

GIRO Conference and Exhibition 2012

Juggling uncertainty – the actuary's part to play

19 September 2012

GIRO Conference and Exhibition 2012

Third Party Working Party

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The materials contained in this presentation pack and any oral representation of it by the working party are outside the scope of the TAS.

Third Party Working Party

- Third iteration of the Actuarial Profession's Third Party Working Party, which investigates third party motor claims (injury and property damage)
- Scope this year focussed on private car comprehensive business, with a more granular analysis of geography
- At £8.5bn earned premium for 2011, greater volumes of data than ever before:
 - Data from new contributors representing an extra £2.1bn in earned premium for 2011
 - Significant increase in number of contributors since last year, including new FSA and FSC (Gibraltar) regulated companies
 - Analysis of geography now supported by data at postcode sector level
 - Data collected, processed and analysed in aggregate by Towers Watson

Third Party Working Party

- Initial results presented at June Reserving Seminar and Pricing Seminar:
 - Market statistics and accident year trends, with commentary from the Working Party
 - Analysis of regional experience
- Further potential results to be presented at GIRO:
 - Analysis of individual bodily injury claims data
 - Ancillary analysis from publicly available sources
 - Data questionnaire
 - Implications for the PPO working party results
- Data is provided as at 31 December 2011
- But the focus of today's workshop will be Small Bodily Injury Claims

Acknowledgements

Working Party:

David Brown (Chair)
John Berry
Simon Black
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Data

Market statistics

- Third party injury (TPI) claims have been “capped” at £50,000 (1999 money, indexed at 7% pa) to remove the distorting effect of very large claims
- Inflation rates quoted in the charts give the latest position of the relevant accident year divided by the equivalent position of the previous year (for example, the 2011 accident year position after 12 months of development divided by the 2010 accident year position after 12 months of development)
- Because not every contributor provided every data item, not every chart and statistic in this analysis is based upon data from the full set of contributors. This can result in minor inconsistencies between charts.
- Data has been checked for consistency but has not been independently audited

Data

Market statistics

- The collection of contributing insurers has changed materially over the years. For example relative to last year's study it includes four new insurers.
- Each year it is common for a number of insurers to make relatively subtle changes to their definitions of claim statistics. In the aggregate, these lead to distortions when comparing the market studies between different years.
- Not all contributors are able to supply data to support every claim statistic in each study. There are generally improvements (but not always) in the availability of data from year to year, and as such, the results of the most recent study will be based upon data from an increased proportion of the contributor companies (and not just new contributors). Again, this introduces a material distortion into any analysis which attempts to compare the results across different studies.
- It is reasonably common for insurers to restate the claims statistics of prior accident years (and prior periods of development), particularly in the case where portfolios (including movements on prior year liabilities) have been acquired or disposed of by the contributor(s) in question. Other reasons for such changes can be changes in the availability of granular data pertaining to (potentially large) segments of portfolios (such as in the case where data is provided by bordereaux rather than being integrated in insurer administration systems) or in some cases changes in the mapping of data to classes.
- For this reason, we would recommend that if the user of the research wishes to understand how trends have evolved over time, then they should focus on looking at trends by accident year within the latest study, rather than attempting to compare the results across studies.
- Likewise we do not consider statistically valid any back engineering of individual contributors' contributions

Data

State of Health of Market Statistics

Questionnaire

- Following the initial data collection exercise, it became apparent that the breadth of data available from contributors was less than desired
- The Working Party issued a data questionnaire asking contributors to assess the availability of 13 desired data items, and if unavailable, whether there were plans to capture this data.
- Contributors were asked to comment on claims handling systems and actuarial systems separately.
- The results from the 10 respondents are shown on the Appendix but summarised here.

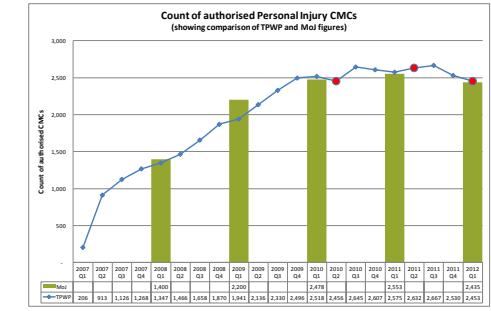
Results

- Claims Handling Systems capture the majority of the additional data items, with the exception of PPOs
- Actuarial Systems are not generally extracting these additional data items
- Actuarial Systems need to be enhanced to monitor changing claims environment (e.g. MoJ process) and to be able to provide enhanced support to the business
- Whilst some data items are not currently available (classified as red), some companies have developed ad-hoc or manual data feeds to monitor this data

Data

Claim Management Companies

- CMC analysis is based upon data extracts on 3 dates June 2010, June 2011 and March 2012, i.e. census data. From this transactional data has been inferred by interpolation between census points.
- If the status of a CMC has changed prior to the first census then interpolation cannot be used:
 - Eg if at first census in 2010 we know that CMC 12345 cancelled its authorisation on 01/03/2009 we cannot tell its date of first authorisation.*
- However the CMC registration number (which follows a sequential pattern) has been used to infer a start date.
 - Eg if we know that CMC 12344 was first authorised on 01/02/2008 and CMC 12346 first authorised on 03/02/2008 we can reasonably assume CMC 12345 was authorised on 02/02/2008.*



Data CRU

- CRU data records claimant counts (not claim counts)
- It is recorded for the purposing of recovering DWP benefits, and we understand (from the CRU) that average costs do not include any NHS recoveries.
- It is, however, obligatory for each TPI claimant to be counted

Data

Police statistics

- The Road Traffic Act 1991[^], defines the duty of the public to report a personal injury road accident on a public road involving at least one motor vehicle (unless details such as insurance documents, name, etc. are exchanged between drivers).
- Stats19 is a set of data collected by a Police Officer when a road accident involving an injury or death occurring on a public road is reported (within 30 days of occurrence).
- Non-motor vehicles such as pedal cycles and ridden horses are reported regardless of motor vehicle or pedestrian involvement. Thus, Stats19 road accidents are defined wider than under the Road Traffic Act.
- Casualties per road accident as measured by Stats19 can be viewed as a proxy for the ratio of claimants per injury claim.
- The Department for Transport acknowledged in their 2008 report that a considerable proportion of non-fatal casualties are not reported to the police.
- In addition consistency in time in the data collection can not be guaranteed.

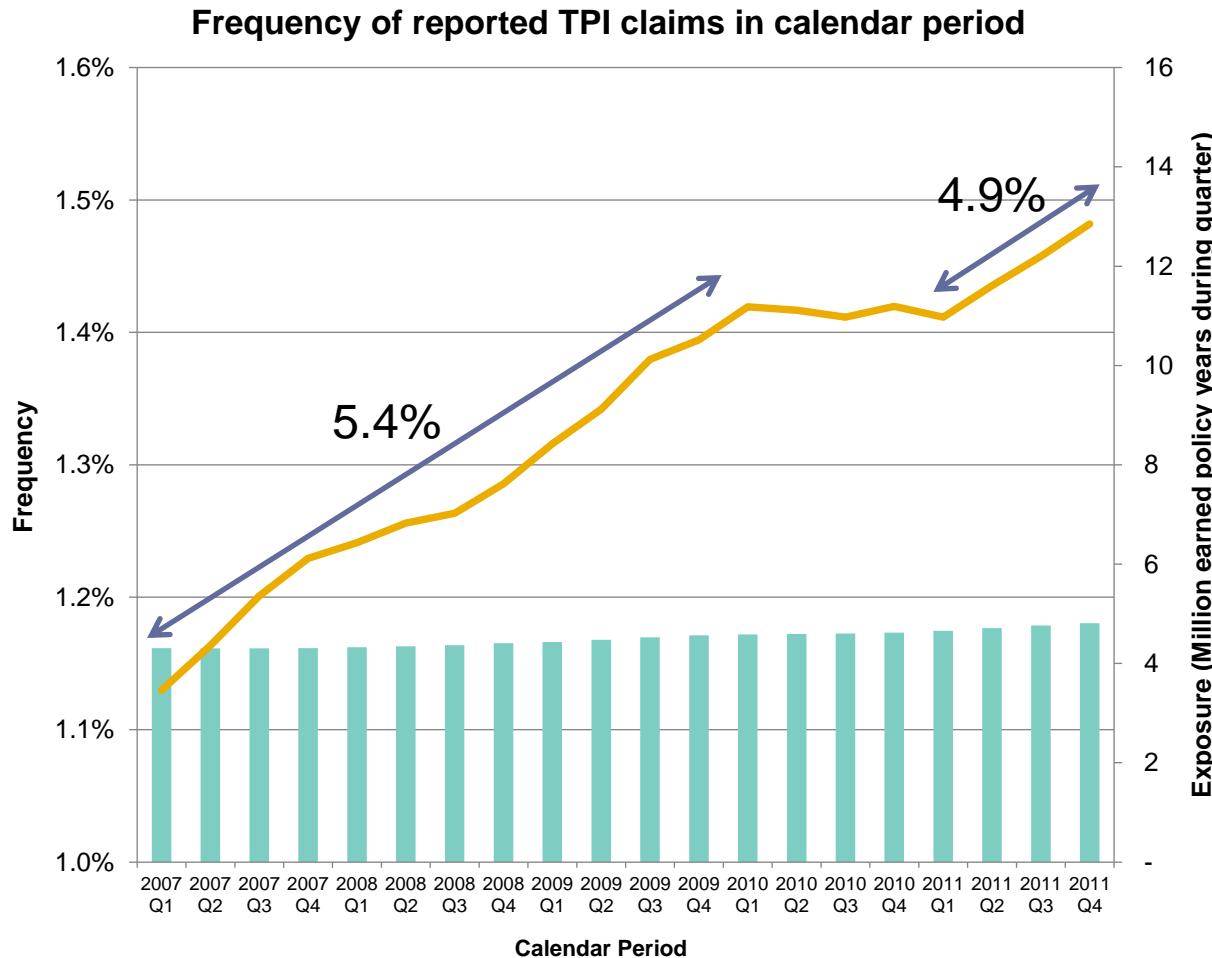
[^]Road Traffic Act 1988, s 170 amended by the Road Traffic Act 1991, Sch 4

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Scene Setting

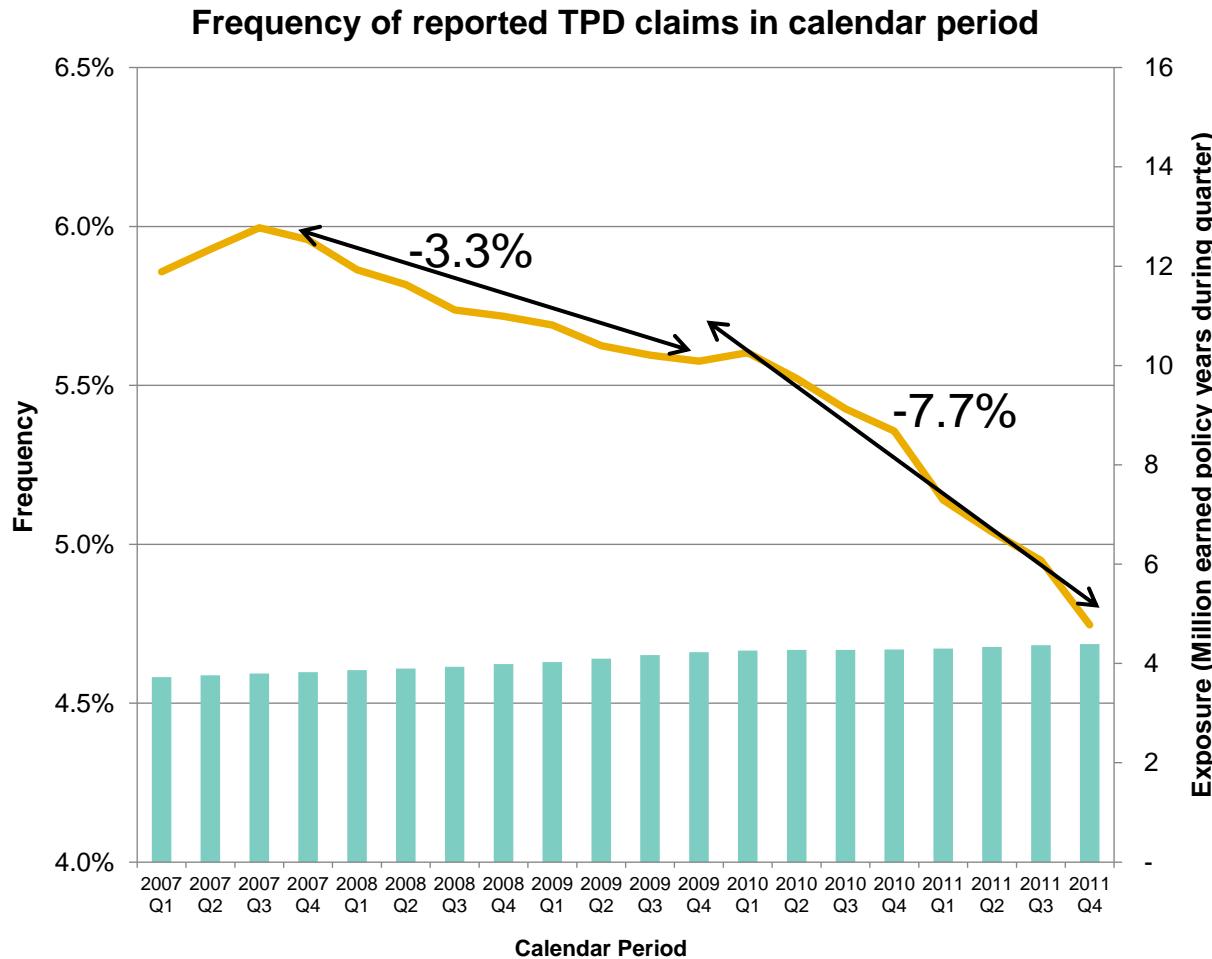
High Level Market Claims Data



- The chart shows that the frequency of reported bodily injury claims has started to increase again in 2011 having, to some extent, plateaued during 2010.
- Was 2010 an anomalous year?
- Has 2011 resumed the previous trend or is it the “final fling” before referral fees are banned

Scene Setting

High Level Market Claims Data



- The frequency of reported TPD claims continues to decrease
- Increase in the gradient could be due to increase in petrol prices

Scene Setting

Types of Injury

Examples of types of injury falling into various claim band sizes - bodily injury claims up to £100k

- *The following are broad guidelines only. The assessment of any injury depends on the actual circumstances of an individual incident / claimant. The figures below are per claimant, include general damages and solicitor costs, but exclude any special damages.*
- **Up to £1k:**
 - Minor soft tissue and whiplash injuries, fully resolved within a few weeks.
 - Low level travel anxiety.
- **Over £1k & up to £10k:**
 - Moderate soft tissue and whiplash injuries, complete recovery to nuisance levels within a few years.
 - Simple fractures – i.e. tibia or fibula with complete recovery (dependant on healing time / age etc).
 - Damage to teeth – loss of one to several front teeth.

Scene Setting

Types of Injury

- **Over £10k & up to £20k:**
 - Moderate psychiatric damage, depending on length and extent, but generally improved within several years.
 - Serious fractures – eg. one or both forearms where there is significant permanent residual disability.
 - Scarring.
 - Minor / moderate hand injuries.
- **Over £20k & up to £50k:**
 - Severe soft tissue injury, permanent damage, significant disability.
 - Serious hand, foot, leg injuries.
- **Over £50k & up to £100k:**
 - Minor to moderate head injuries – eg. brain damage, concentration and memory affected, ability to work is reduced, small risk of dependence on others.
 - Severe post traumatic stress disorder.
 - Facial injuries – eg. significant scarring, disfigurement and psychological reaction.
 - Amputation (loss of 1 arm or 1 leg or 1 foot or 1 hand).

Scene Setting

Legislation and the Market

- Motor environment is evolving fast: but with tailwinds as well as headwinds
 - Gender Directive
 - Solvency II
 - Low investment returns
 - Fuel prices and the cost of motoring
 - Market premium increases unwinding ⁽¹⁾
 - But still CORs above 100%
 - PPOs and review of Ogden discount rate
 - MoJ - extension of process, review of fees
 - LASPO Act (banning of referral fees)
 - Whiplash consultation, increase to SCT
 - OFT enquiry on credit hire / repair
 - Simmons v Castle - general damages up 10%

FSA returns for 2011 show a net COR of 106% and a loss ratio of 78% for 2011 ⁽²⁾

- Our study covers the cost of third party claims which cover 70% of Motor Insurance claims costs – the OFT figures cite TPI – 50%, other TPD = 20% ⁽³⁾ .
- Focus of working party (Third Party) is therefore on the most analytically problematic and the most material areas of cost and provides information to help actuaries, consumers, regulators and companies make informed decisions

Sources

1. Confused.com/Towers Watson Insurance Price Index shows Private Comp rates dropped by 7.1% in 12 months to end June 2012
2. Deloitte Analysis of AM Best data
3. http://www.oft.gov.uk/shared_oft/market-studies/private-motor-insurance/Motor_Insurance.pdf

Legislative Developments

Ogden Discount Rate

- The current discount rate of 2.5% was set in June 2001 by reference to the yield on Index-Linked Government Stock (ILGS) over the previous three years.
 - The approach used in 2001 would now lead to a discount rate of c.1%.
- Under pressure from claimant solicitors, Lord Chancellor Kenneth Clarke agreed to review the discount rate.
- The Ministry of Justice has now issued a consultation on the methodology used to set the discount rate. This asks for views on two possible bases
 1. An approach based on recent ILGS yields, similar to that used in 2001;
 2. An approach based on a mixed portfolio of investments
- This consultation closes on 23rd October. But further new consultation has recently been announced, to be issued in Autumn 2012, on “whether the restrictions on the factors that can be taken into account in prescribing a rate” ... “are still appropriate.”
- The new Lord Chancellor, Chris Grayling, will then have to consider the responses, decide on an appropriate methodology and consult further (at least with the Government Actuary and the Treasury) before making any announcement.
 - This means that the discount rate is unlikely to change before mid-2013 at the earliest
- Any reduction in discount rate would increase the cost of settling large personal injury claims.
 - It could also increase the attractiveness to claimants of lump sum awards relative to PPOs
 - A period of uncertainty before the setting of a new rate could lead to delays in settlement of large claims.
 - In insurance, this would impact Motor Liability and Commercial General Liability (EL/PL), but also MOD and NHS settlements

Legislative Developments

MoJ Process

- The Ministry of Justice wrote to interested parties in February 2012 inviting views on its plans to extend the existing MoJ process for road traffic accidents to cover claims up to £25,000.
- The then Justice Minister Jonathan Djanogly indicated to Parliament that changes would take effect in April 2013.
 - However, there has been no formal confirmation that this extension will take place or when.
- The Ministry also sought views on a possible reduction in the level of fixed recoverable costs for MoJ claims.
 - Many consider that a reduction in recoverable costs (both for MoJ claims and under the predictable costs regime) is a natural corollary of the ban on referral fees.

