂]	[✂]	[✂]	[✂]
DLG				
Average	[✂]	[✂]	[✂]	[✂]

Source: Insurers

TABLE 4 **Average cost of separation of liability and control—repairs, 2012**

Benchmark	*Bilateral*	*Captured*	*Same insurer*
	[✂]	[✂]	[✂]
Admiral	[✂]	[✂]	[✂]
Esure	[✂]	[✂]	[✂]
LV	[✂]	[✂]	[✂]
RSA	[✂]	[✂]	[✂]
DLG			
Average	**na**	**104**	**55**

Source: Insurers

Note: [✂] figures are for 2011 to enable better comparability.

TABLE 5 **Average cost of separation of liability and control—repairs, 2011**

Benchmark	*Bilateral*	*Captured*	*Same insurer*
	[✂]	[✂]	[✂]
Admiral	[✂]	[✂]	[✂]
Esure	[✂]	[✂]	[✂]
LV	[✂]	[✂]	[✂]
RSA	[✂]	[✂]	[✂]
DLG			
Average	**na**	**108**	**45**

Source: Insurers

TABLE 6 **Average cost of separation of liability and control—repairs, 2010**

Benchmark	*Bilateral*	*Captured*	*Same insurer*
	[✂]	[✂]	[✂]
Admiral	[✂]	[✂]	[✂]
Esure	[✂]	[✂]	[✂]
LV	[✂]	[✂]	[✂]
RSA	[✂]	[✂]	[✂]
DLG			
Average	[✂]	**97**	**35**

Source: Insurers

TRV costs

TABLE 7 **Average TRV costs by claim category and insurer, 2012**

	3rd party non-fault	*Bilateral*	*Captured*	*Same insurer*
Admiral	[✂]	[✂]	[✂]	[✂]
esure	[✂]	[✂]	[✂]	[✂]
LV	[✂]	[✂]	[✂]	[✂]
RSA	[✂]	[✂]	[✂]	[✂]
DLG	[✂]	[✂]	[✂]	[✂]
Average	[✂]	[✂]	[✂]	[✂]

Source: Insurers

TABLE 8 **Average TRV costs by claim category and insurer, 2011**

	3rd party non-fault	*Bilateral*	*Captured*	*Same insurer*
Admiral	[✂]	[✂]	[✂]	[✂]
esure	[✂]	[✂]	[✂]	[✂]
LV	[✂]	[✂]	[✂]	[✂]
RSA	[✂]	[✂]	[✂]	[✂]
DLG	[✂]	[✂]	[✂]	[✂]
Average	[✂]	[✂]	[✂]	[✂]

Source: Insurers

TABLE 9 **Average TRV costs by claim category and insurer, 2010**

	3rd party non-fault	*Bilateral*	*Captured*	*Same insurer*
Admiral	[✂]	[✂]	[✂]	[✂]
esure	[✂]	[✂]	[✂]	[✂]
LV	[✂]	[✂]	[✂]	[✂]
RSA	[✂]	[✂]	[✂]	[✂]
DLG	[✂]	[✂]	[✂]	[✂]
Average	[✂]	[✂]	[✂]	[✂]

Source: Insurers

TABLE 10 **Average cost of separation of liability and control—TRV, 2012**

Benchmark	*Bilateral*	*Captured*	*Same insurer*
Admiral	[✂]	[✂]	[✂]
Esure	[✂]	[✂]	[✂]
LV	[✂]	[✂]	[✂]
RSA	[✂]	[✂]	[✂]
	[✂]	[✂]	[✂]
DLG			
Average	**na**	**934**	**1,044**

Source: Insurers

TABLE 11 **Average cost of separation of liability and control—TRV, 2011**

Benchmark	*Bilateral*	*Captured*	*Same insurer*
Admiral	[✂]	[✂]	[✂]
Esure	[✂]	[✂]	[✂]
LV	[✂]	[✂]	[✂]
RSA	[✂]	[✂]	[✂]
	[✂]	[✂]	[✂]
DLG			
Average	**na**	**886**	**925**

Source: Insurers

TABLE 12 **Average cost of separation of liability and control—TRV, 2010**

Benchmark	*Bilateral*	*Captured*	*Same insurer*
Admiral	[✂]	[✂]	[✂]
Esure	[✂]	[✂]	[✂]
LV	[✂]	[✂]	[✂]
RSA	[✂]	[✂]	[✂]
	[✂]	[✂]	[✂]
DLG			
Average	**na**	**822**	**856**

Source: Insurers

Geographic factors

TABLE 13 **Average total claim costs in England 2012—1st party non-fault**

Region	*DLG*	*esure*	*RSA*	*Admiral*
	[✂]	[✂]	[✂]	[✂]
East Midlands	[✂]	[✂]	[✂]	[✂]
East of England	[✂]	[✂]	[✂]	[✂]
Greater London	[✂]	[✂]	[✂]	[✂]
North-East England	[✂]	[✂]	[✂]	[✂]
North-West England	[✂]	[✂]	[✂]	[✂]
South-East England	[✂]	[✂]	[✂]	[✂]
South-West England	[✂]	[✂]	[✂]	[✂]
West Midlands	[✂]	[✂]	[✂]	[✂]
Yorkshire and the Humber				

Source: Insurers

TABLE 14 **Average total claim costs in England 2012—3rd party non-fault**

Region	*DLG*	*RSA*	*Admiral*
	[✂]	[✂]	[✂]
East Midlands	[✂]	[✂]	[✂]
East of England	[✂]	[✂]	[✂]
Greater London	[✂]	[✂]	[✂]
North-East England	[✂]	[✂]	[✂]
North-West England	[✂]	[✂]	[✂]
South-East England	[✂]	[✂]	[✂]
South-West England	[✂]	[✂]	[✂]
West Midlands	[✂]	[✂]	[✂]
Yorkshire and the Humber			

Source: Insurers

TABLE 15 **Average total claim costs in England 2012—Captured**

Region	*DLG*	*esure*	*RSA*	*Admiral*
	[✂]	[✂]	[✂]	[✂]
East Midlands	[✂]	[✂]	[✂]	[✂]
East of England	[✂]	[✂]	[✂]	[✂]
Greater London	[✂]	[✂]	[✂]	[✂]
North-East England	[✂]	[✂]	[✂]	[✂]
North-West England	[✂]	[✂]	[✂]	[✂]
South-East England	[✂]	[✂]	[✂]	[✂]
South-West England	[✂]	[✂]	[✂]	[✂]
West Midlands	[✂]	[✂]	[✂]	[✂]
Yorkshire and the Humber				

Source: Insurers

TABLE 16 **Average total claim costs in England 2012—Same insurer**

Region	*DLG*	*esure*	*RSA*	*Admiral*
	[✂]	[✂]	[✂]	[✂]
East Midlands	[✂]	[✂]	[✂]	[✂]
East of England	[✂]	[✂]	[✂]	[✂]
Greater London	[✂]	[✂]	[✂]	[✂]
North-East England	[✂]	[✂]	[✂]	[✂]
North-West England	[✂]	[✂]	[✂]	[✂]
South-East England	[✂]	[✂]	[✂]	[✂]
South-West England	[✂]	[✂]	[✂]	[✂]
West Midlands	[✂]	[✂]	[✂]	[✂]
Yorkshire and the Humber				

Source: Insurers

FIGURE 1

Average total claim costs in England 2012—3rd party non-fault

[✂]

Source: Insurers

FIGURE 2

Average total non-fault claim costs in England 2012—Captured

Source: Insurers

FIGURE 3

Average total claim costs in England 2012—Same insurer

Source: Insurers