Legislative Developments

LASPO Act

- The Legal Aid, Sentencing and Punishment of Offenders Act received Royal Assent in May 2012.
- It is expected to come into force in April 2013.
- LASPO introduces many of the reforms proposed by Lord Justice Jackson in his review of civil litigation costs.
- The Act will
 - Ban referral fees for personal injury claims
 - Make success fees and After-the-Event legal expense insurance premiums unrecoverable from the liable insurer
 - Introduce Damages Based agreements (whereby claimant solicitors take a percentage of any damages awarded)
- The introduction of Qualified One-Way Costs Shifting, also proposed by Jackson, is not included in LASPO but is widely expected to be introduced by an amendment to the Civil Procedure Rules from the same time.
 - This would mean that (other than in exceptional circumstances) an unsuccessful claimant would not be liable for the defendant's costs, negating the need for legal expense insurance.

Legislative Development

General Damages

- Lord Justice Jackson recommended in his report that awards of general damages should be increased by 10% to compensate claimants for the non-recoverability of success fees and ATE premiums (introduced in the LASPO Act).
- The Court of Appeal used the case of *Simmons v Castle* to announce that general damages awards made from 1st April 2013 would be increased by 10%, in line with Jackson's recommendation.
- This would create a mismatch of timing, with success fees and ATE premiums still recoverable for agreements entered into before April, but general damages increased if the claim is subsequently settled after April.
- It is also likely that this would cause delays in settlement of claims before April, with claimant solicitors holding out for a higher award if the claim remains open until then.
- The ABI applied to the Court to intervene in this case and the Court agreed to listen to submissions both from the ABI and from the Association of Personal Injury Lawyers. The date for this hearing has been provisionally set for 25th September.

Legislative Developments

Other developments

- The Government is expected to issue a consultation paper shortly on options to reduce whiplash claims.
 - Possible options include raising the small claims track limit for injury claims from £1000 to £5000. This would mean that legal costs would not be recoverable for the majority of whiplash claims.
 - Another possible measure is to establish an independent panel of medical experts to diagnose whiplash injuries rather than relying on GPs.
- The Office of Fair Trading recently completed a review into credit hire and repair.
 - Its report was published in May and found that dysfunctional practices within the insurance industry added £10 to the average cost of a motor insurance policy.
 - The OFT was provisionally minded to refer the matter to the Competition Commission. It will make a final decision on whether or not to make a referral in October.

Motor Premium Rate Movements

Confused.com/Towers Watson Car Insurance Price Index

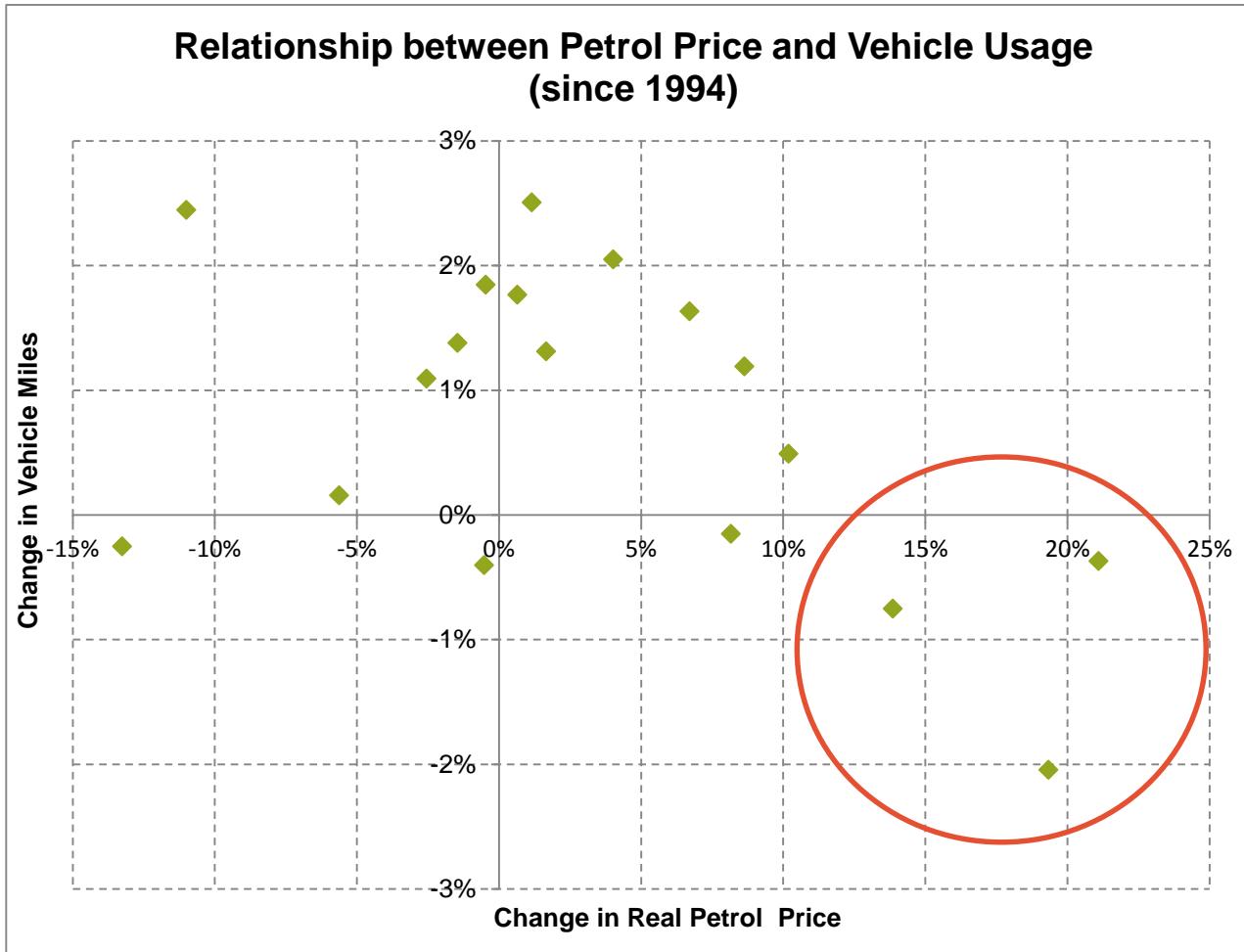
Quarterly price movements



- Average prices across the UK have fallen by 2.3% in the second quarter, contributing to a 7.1% decrease in the last 12 months
- For the third quarter out of the last four, prices for comprehensive insurance fell, having been flat in the final quarter of 2011

Scene Setting

Vehicle Mileage & Petrol Price



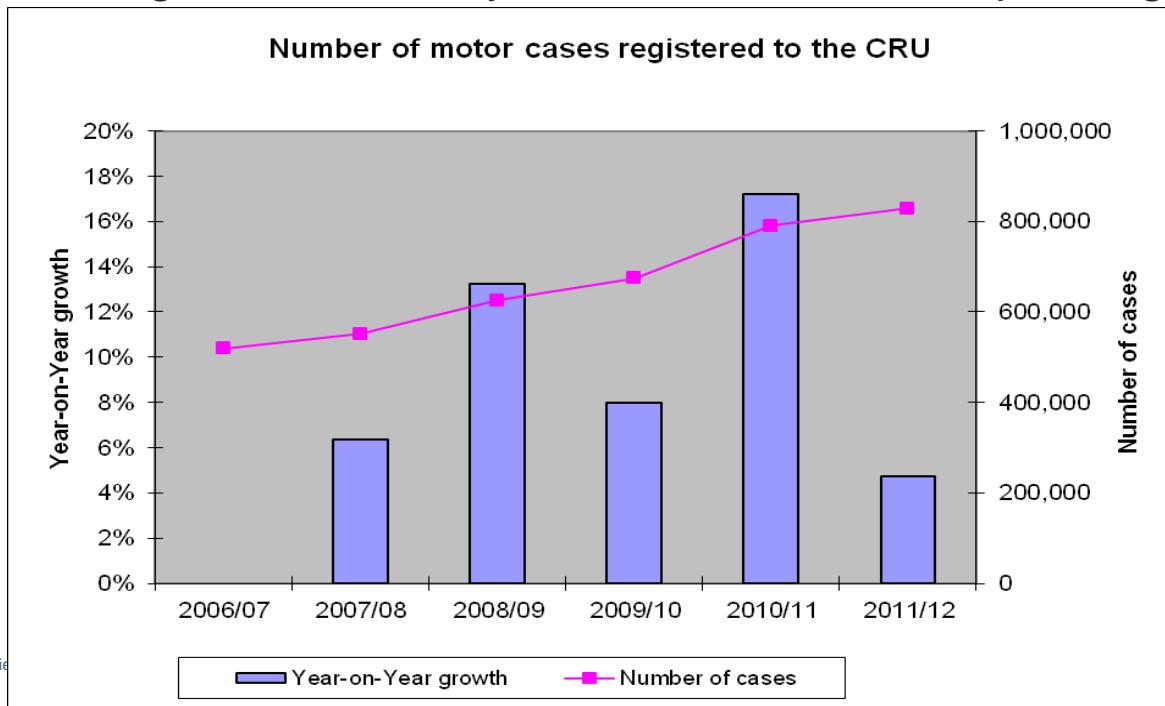
Vehicle mileage source: <http://www.dft.gov.uk/statistics/series/traffic>
Petrol price source: <http://www.speedlimit.org.uk/petrolprices.html>

Scene Setting

CRU Data

Number of motor cases registered to the Compensation Recovery Unit has increased in each year correlating broadly with TPWP TPI data

- The number registered in the 2011-12 financial year was 5% higher than in the previous year, the lowest recent level of year-on-year growth, but follows a 17% increase last year and sits in the context of a long term 10% trend
- This is based on registration so may reflect an element of speeding up in 2010.

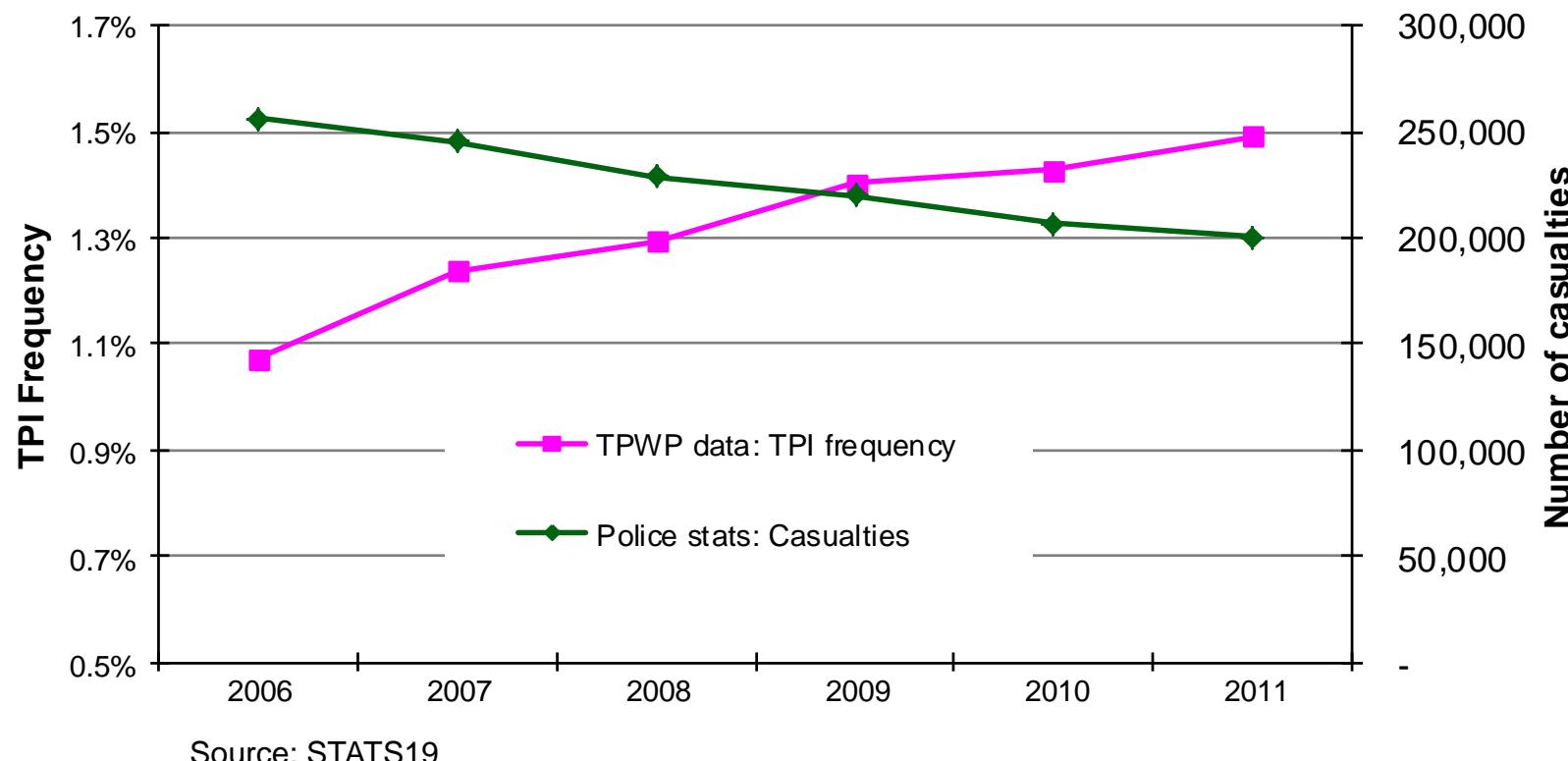


Scene Setting Police Statistics

- This data supports a view that TPI frequency inflation is more related to claiming behaviour than any change in the underlying risk

- Police statistics show a decreasing number of injuries against market TPI frequency increases

Police vs Market data



Source: STATS19

Scene Setting

CMC Data

- Claim Management Companies: slightly fewer but more activity (+52% in 2010; + 21% in 2011)

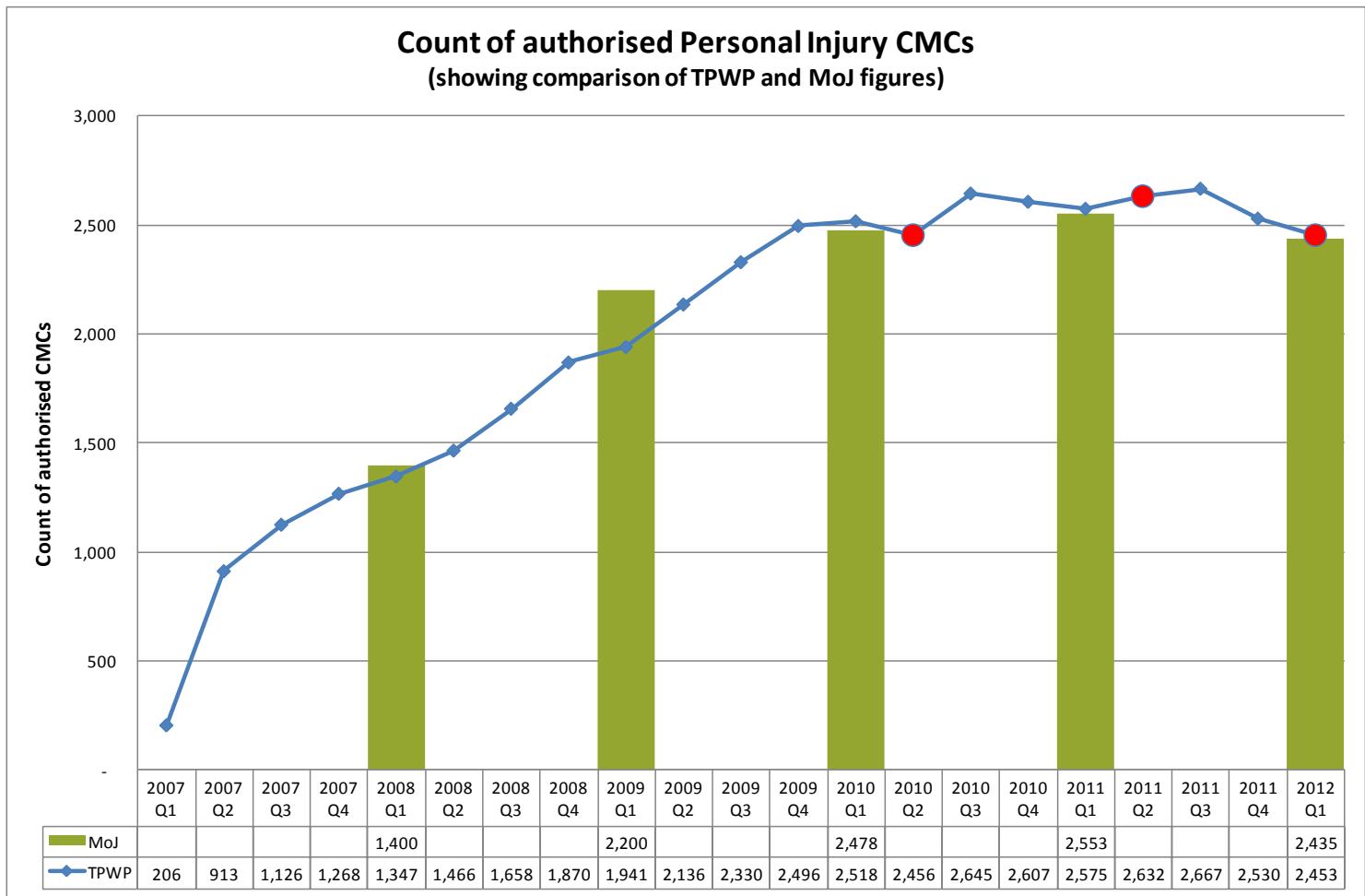
Key

TPWP estimate of count of CMCs.

TPWP data extraction periods.

Count of CMCs from MoJ annual report.

Year to Nov	CMC £m	YoY
	Turnover	% inc
2007		
2008		
2009	247.5	
2010	377.0	52%
2011	455.4	21%
2012		



Scene Setting

Weather

- TPD and TPI are impacted by seasonality and by unusual weather

Year	Q1	Q2	Q3	Q4
2006				
2007				
2008				
2009				
2010				
2011				



= snow / ice



= unusual rain



= flooding



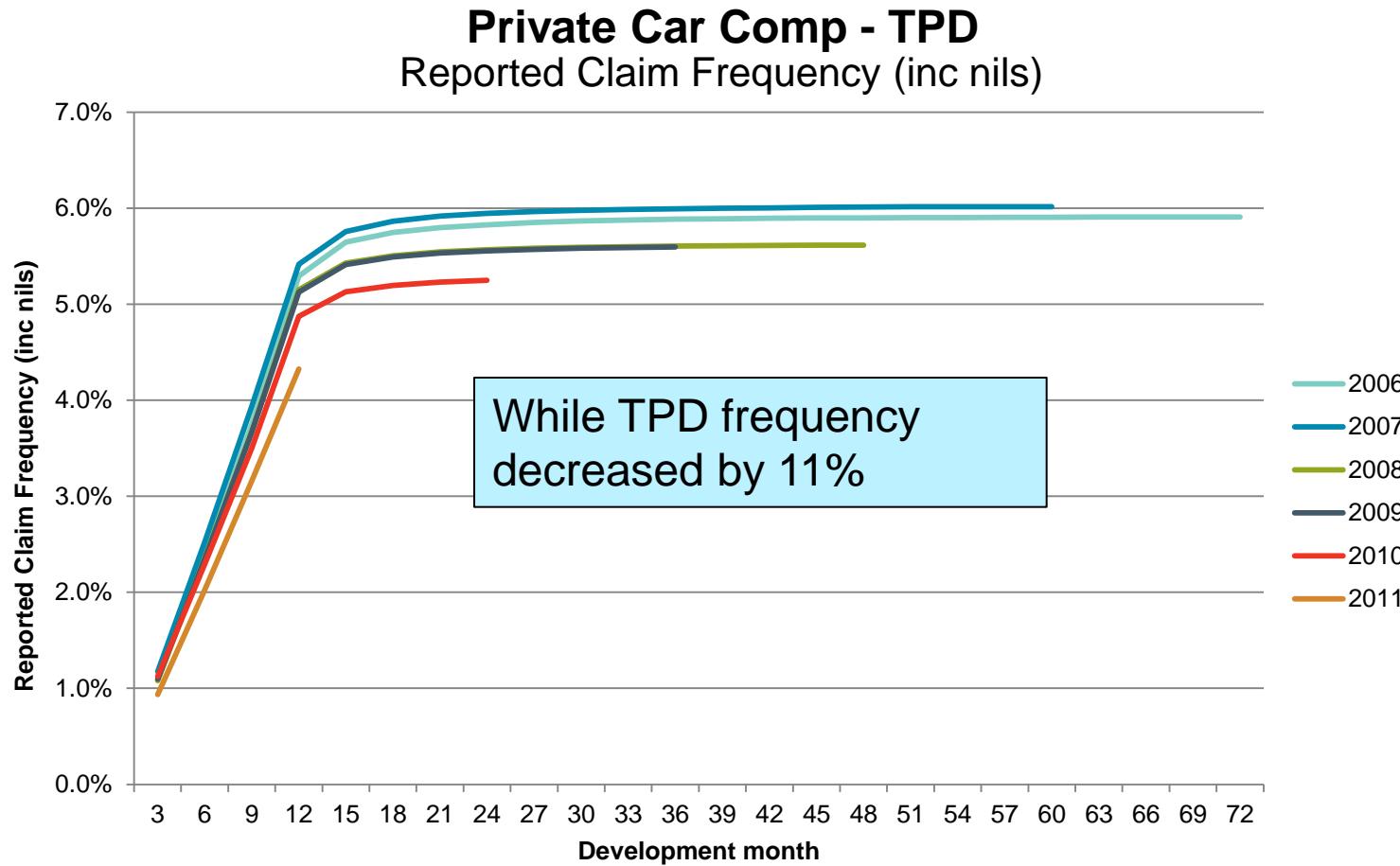
= storm

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Summary of Published Findings (June 2012)

Claim frequency

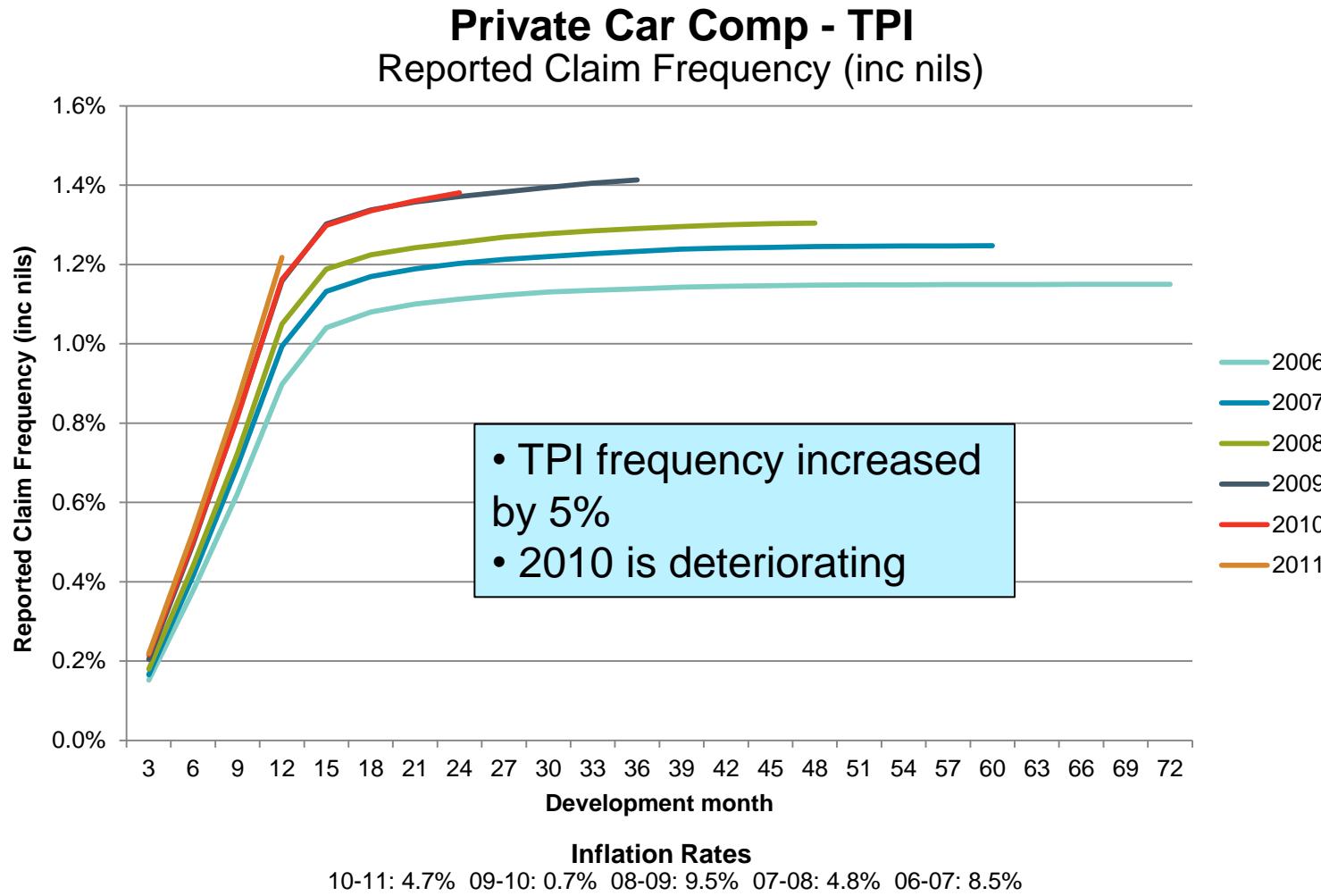


Inflation Rates

10-11: -11.2% 09-10: -5.5% 08-09: -0.2% 07-08: -6.6% 06-07: 1.9%

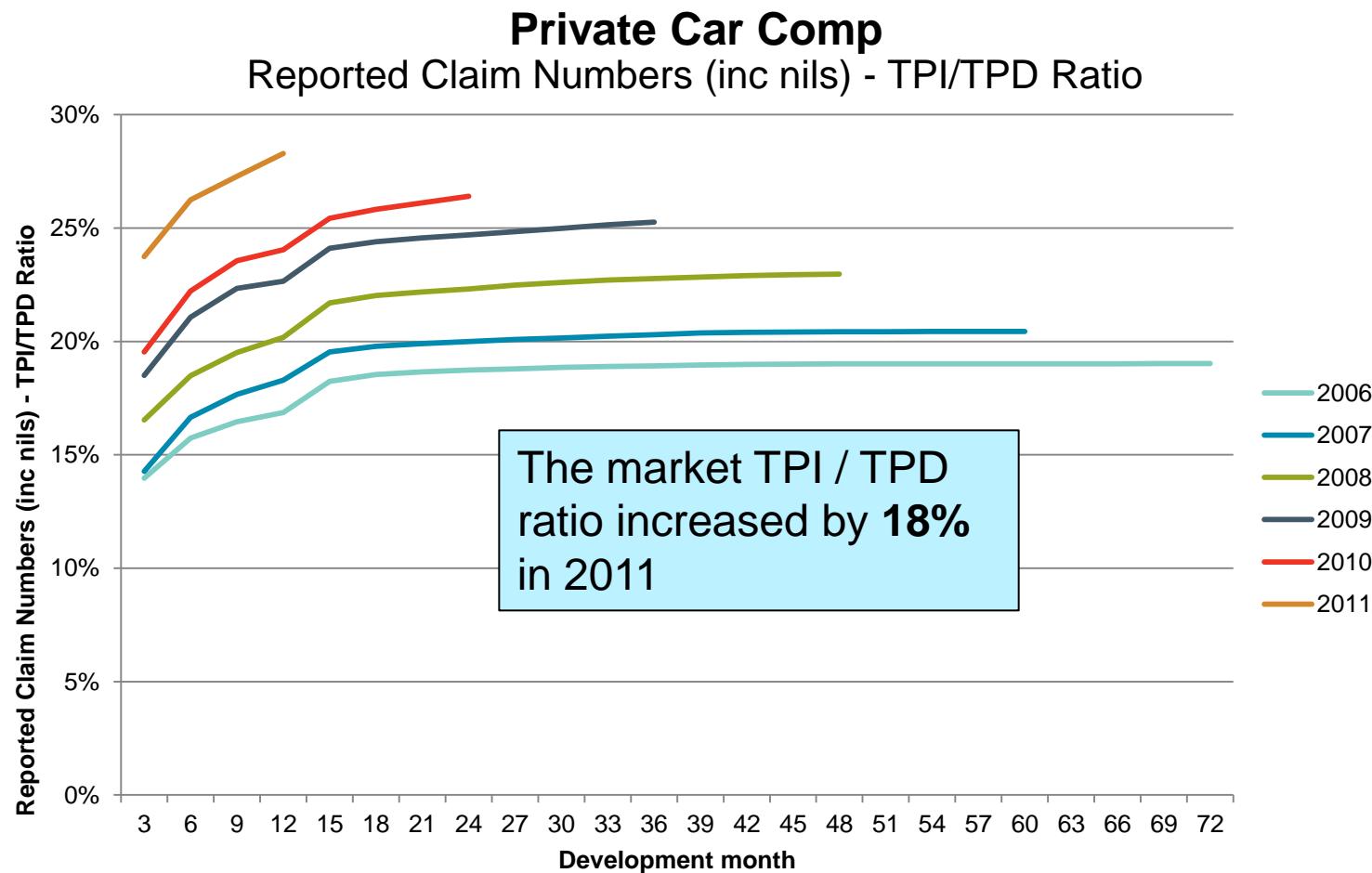
Summary of Published Findings (June 2012)

Claim frequency



Summary of Published Findings (June 2012)

Ratio of TPI to TPD claim numbers



Inflation Rates

10-11: 17.7% 09-10: 6.9% 08-09: 10.9% 07-08: 12.4% 06-07: 7.5%

Summary of Published Findings (June 2012)

Conclusions for 2011

- A dramatic 11% drop in TPD frequency; the highest level of average cost inflation on TPD since 2006
- Slowing down in TPD settlement and increase in case estimate strength / size
- Huge increase in the percentage of accidents with TPI
- Despite an 11% drop in TP accidents, TPI frequency is still up by 5% with TPI/TPD inflation at 18%
- Both TPI/TPD frequency inflation and views on incurred severity inflation are consistent with 2010 being anomalous with 2011 showing a catch up with 2 years inflation in one. Capped TPI inflation appears to have taken off again to previous levels after a (6-9%) increase relative to 2010, potentially resuming its annualised trended rate of 6% with a speeding up in settlement and payment, potentially due to MOJ
- Any increases or decreases in TPD frequency flow through to TPI inflation. Norming to zero TPD frequency inflation (-11% in 2011), the data supports a trended view of TPI burn cost inflation in excess of 15% **unless one believes that the lower settlement cost inflation will continue.**
- These key alternative hypotheses will be investigated further with new data which splits the capped TPI claims into size bands for GIRO
- However for the moment, the most plausible hypothesis would appear to be that 2010 was a benign anomaly and 2011 has had both its own natural inflation and the “missing inflation” from 2010.

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Questions and Hypotheses (to be answered later)

Questions	Our Prejudices
a. What is small TPI inflation?	<ul style="list-style-type: none">> 15% on burn cost norming for TPD distortions driven by small (MOJ type) claims with single and multiple claimants
b. 2011 – catch up or new trend?	<ul style="list-style-type: none">Catch Up with 2010 experience driven by<ul style="list-style-type: none">Anomalous weatherfewer accidents due to lower vehicle mileageMOJ changes disrupting CMCs?No further adverse development on i, ii; but potential for this on iii with “back-farming”
c. What do we know about multi-claimant claims?	<ul style="list-style-type: none">c. 1.5 claimants per claim with 5% pa inflation: claimant per claim inflation ~ freq inflation
d. How weak/strong are case estimates?	<ul style="list-style-type: none">Case estimates were identified as weak in our 09/10 work; they have strengthened but are still a concern
e. What's changed post MOJ?	<ul style="list-style-type: none">Simple whiplash claims settling faster and same cost

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Introduction

- This presentation summarises the data trends for the TPWP analysis of capped bodily injury claims in a series of 5 indexed layers
- The layers are given in 2010 money, indexed at 7% pa for other accident years
 - 0 to £1k
 - £1k to £10k
 - £10k to £20k
 - £20k to 50k
 - £50k to £100k
- Large TPI claims will be covered at the Reserving Plenary

Introduction

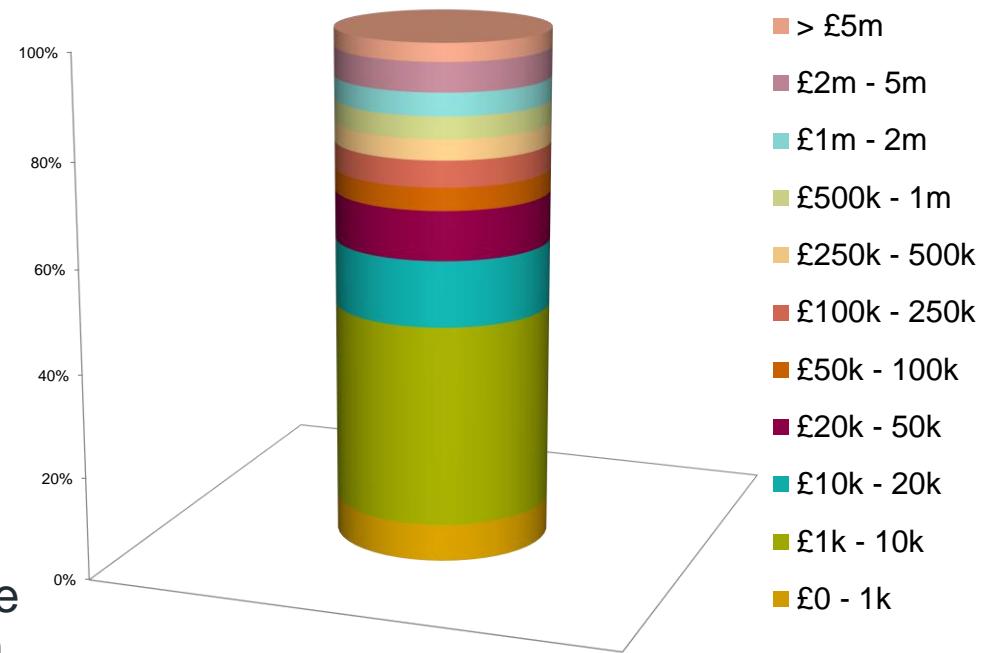
Graph terminology

- When presenting results of a layered analysis, there is a choice in how to partition the claim amounts:
 - Type 1: In which claims that exhaust the width of a particular layer contribute an amount equal to the layer's width
 - Type 2: In which claims that exhaust the width of a particular layer are removed from that layer, and the full claim amounts “from ground up” (“FGU”) are allocated to the next layer up

Introduction

Graph terminology

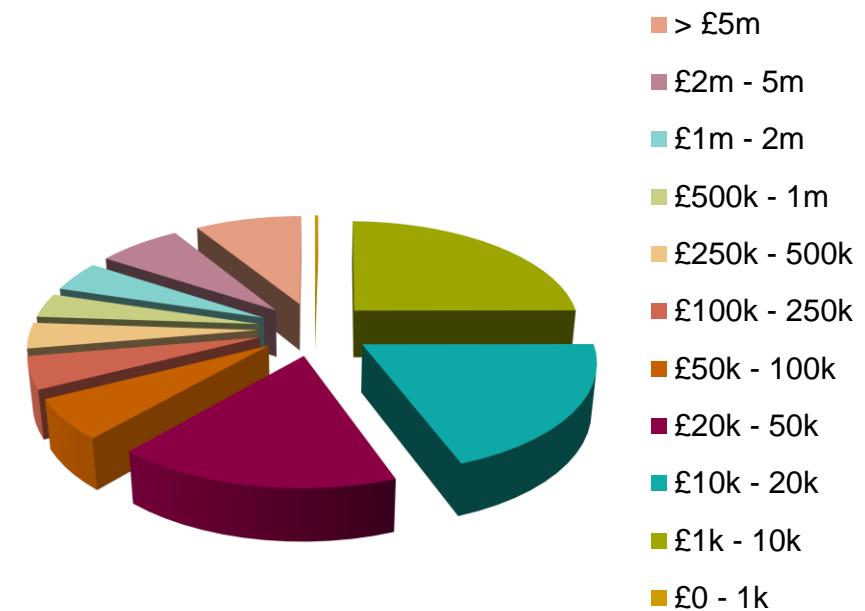
- Using the Type 1 definition, a claim of £15,000 from accident year 2010 contributes:
 - £1k to Layer 1 (0 – £1k)
 - £9k to Layer 2 (£1k – £10k)
 - £5k to Layer 3 (£10k – £20k)
 - £0 to all other layers
- The chart shows the projected total TPI burning cost split by layer using Type 1 definition.
- In this presentation, any charts which use this definition will be accompanied with a version of this graphic. Shading represents the portion(s) of the claim that is relevant to the given statistic.



Introduction

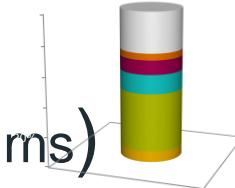
Graph terminology

- Using the Type 2 definition, a claim of £15,000 from accident year 2010 contributes:
 - £15k to Layer 3 (£10k – £20k)
 - £0 to all other layers
- The chart shows the projected total TPI burning cost split by layer using Type 2 definition.
- In this presentation, any charts which use this definition will be accompanied with a version of this graphic. Shading represents the portion(s) of the claim that is relevant to the given statistic.



Capped bodily injury

Projected Results (Type 1 – incl capped component of excess claims)



Projected Ultimate Capped TPI Results for Private Car Comprehensive

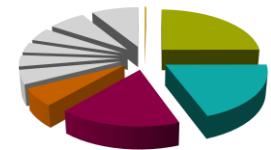
Accident Period	Earned Exposure (millions of policy years)	Ultimate Capped Claim Frequency (claims per million vehicle years)	Ultimate Capped Claim Severity (£000s)	Ultimate Capped Burning Cost (£)	Year-on-Year Change in Frequency (% pa)	Year-on-Year Change in Severity (% pa)	Year-on-Year Change in Burning Cost (% pa)
2004	9.80	8,526	6,397	54.5			
2005	10.76	9,879	5,956	58.8	15.9%	-6.9%	7.9%
2006	12.58	10,639	6,064	64.5	7.7%	1.8%	9.6%
2007	13.03	11,843	6,201	73.4	11.3%	2.3%	13.8%
2008	14.75	12,487	6,714	83.8	5.4%	8.3%	14.2%
2009	15.65	13,777	7,432	102.4	10.3%	10.7%	22.1%
2010	15.64	14,040	7,474	104.9	1.9%	0.6%	2.5%
2011	15.74	14,856	8,366	124.3	5.8%	11.9%	18.5%
Average					8.3%	3.9%	12.5%

- Alternate years have shown High/Low frequency Inflation at 8% over the period
- Severity inflation has been higher since 2008 averaging 8% (10% excluding 2010 which was benign; but 6% in the post MOJ years)
- Burn cost inflation has averaged 14% since 2008 (18% excluding 2010; but 10% in the post MOJ years), with periods with 2009 and 2011 particularly high.

Capped bodily injury

Projected Results (Type 2)

Most claims are in bottom two layers; but most of cost comes from middle 3 layers



Private Car Comprehensive Type 2 Layered Results (all layers given in 2010 money, indexed at 7% pa)

Accident Year	£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k - 100k	< 100k
Frequency (finishing in layer) (claims per million policy years)						
2004	2,268	3,808	1,550	672	129	8,427
2005	2,736	4,765	1,539	632	115	9,787
2006	3,015	5,178	1,598	651	113	10,556
2007	3,400	5,858	1,702	682	118	11,759
2008	3,419	6,285	1,817	770	118	12,408
2009	3,578	6,963	2,102	924	125	13,692
2010	3,556	7,494	1,988	809	122	13,969
2011	3,677	7,710	2,259	991	141	14,778
Average Cost (£000s)						
2004	0.10	3.83	9.21	19.39	45.40	5.69
2005	0.10	3.88	9.77	20.54	48.10	5.34
2006	0.09	4.06	10.44	22.01	51.42	5.51
2007	0.10	4.23	11.18	23.45	54.97	5.66
2008	0.10	4.49	12.10	25.34	58.76	6.20
2009	0.09	4.81	13.11	27.42	61.66	6.90
2010	0.10	5.10	13.89	28.55	69.51	7.00
2011	0.11	5.26	14.96	30.68	76.37	7.85
Burning Cost (£)						
2004	0.2	14.6	14.3	13.0	5.9	47.99
2005	0.3	18.5	15.0	13.0	5.5	52.29
2006	0.3	21.0	16.7	14.3	5.8	58.15
2007	0.3	24.8	19.0	16.0	6.5	66.58
2008	0.3	28.2	22.0	19.5	6.9	76.94
2009	0.3	33.5	27.6	25.3	7.7	94.46
2010	0.4	38.2	27.6	23.1	8.5	97.80
2011	0.4	40.6	33.8	30.4	10.8	115.96

$\frac{1}{4}$ freq

$\frac{1}{2}$ freq

$\frac{1}{7}$ freq

$\frac{1}{20}$ freq

$\frac{1}{100}$ freq

Neg cost

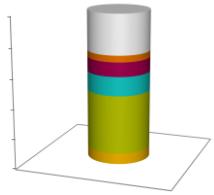
$\frac{1}{3}$ cost

$\frac{1}{5}$ cost

$\frac{1}{4}$ cost

Capped bodily injury

Projected Results (Type 1)

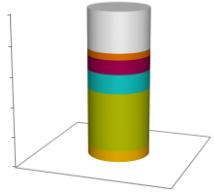


Private Car Comprehensive Type 1 Layered Results (all layers given in 2010 money, indexed at 7% pa)

Accident Year	£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k - 100k	< 100k
Frequency (in layer and above) (claims per million policy years)						
2004	8,526	6,257	2,449	899	228	8,526
2005	9,879	7,143	2,378	839	207	9,879
2006	10,639	7,624	2,446	848	196	10,639
2007	11,843	8,443	2,586	884	202	11,843
2008	12,487	9,068	2,783	966	197	12,487
2009	13,777	10,199	3,236	1,134	210	13,777
2010	14,040	10,484	2,990	1,002	193	14,040
2011	14,856	11,179	3,469	1,211	219	14,856
Average Cost (£000s)						
2004	0.52	4.27	4.06	9.59	21.24	6.40
2005	0.54	4.25	4.22	10.01	22.73	5.96
2006	0.57	4.44	4.48	10.49	23.84	6.06
2007	0.61	4.62	4.77	11.09	25.24	6.20
2008	0.66	4.92	5.23	11.61	26.56	6.71
2009	0.72	5.32	5.72	12.31	27.77	7.43
2010	0.77	5.50	5.94	12.69	30.77	7.47
2011	0.83	5.88	6.51	13.41	33.76	8.37
Burning Cost (£)						
2004	4.4	26.7	9.9	8.6	4.8	54.54
2005	5.4	30.3	10.0	8.4	4.7	58.84
2006	6.1	33.9	11.0	8.9	4.7	64.51
2007	7.2	39.0	12.3	9.8	5.1	73.43
2008	8.3	44.6	14.6	11.2	5.2	83.84
2009	9.9	54.2	18.5	14.0	5.8	102.39
2010	10.9	57.7	17.8	12.7	5.9	104.93
2011	12.4	65.7	22.6	16.2	7.4	124.29

Capped bodily injury

Projected Results (Type 1)



Private Car Comprehensive Type 1 Layered Results (all layers given in 2010 money, indexed at 7% pa) - Implied % Change

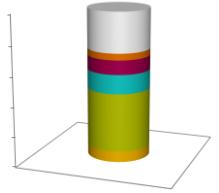
Accident Year		£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k - 100k	< 100k
Frequency % Change	2004						
	2005	16%	14%	-3%	-7%	-9%	16%
	2006	8%	7%	3%	1%	-5%	8%
	2007	11%	11%	6%	4%	3%	11%
	2008	5%	7%	8%	9%	-3%	5%
	2009	10%	12%	16%	17%	7%	10%
	2010	2%	3%	-8%	-12%	-8%	2%
	2011	6%	7%	16%	21%	13%	6%
	Average	All	8%	9%	5%	4%	-1%
		Last 4	6%	7%	8%	8%	2%
Average Cost % Change	2004						
	2005	5%	-1%	4%	4%	7%	-7%
	2006	5%	5%	6%	5%	5%	2%
	2007	6%	4%	7%	6%	6%	2%
	2008	8%	7%	10%	5%	5%	8%
	2009	8%	8%	9%	6%	5%	11%
	2010	8%	3%	4%	3%	11%	1%
	2011	8%	7%	10%	6%	10%	12%
	Average	All	7%	5%	7%	5%	7%
		Last 4	8%	6%	8%	5%	8%
Burning Cost % Change	2004						
	2005	8%	13%	1%	-3%	-3%	8%
	2006	14%	12%	9%	6%	-1%	10%
	2007	19%	15%	13%	10%	9%	14%
	2008	14%	14%	18%	14%	3%	14%
	2009	19%	22%	27%	24%	12%	22%
	2010	10%	6%	-4%	-9%	2%	2%
	2011	14%	14%	27%	28%	24%	18%
	Average	All	14%	14%	12%	9%	6%
		Last 4	14%	14%	16%	13%	10%

Frequency

- Impacted by TPD frequency – Slide 42
- Inflation is volatile but has been reducing overall and for Band 2, averaging 8-9% across all years, 6-7% (2008-2011)
- Inflation has been increasing for layers 3&4 with higher volatility, averaging 5%, or 8-9% (2008-2011)
- Inflation is broadly flat for layer 5 averaging 0%, or 2% (2008-2011)
- Frequency inflation is more volatile for layers 3 and above

Capped bodily injury

Projected Results (Type 1)



Private Car Comprehensive Type 1 Layered Results (all layers given in 2010 money, indexed at 7% pa) - Implied % Change

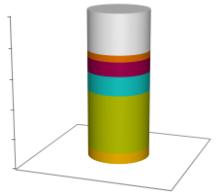
Accident Year		£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k - 100k	< 100k
Frequency % Change	2004						
	2005	16%	14%	-3%	-7%	-9%	16%
	2006	8%	7%	3%	1%	-5%	8%
	2007	11%	11%	6%	4%	3%	11%
	2008	5%	7%	8%	9%	-3%	5%
	2009	10%	12%	16%	17%	7%	10%
	2010	2%	3%	-8%	-12%	-8%	2%
	2011	6%	7%	16%	21%	13%	6%
	Average	All	8%	9%	5%	4%	-1%
		Last 4	6%	7%	8%	8%	2%
Average Cost % Change	2004						
	2005	5%	-1%	4%	4%	7%	-7%
	2006	5%	5%	6%	5%	5%	2%
	2007	6%	4%	7%	6%	6%	2%
	2008	8%	7%	10%	5%	5%	8%
	2009	8%	8%	9%	6%	5%	11%
	2010	8%	3%	4%	3%	11%	1%
	2011	8%	7%	10%	6%	10%	12%
	Average	All	7%	5%	7%	5%	7%
		Last 4	8%	6%	8%	5%	8%
Burning Cost % Change	2004						
	2005	8%	13%	1%	-3%	-3%	8%
	2006	14%	12%	9%	6%	-1%	10%
	2007	19%	15%	13%	10%	9%	14%
	2008	14%	14%	18%	14%	3%	14%
	2009	19%	22%	27%	24%	12%	22%
	2010	10%	6%	-4%	-9%	2%	2%
	2011	14%	14%	27%	28%	24%	18%
	Average	All	14%	14%	12%	9%	6%
		Last 4	14%	14%	16%	13%	10%

Severity

- Inflation overall is volatile overall but averages 4%, increasing in 2008, since when it has averaged 8%. The post MOJ years show average inflation at 6%
- The increases in overall severity inflation is driven by increases in each of layers 1-3 in 2008
- The potentially lower inflation post MOJ is driven by layers 2-3
- Layer 5 is either volatile or has increased since 2010

Capped bodily injury

Projected Results (Type 1)



Private Car Comprehensive Type 1 Layered Results (all layers given in 2010 money, indexed at 7% pa) - Implied % Change

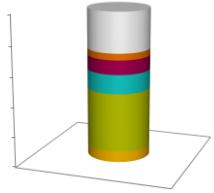
Accident Year		£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k - 100k	< 100k
Frequency % Change	2004						
	2005	16%	14%	-3%	-7%	-9%	16%
	2006	8%	7%	3%	1%	-5%	8%
	2007	11%	11%	6%	4%	3%	11%
	2008	5%	7%	8%	9%	-3%	5%
	2009	10%	12%	16%	17%	7%	10%
	2010	2%	3%	-8%	-12%	-8%	2%
	2011	6%	7%	16%	21%	13%	6%
	Average	All	8%	9%	5%	4%	-1%
		Last 4	6%	7%	8%	8%	2%
Average Cost % Change	2004						
	2005	5%	-1%	4%	4%	7%	-7%
	2006	5%	5%	6%	5%	5%	2%
	2007	6%	4%	7%	6%	6%	2%
	2008	8%	7%	10%	5%	5%	8%
	2009	8%	8%	9%	6%	5%	11%
	2010	8%	3%	4%	3%	11%	1%
	2011	8%	7%	10%	6%	10%	12%
	Average	All	7%	5%	7%	5%	7%
		Last 4	8%	6%	8%	5%	8%
Burning Cost % Change	2004						
	2005	8%	13%	1%	-3%	-3%	8%
	2006	14%	12%	9%	6%	-1%	10%
	2007	19%	15%	13%	10%	9%	14%
	2008	14%	14%	18%	14%	3%	14%
	2009	19%	22%	27%	24%	12%	22%
	2010	10%	6%	-4%	-9%	2%	2%
	2011	14%	14%	27%	28%	24%	18%
	Average	All	14%	14%	12%	9%	6%
		Last 4	14%	14%	16%	13%	10%

Burn Cost

- The combination of frequency and severity, on a higher level since 2007, when it has averaged 14%. Since 2010 it has averaged 10%, but it remains to be seen if this is a new trend or an outlier.
- Although differing in detail in frequency and severity, overall patterns of inflation are not dissimilar in shape across all layers.

Capped bodily injury

Projected Results (Type 1)



Private Car Comprehensive Type 1 Layered Results (all layers given in 2010 money, indexed at 7% pa)

Accident Year		£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k - 100k	< 100k
TPI/TPD Claim Numbers Index	2004						
	2005						
	2006	0.52	0.50	0.51	0.51	0.65	0.52
	2007	0.57	0.54	0.53	0.52	0.65	0.57
	2008	0.70	0.67	0.67	0.66	0.75	0.70
	2009	0.78	0.76	0.78	0.78	0.80	0.78
	2010	0.85	0.84	0.77	0.74	0.79	0.85
	2011	1.00	1.00	1.00	1.00	1.00	1.00
	2004						
	2005						
TPI/TPD Claim Numbers Index % Change	2006						
	2007	9%	8%	3%	2%	0%	9%
	2008	23%	25%	26%	28%	14%	23%
	2009	11%	13%	17%	18%	8%	11%
	2010	9%	10%	-1%	-6%	-2%	9%
	2011	18%	19%	30%	35%	27%	18%
	All	14%	15%	14%	14%	9%	14%
	Last 4	15%	17%	17%	18%	11%	15%
	Last 4 (Excl 2010)	17%	19%	24%	27%	16%	17%
	Last 2	13%	14%	13%	13%	12%	13%

2010 & Prior

- Normalising for TPD, frequency shows a more inflationary picture at c. 14% over all years; 15% (2008-11)
- Similar inflation is seen up to layer 4; but with more marked increases in inflation across layers 2-4 since 2008.

2011 is an outlier (or a new trend?) with inflation at 18%. Layer 2 is similar, but layers 3, 4 and 5 show inflation at c. 30% at marked variance to previous years. However inflation across 2010 and 2011 is not out of line with longer averages.

Contents

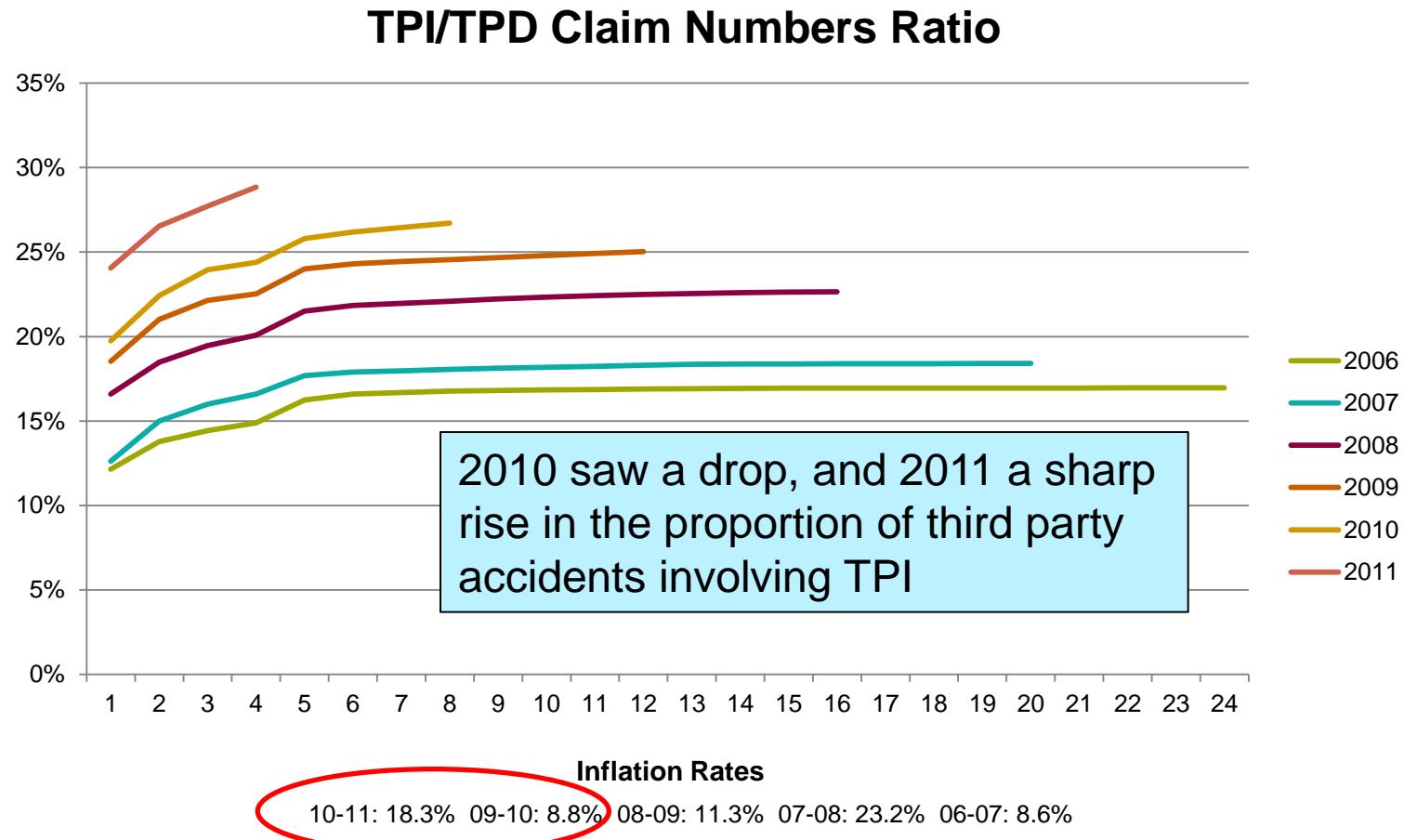
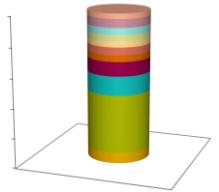
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 - d. How weak/strong are case estimates?
 - e. What changes has MOJ brought about?
5. Conclusions

Question b: 2011 – catch-up or new trend?

- Q1 & Q4 saw snow/ice in 2010; with Q2 being unusually dry
- 2011 did not see these more extreme weather patterns
- 30 April 2010 saw the introduction of the MOJ reforms attaching to accidents post that date
- The following charts will show that the predominant effect could be weather related through to layer 2. A potential MOJ effect may additionally be seen in Layer 3 post introduction to the end of 2010, with no particular evidence of this for Layer 2.
- Overall the predominant effect is likely to be weather with MOJ being a smaller factor. Any MOJ factor may risk late reporting/deterioration – although this risk will diminish as time passes.
- As such 2011 is largely a catch up and it is appropriate to average the frequency inflation over the two years: 2011 inflation does not appear to be setting a new trend

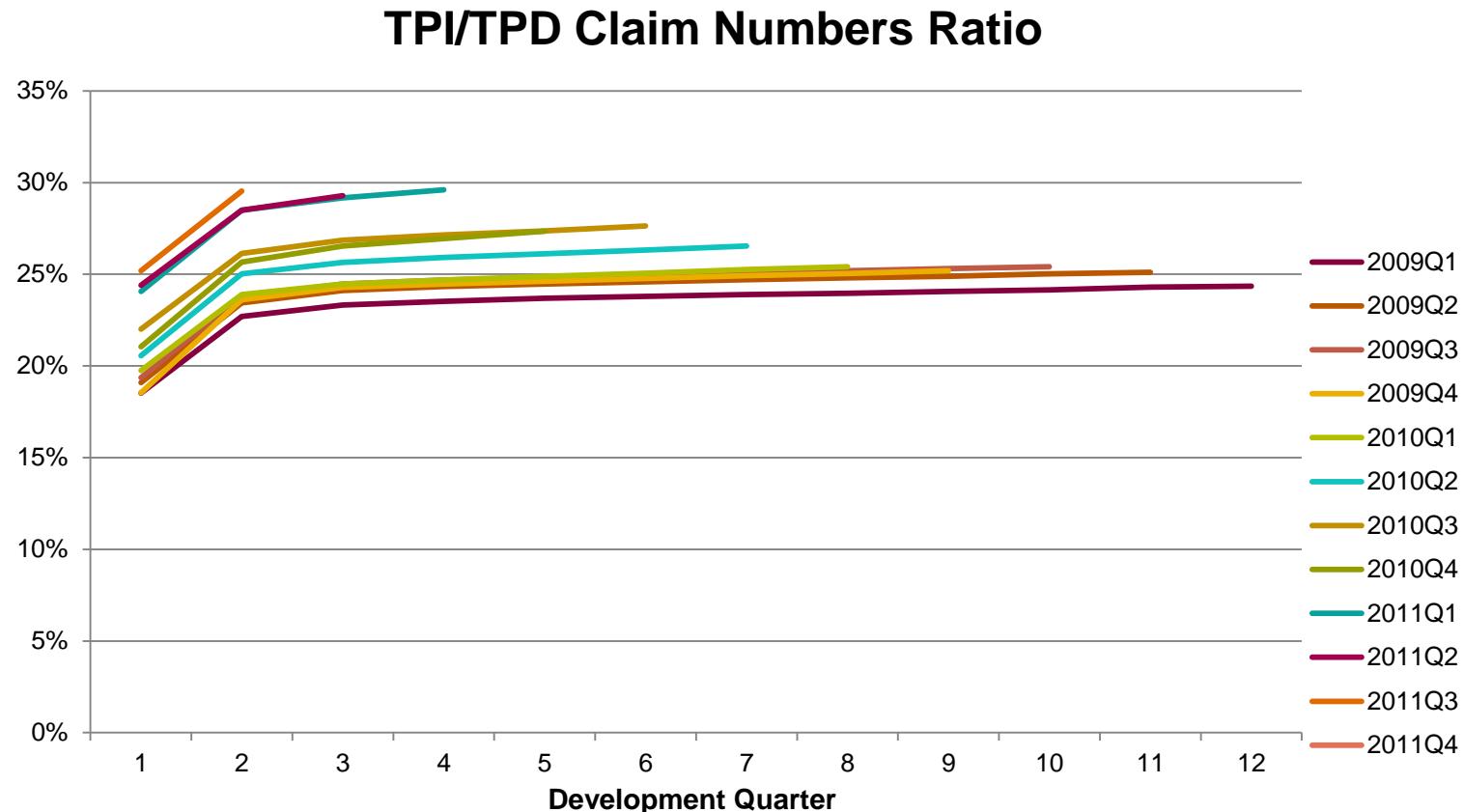
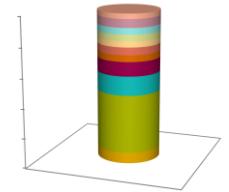
Transactional Analysis – 0-1k Layer

Data trends



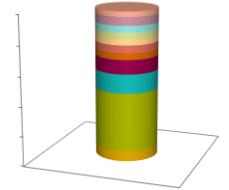
Transactional Analysis – 0-1k Layer

Data trends

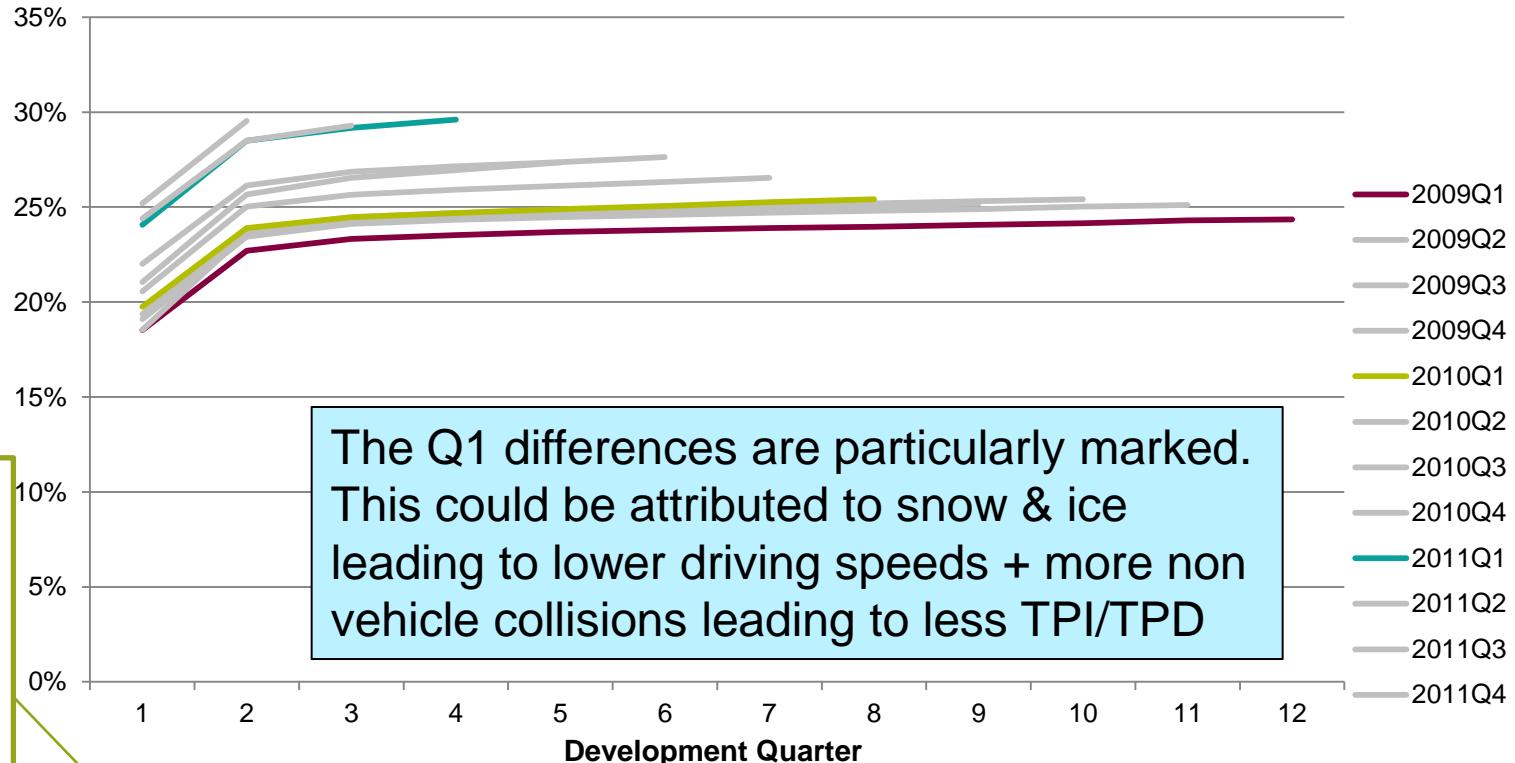


Transactional Analysis – 0-1k Layer

Data trends



TPI/TPD Claim Numbers Ratio

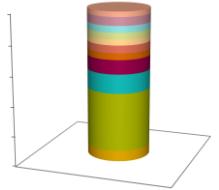


Variation from
10 year
quarterly
average
rainfall in
England &
Wales
Source: Met Office
Hadley Observation
centre

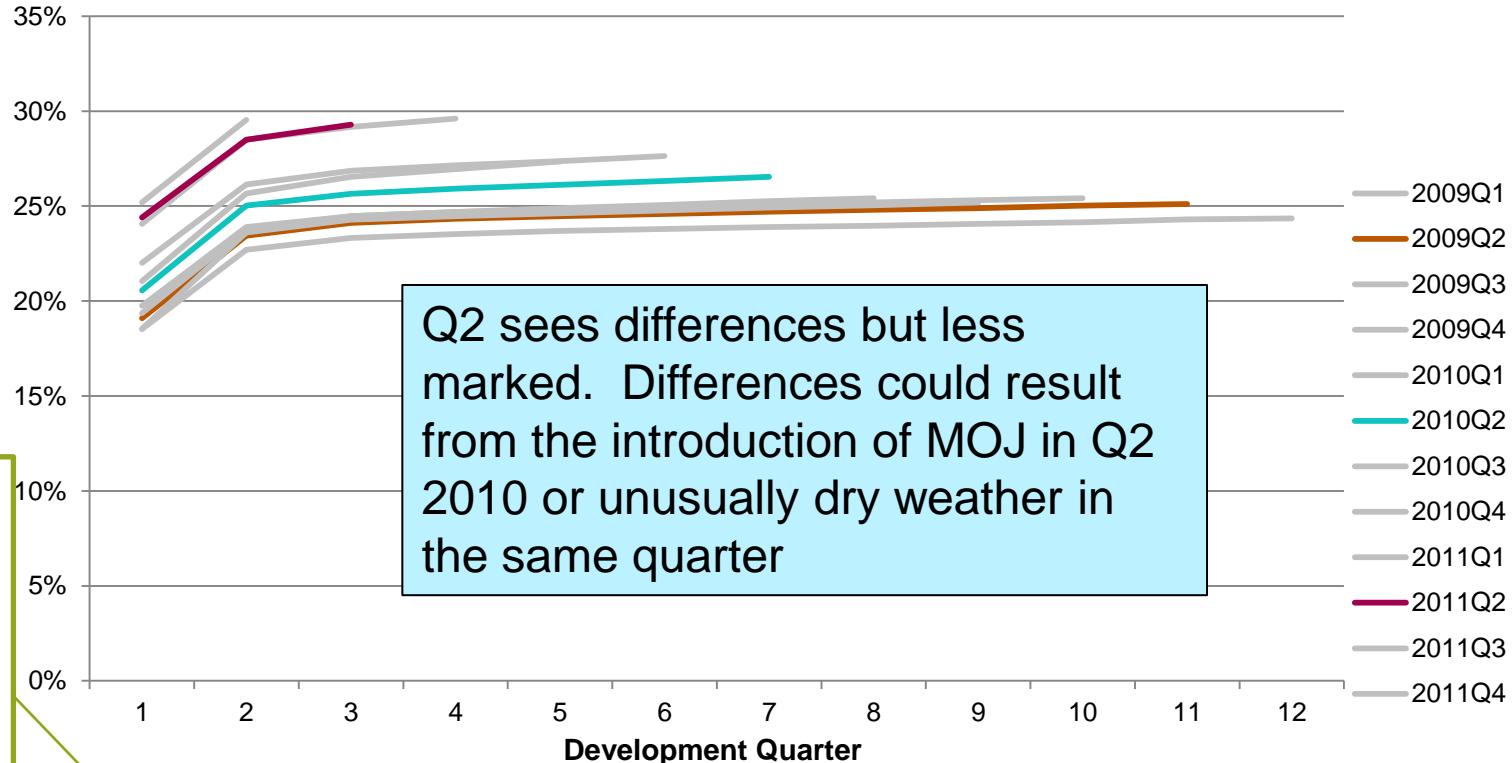
	Inflation Rates		
	10Q1-11Q1: 20% 09Q1-10Q1: 6%		
2009	-7%	-12%	2%
2010	7%	-39%	14%
2011	-9%	-24%	-7% -21%

Transactional Analysis – 0-1k Layer

Data trends



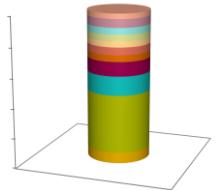
TPI/TPD Claim Numbers Ratio



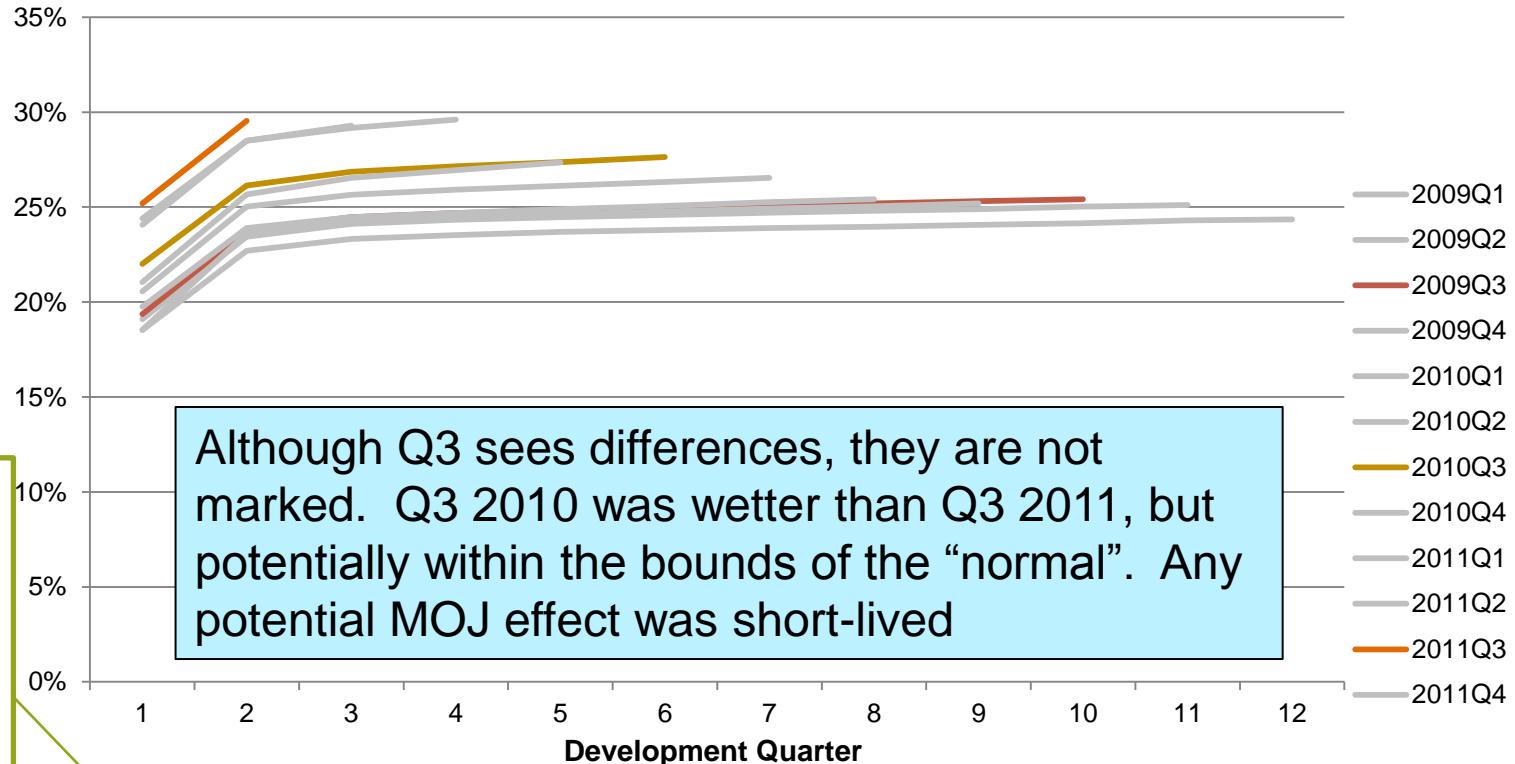
Variation from 10 year quarterly average rainfall in England & Wales
Source: Met Office Hadley Observation centre

Transactional Analysis – 0-1k Layer

Data trends



TPI/TPD Claim Numbers Ratio

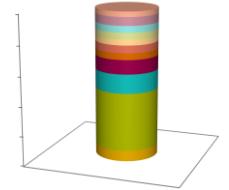


Inflation Rates
10Q3-11Q3: 13% 09Q3-10Q3: 10.9%

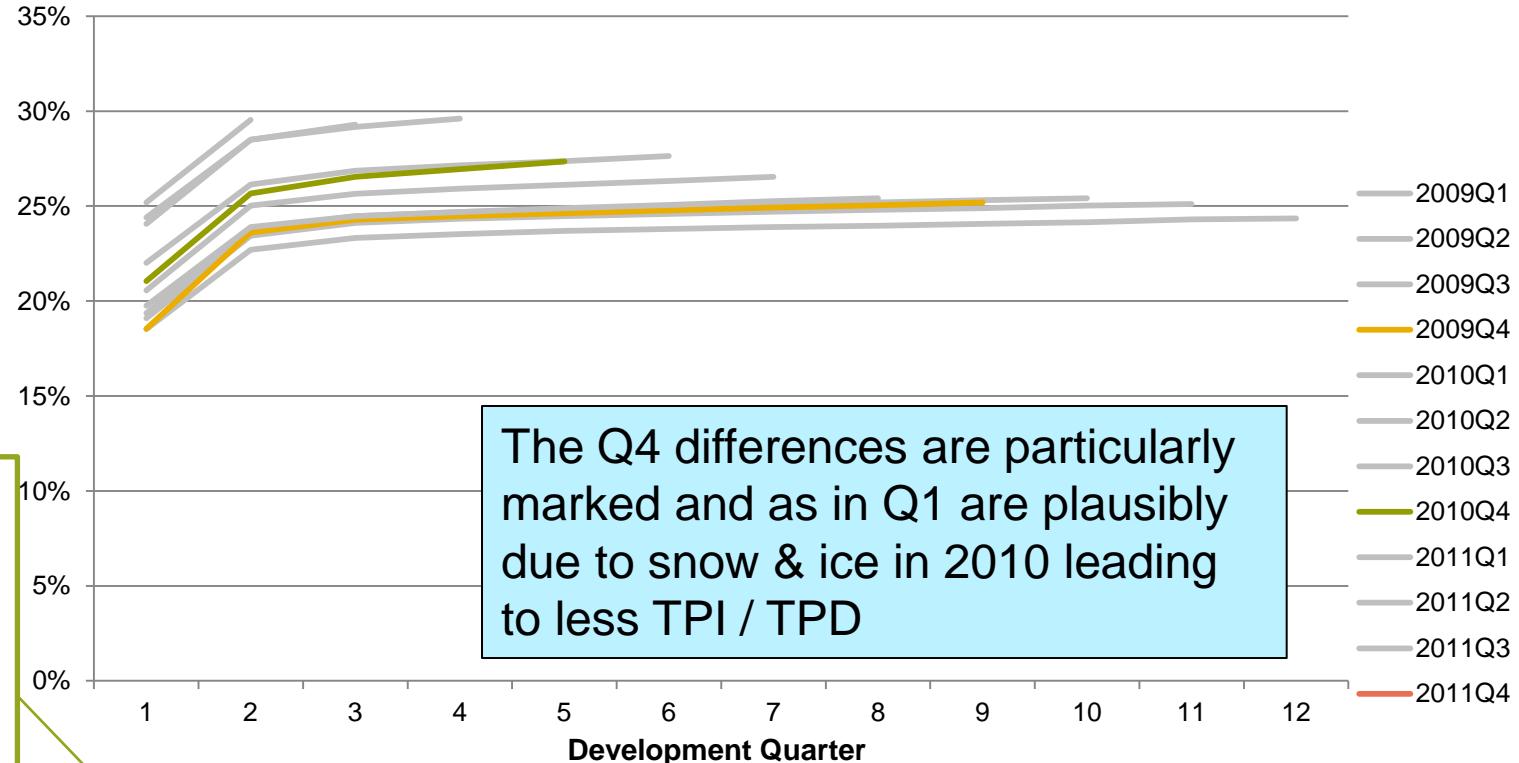
2009	-7%	-12%	2%	28%
2010	7%	-39%	14%	-27%
2011	-9%	-24%	-7%	-21%

Transactional Analysis – 0-1k Layer

Data trends



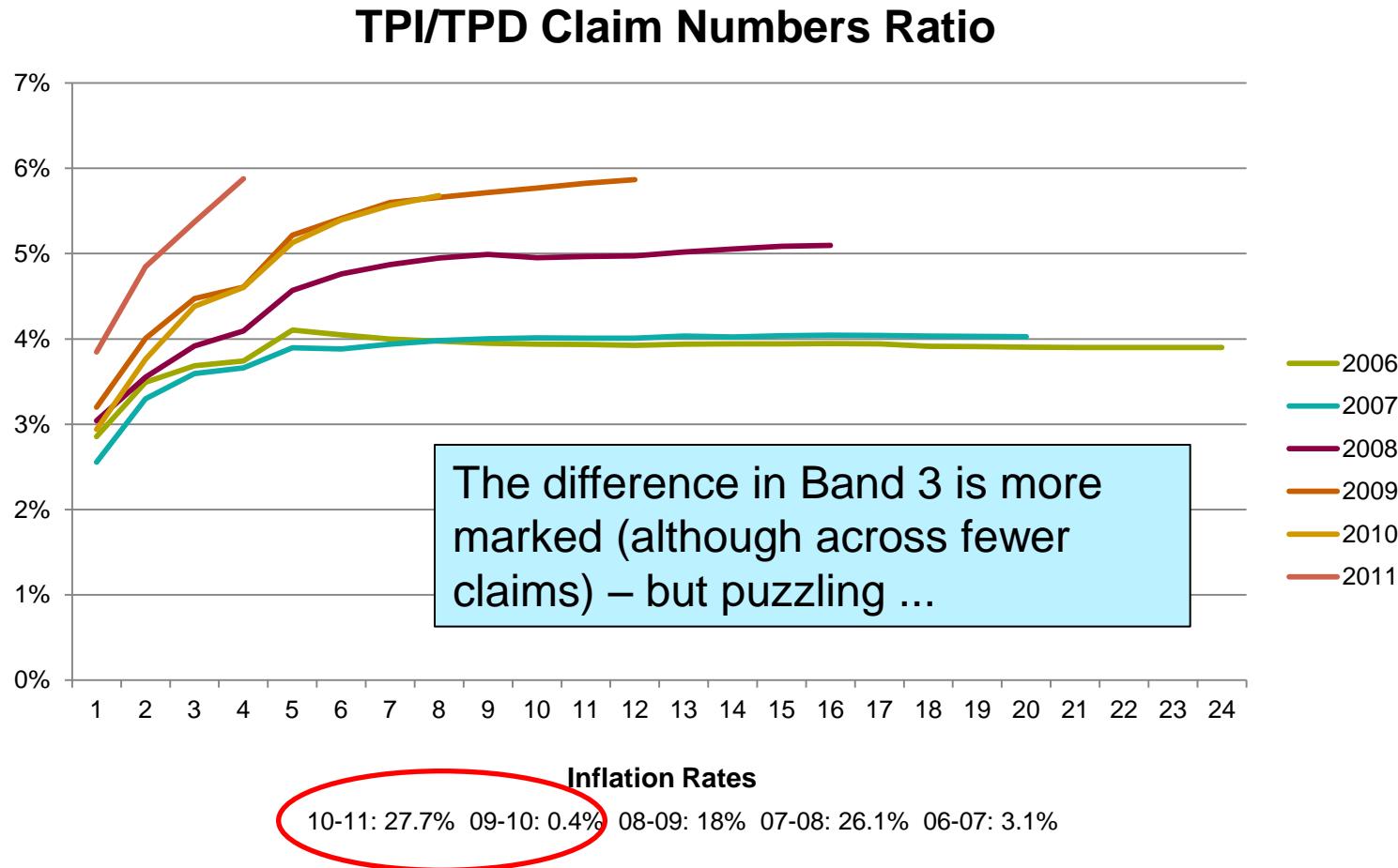
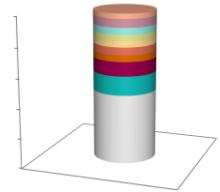
TPI/TPD Claim Numbers Ratio



Variation from 10 year quarterly average rainfall in England & Wales
Source: Met Office Hadley Observation centre

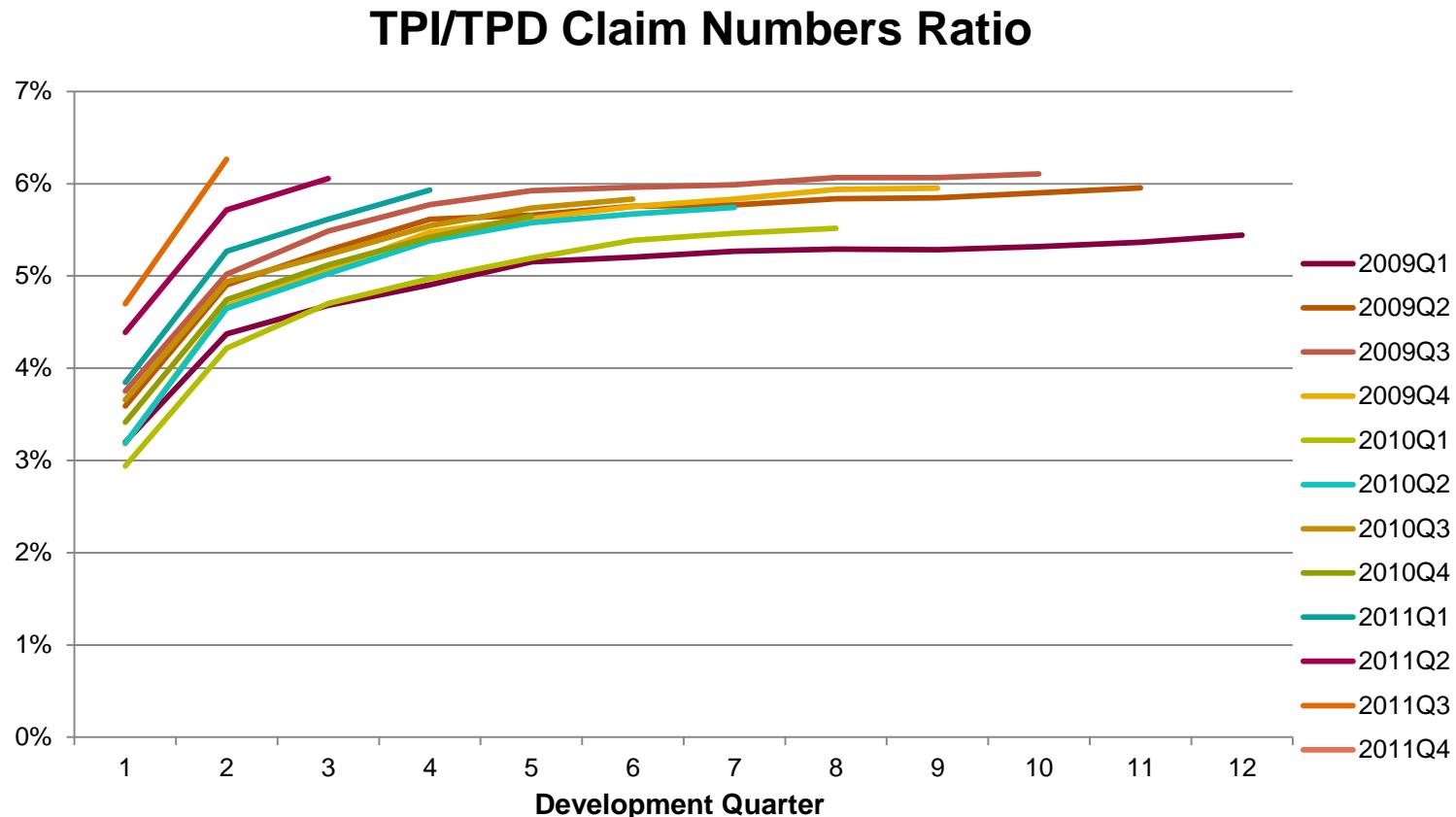
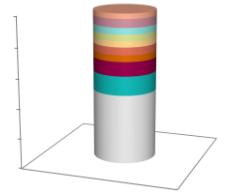
Transactional Analysis – 10k-20k Layer

Data trends



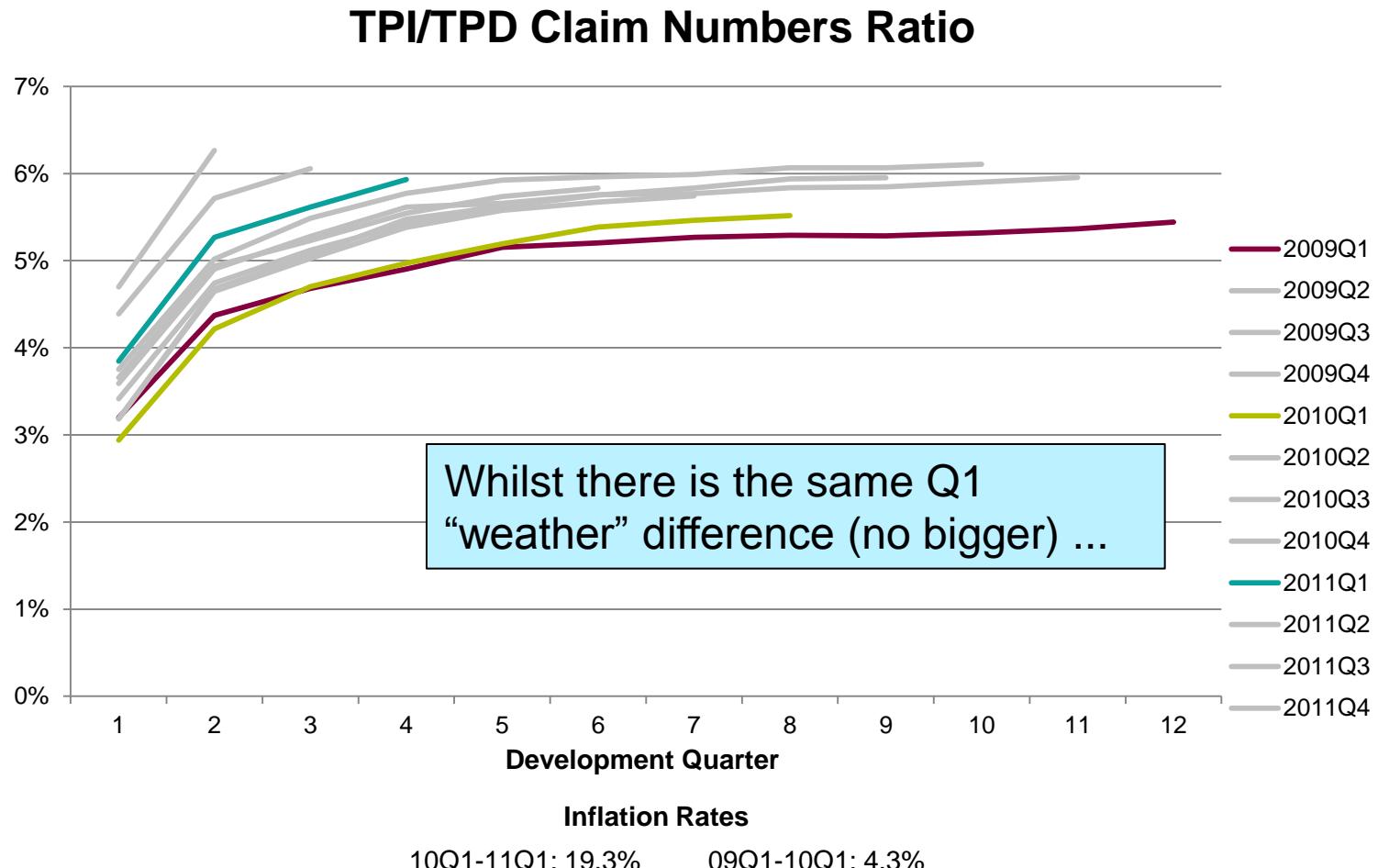
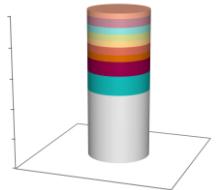
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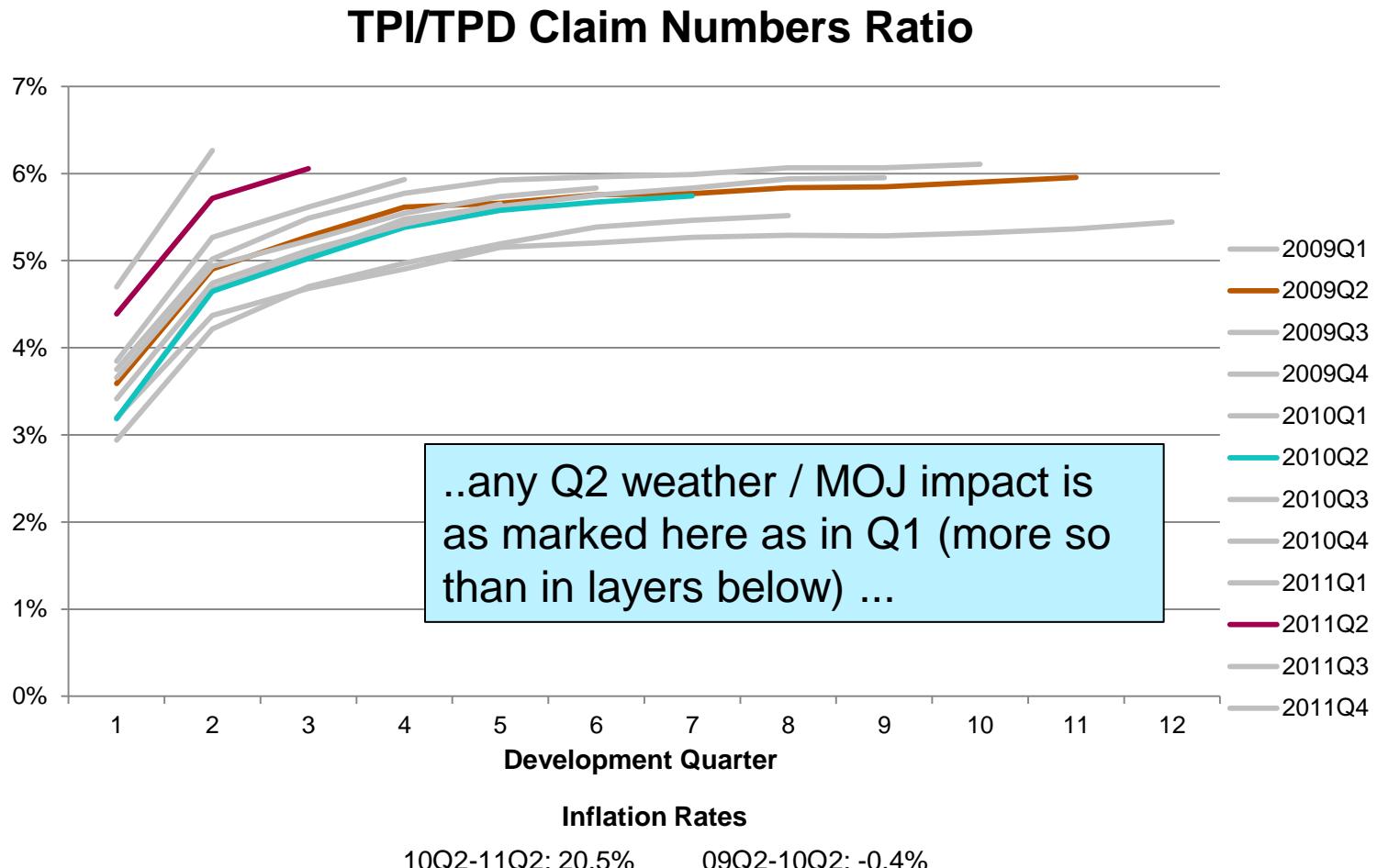
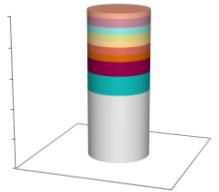
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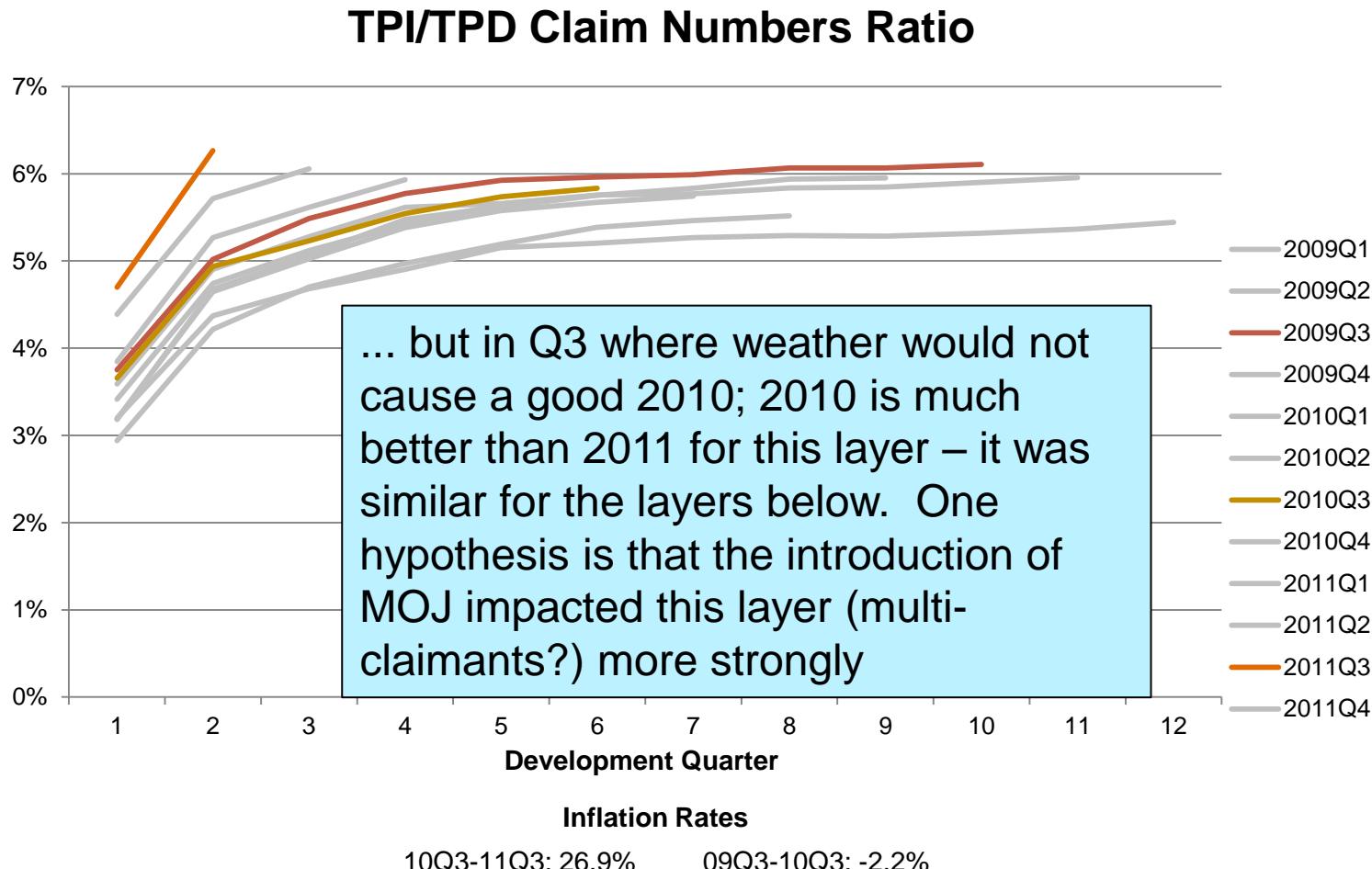
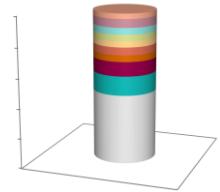
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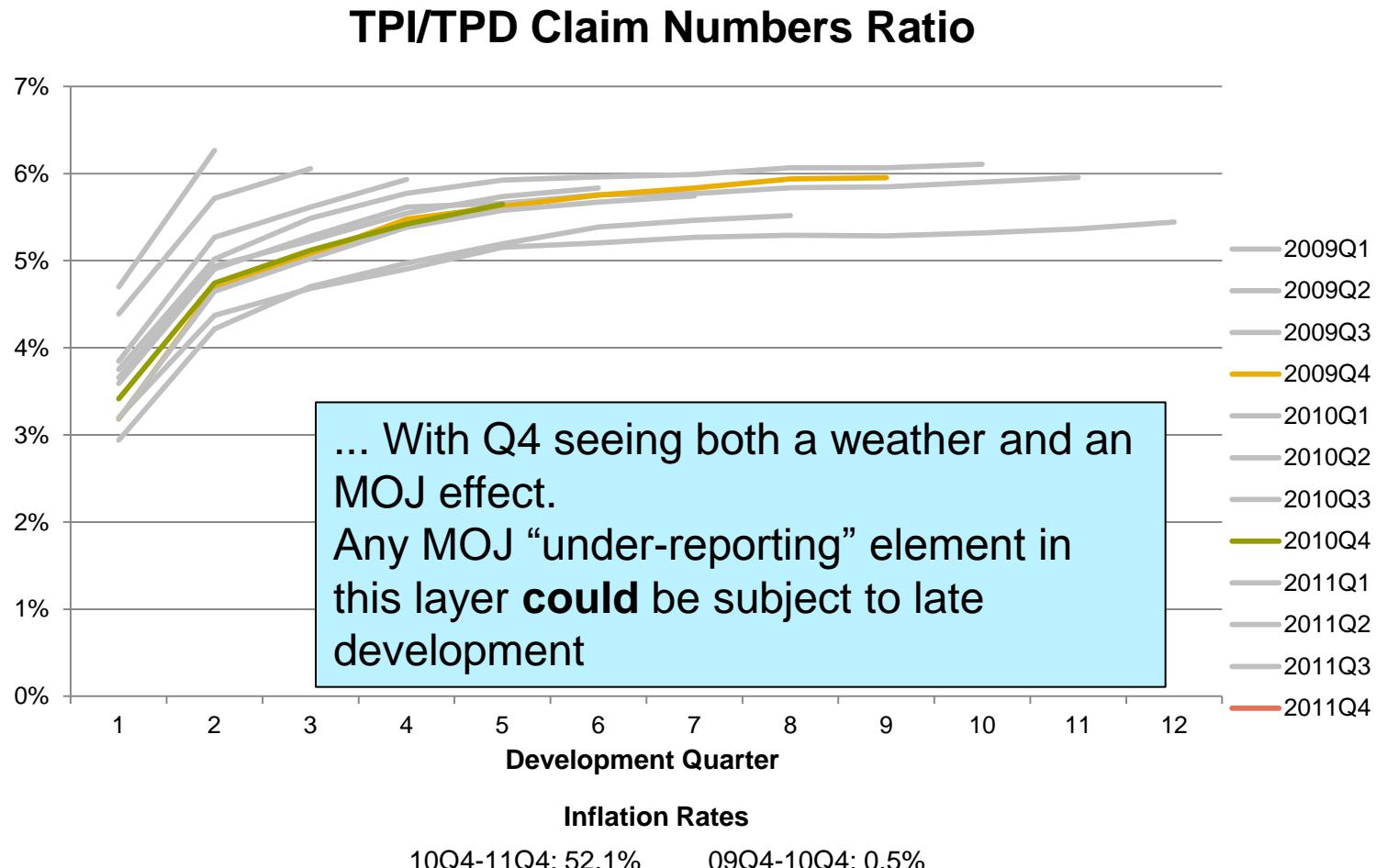
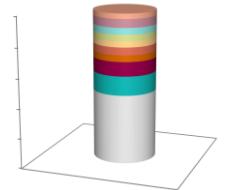
Transactional Analysis – 10k-20k Layer

Data trends



Transactional Analysis – 10k-20k Layer

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Question c: What do we know about multi-claimant claims?

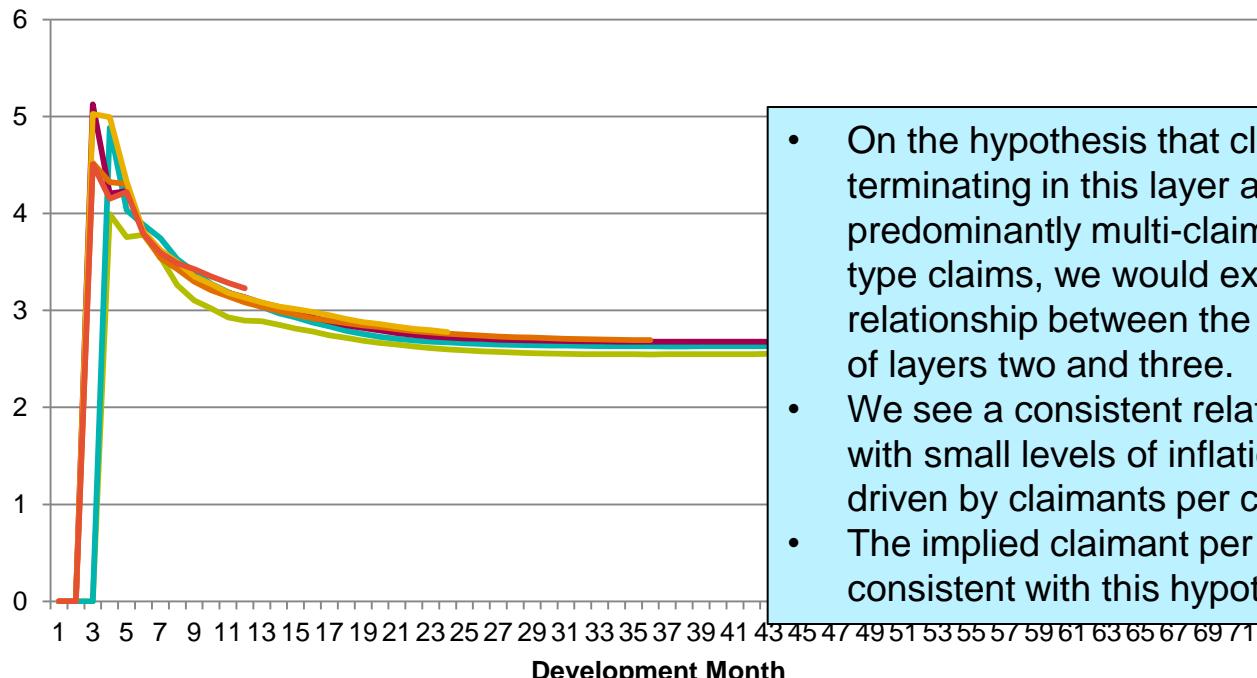
- MOJ individual claimant indemnity element of claim is in the range £1k to £10k.
- Multi-claimant claims would reasonably be expected to impact the £10k-£20k band
- Recognising we have no claimant data, can we infer anything about claimant per claim rates?

Transactional Analysis – 10k-20k Layer

Data trends



**FGU Average Cost of Claims Settling in Layer 3 over
FGU Average Cost of Claims Settling in Layer 2**



- On the hypothesis that claims terminating in this layer are predominantly multi-claimant whiplash-type claims, we would expect a strong relationship between the average cost of layers two and three.
- We see a consistent relationship albeit with small levels of inflation, potentially driven by claimants per claim inflation
- The implied claimant per claim ratio consistent with this hypothesis is 1.4

Inflation Rates

10-11: 3.1% 09-10: 0.6% 08-09: 0.5% 07-08: 1.7% 06-07: 3%

Transactional Analysis – 10k-20k Layer

Data trends



- Assuming claims finishing in layers two and three are predominantly whiplash-type claims (with those in layer two being single claimant and those in layer three being multi-claimant)
- The previous slide would then give an approximation to the average claimants per claim *for multi-claimant whiplash-type claims* of 2.7
- Using the number of claims ultimately finishing in layers two and three as a weighting (slide 37), this implies an average number of claimants per claim *for all whiplash-type claims* of circa 1.4

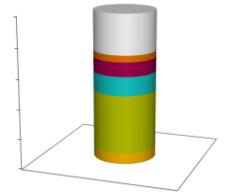
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5. Conclusions

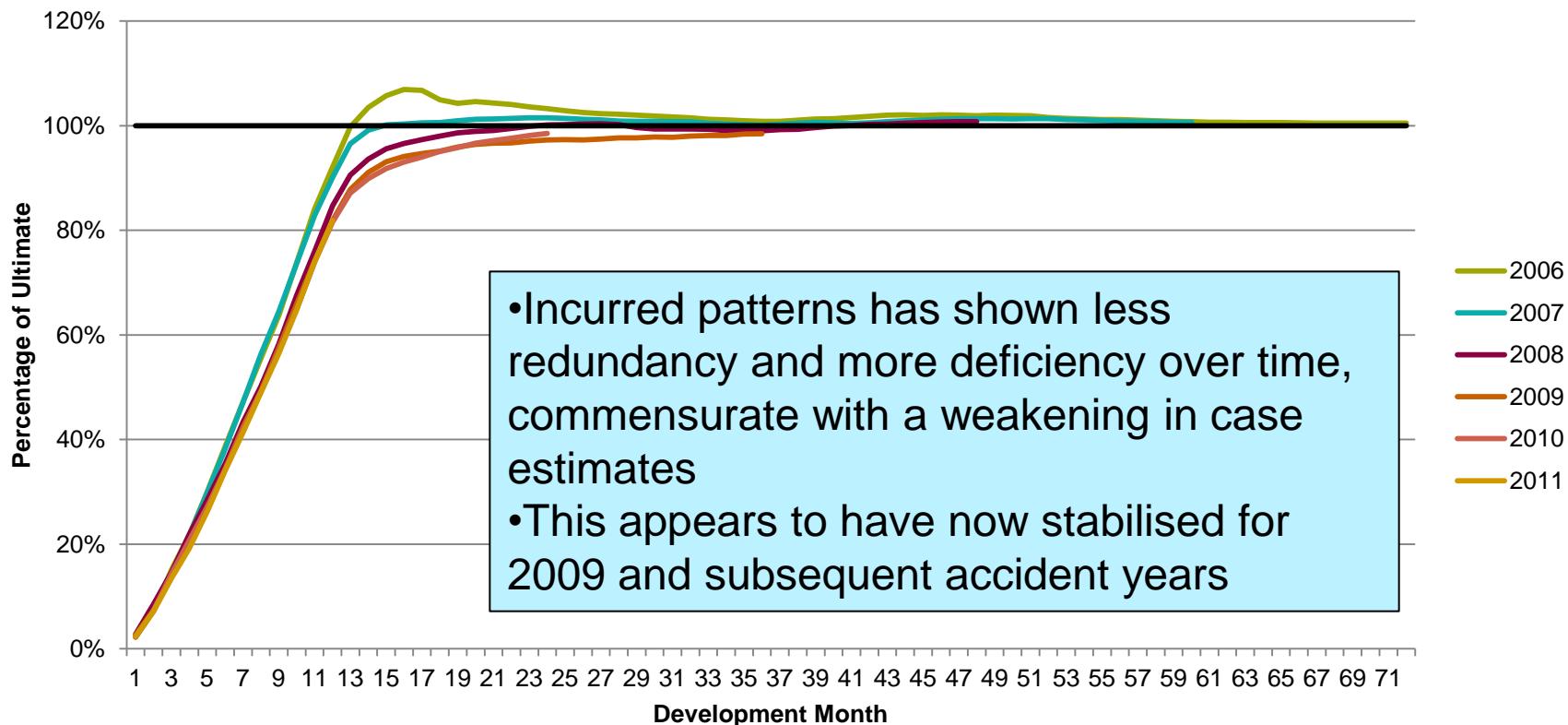
Question d: How weak/strong are case estimates?

- There were material concerns in 2010 that case estimates had weakened, with the risk that any reserving based on incurred methods could be flawed
- Emerging evidence suggests that this risk has reduced. It is hard to conclude however that it has disappeared.

Capped bodily injury Projected Results

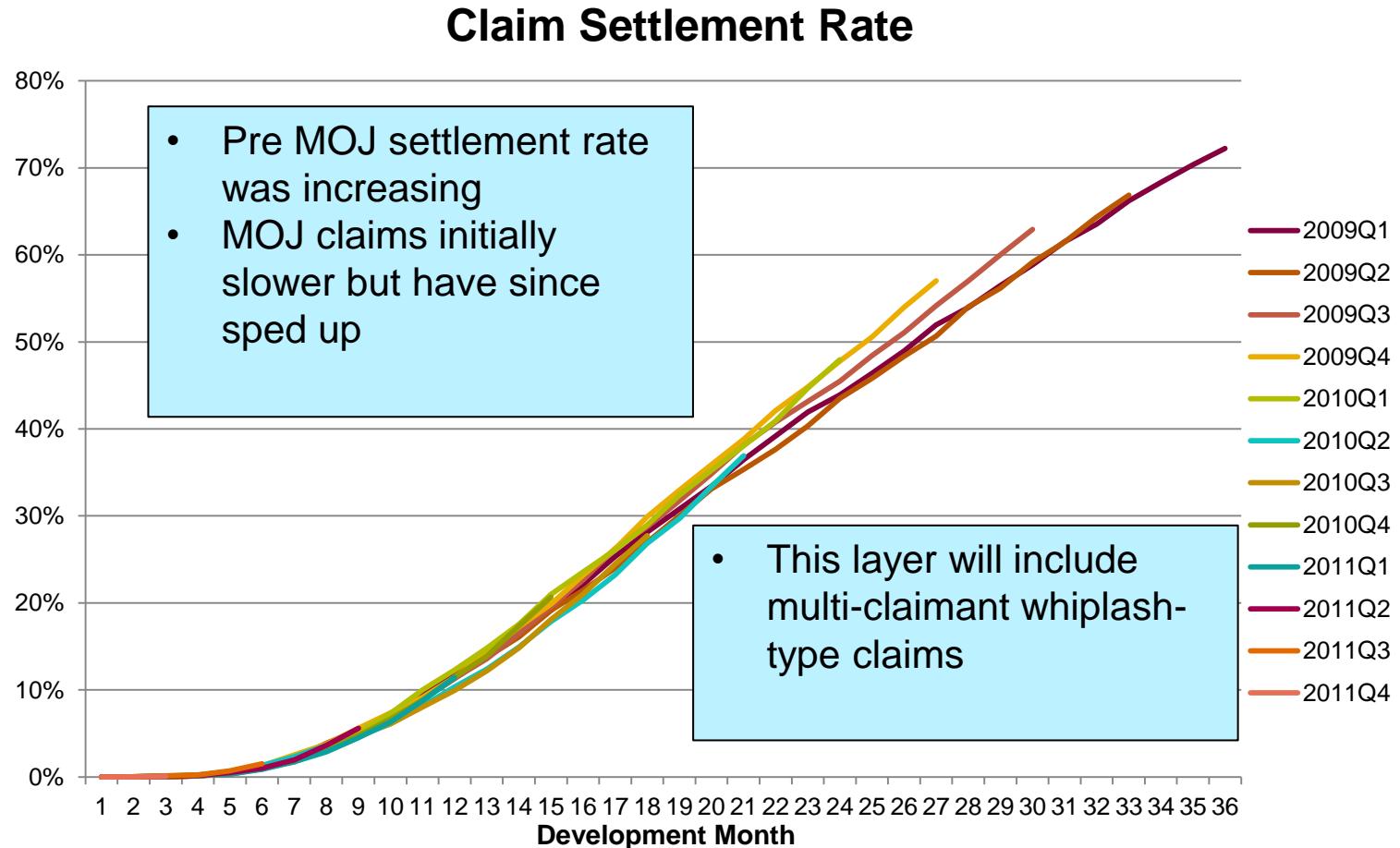
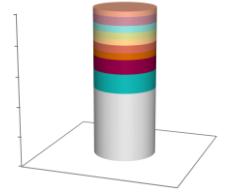


Capped TPI Incurred Claims - Percentage of Ultimate



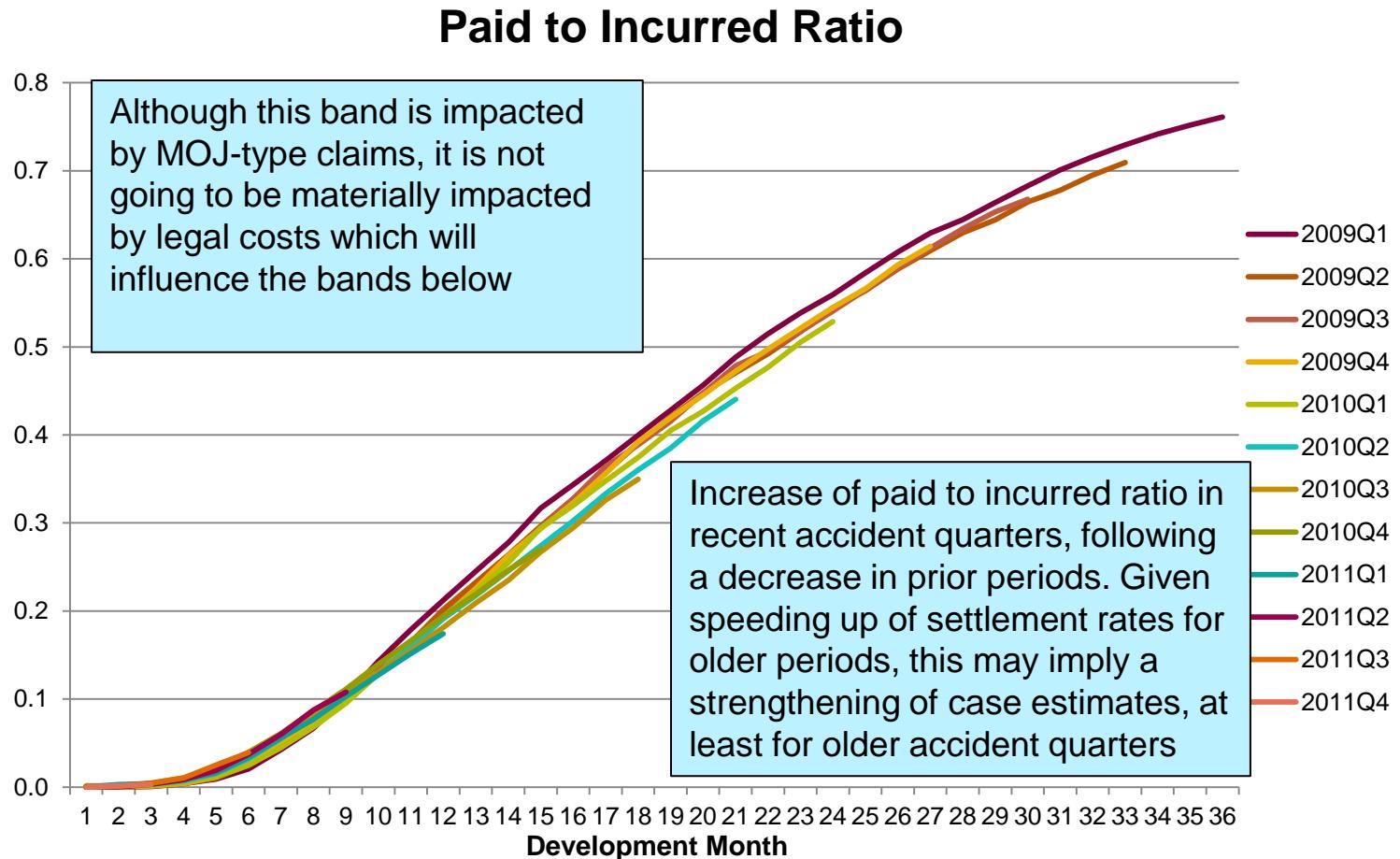
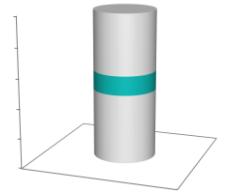
Transactional Analysis – 10k-20k Layer

Data trends



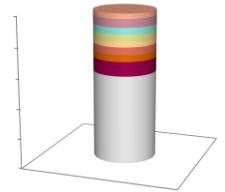
Transactional Analysis – 10k-20k Layer

Data trends

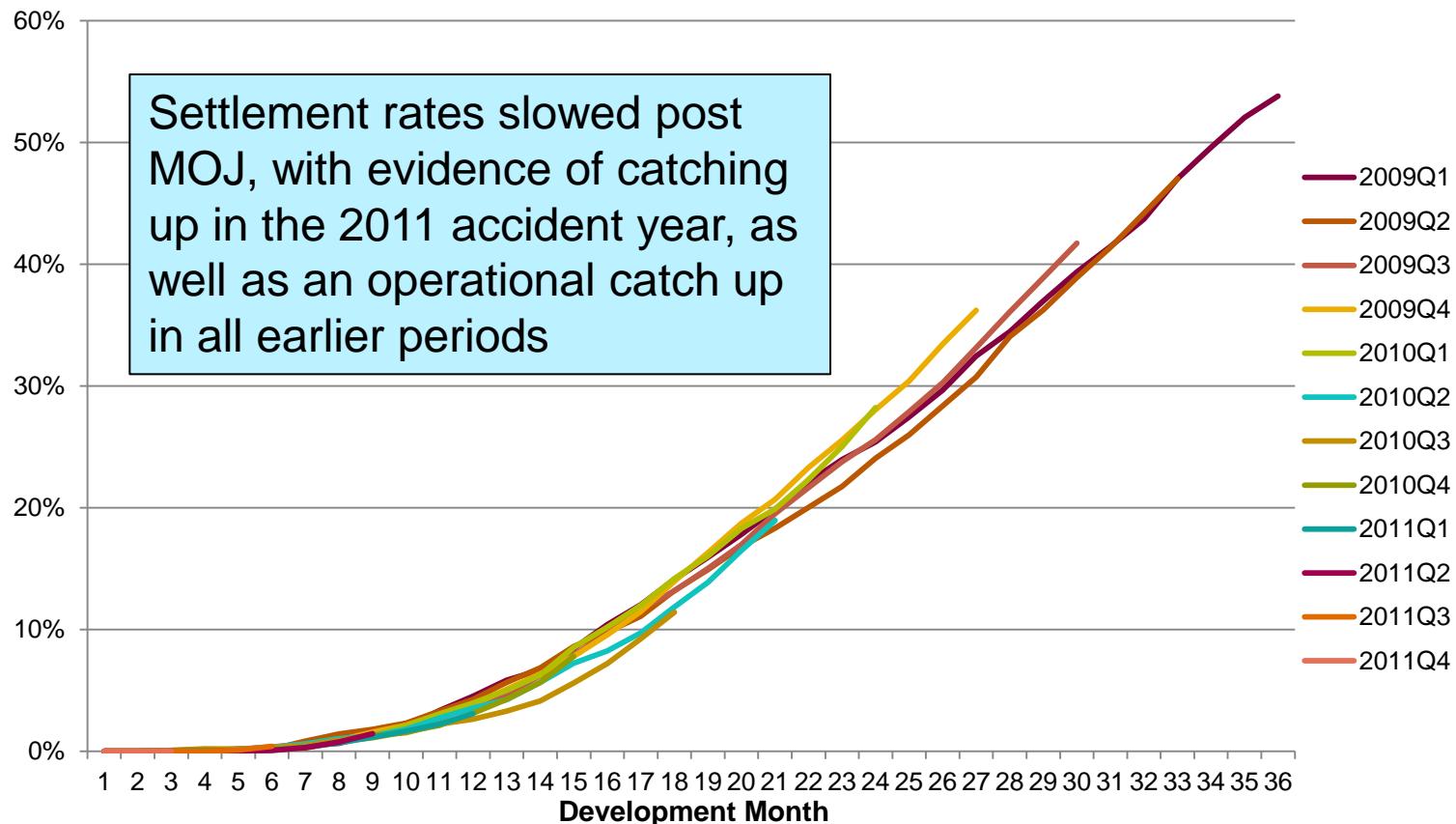


Transactional Analysis – 20k-50k Layer

Data trends

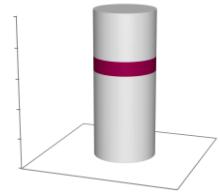


Claim Settlement Rate

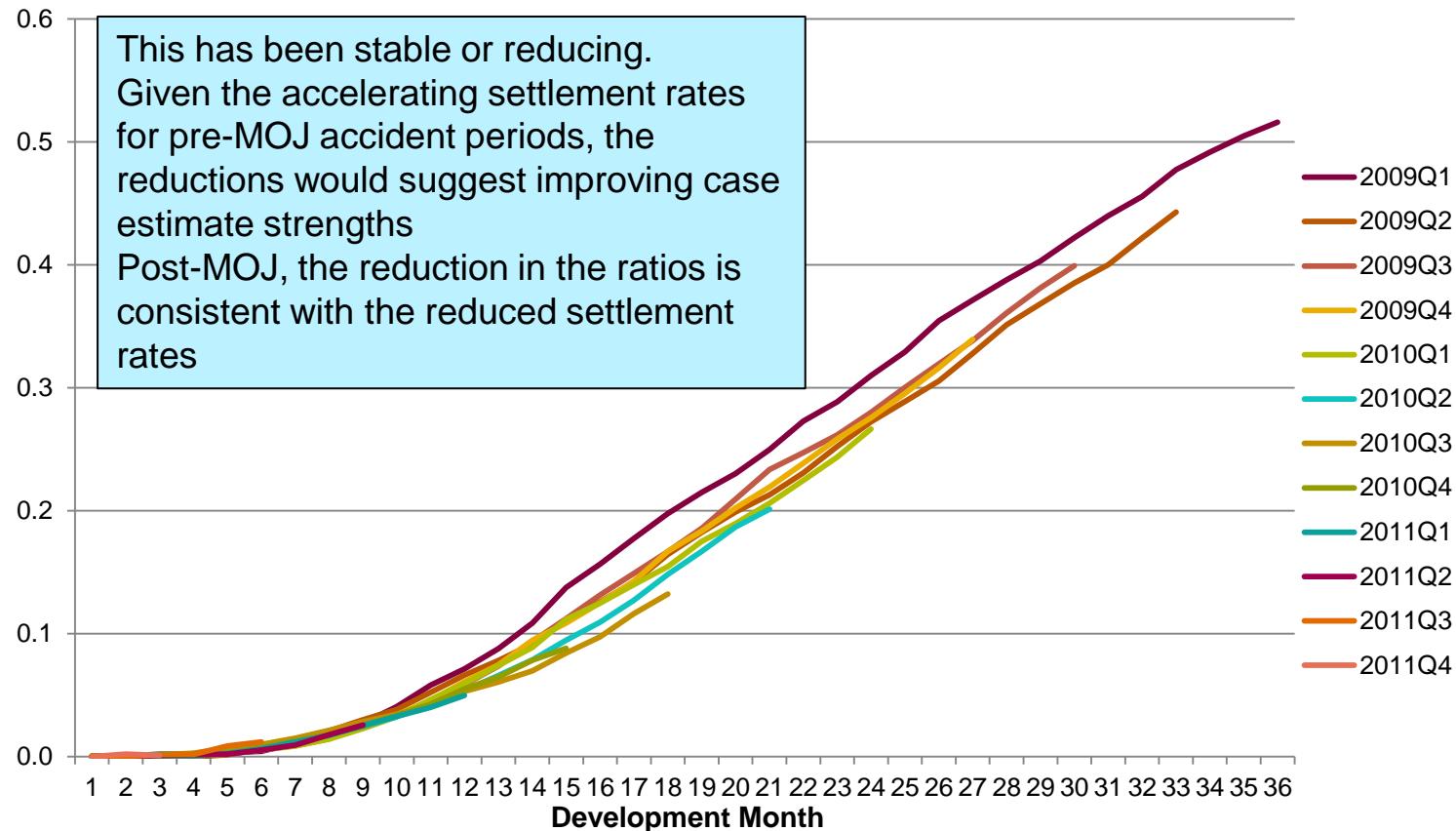


Transactional Analysis – 20k-50k Layer

Data trends

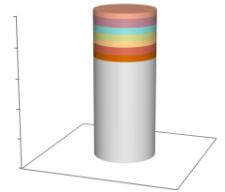


Paid to Incurred Ratio

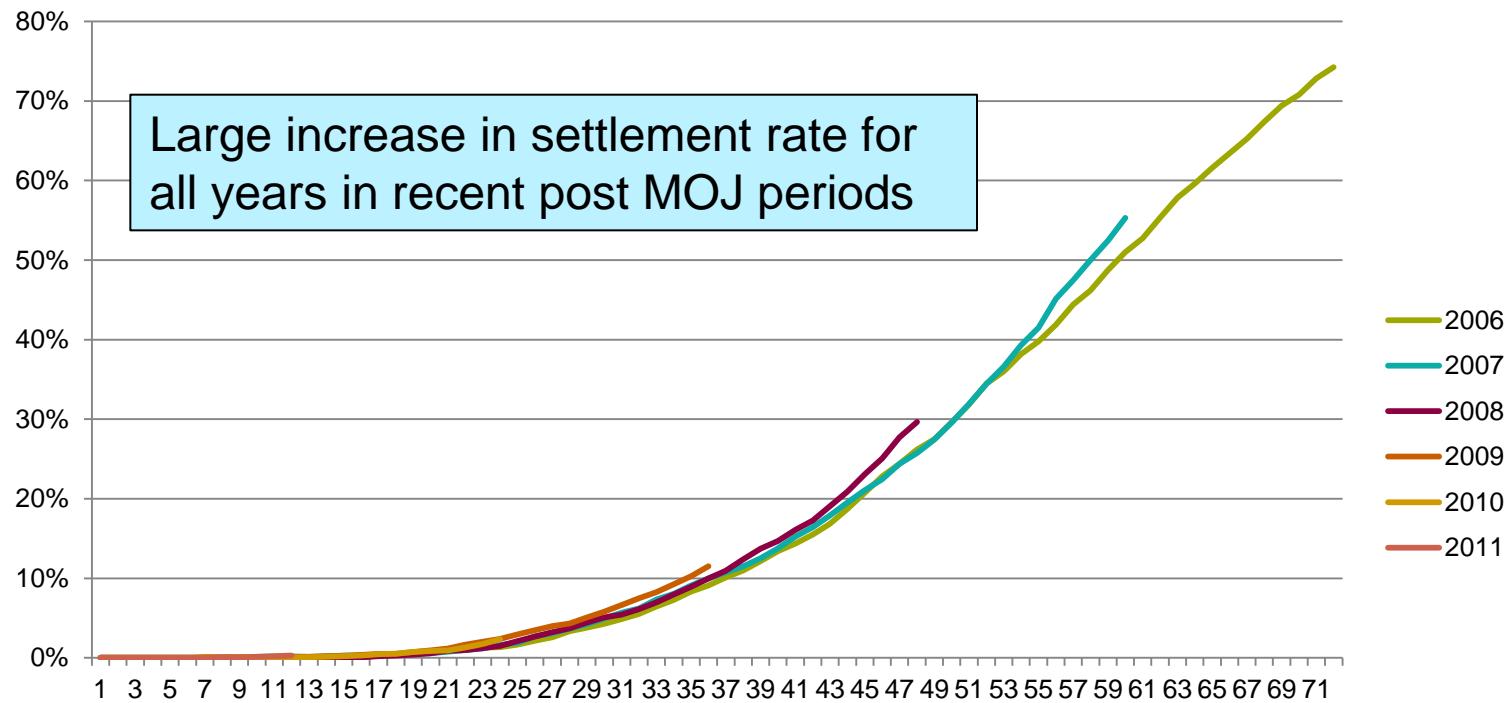


Transactional Analysis – 50k-100k Layer

Data trends



Claim Settlement Rate

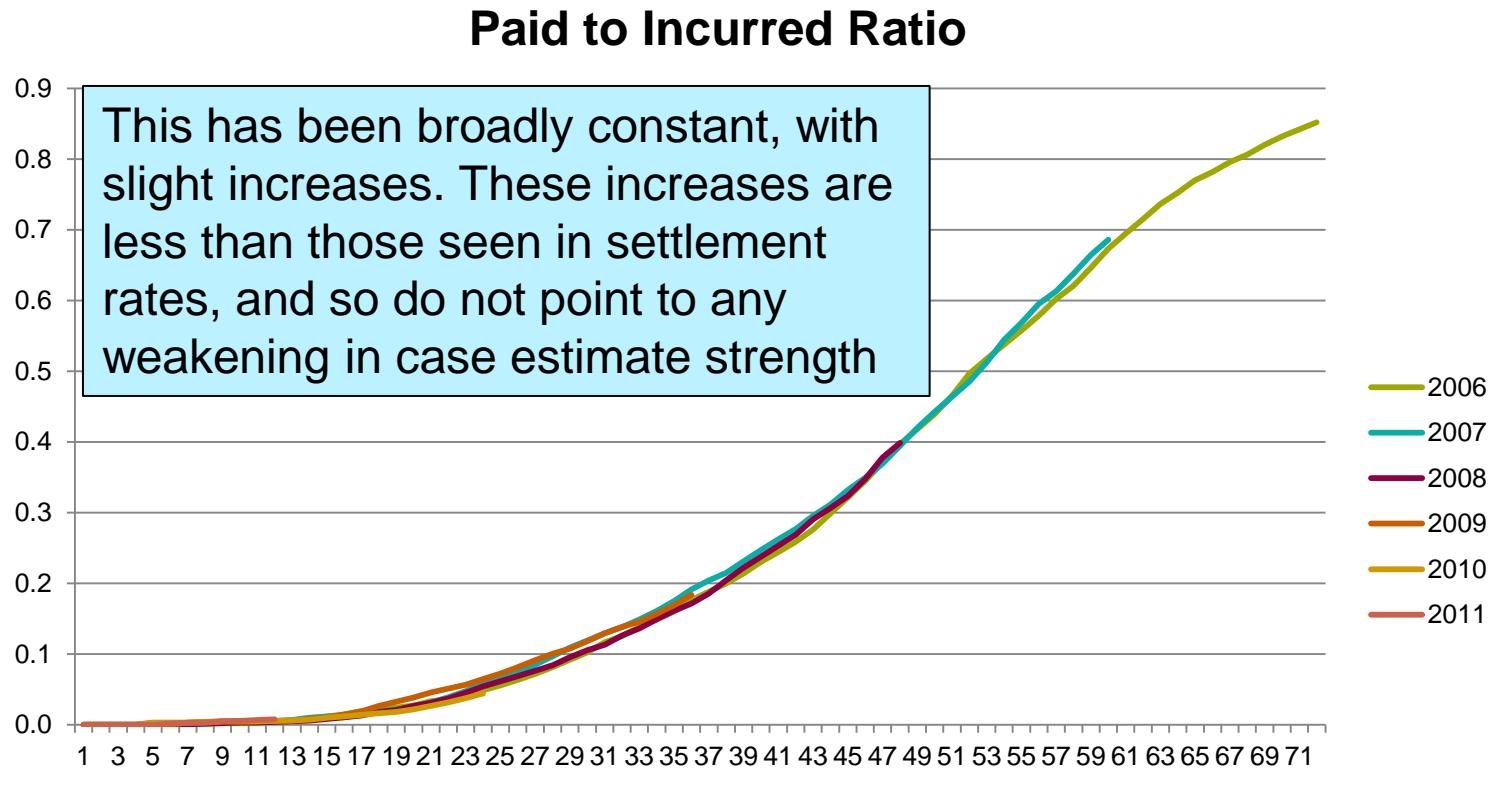
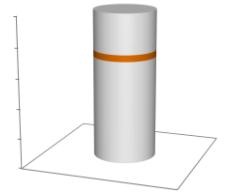


Inflation Rates

10-11: 462.2% 09-10: -0.4% 08-09: 15.2% 07-08: 15.2% 06-07: 8.5%

Transactional Analysis – 50k-100k Layer

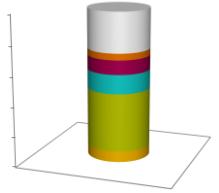
Data trends



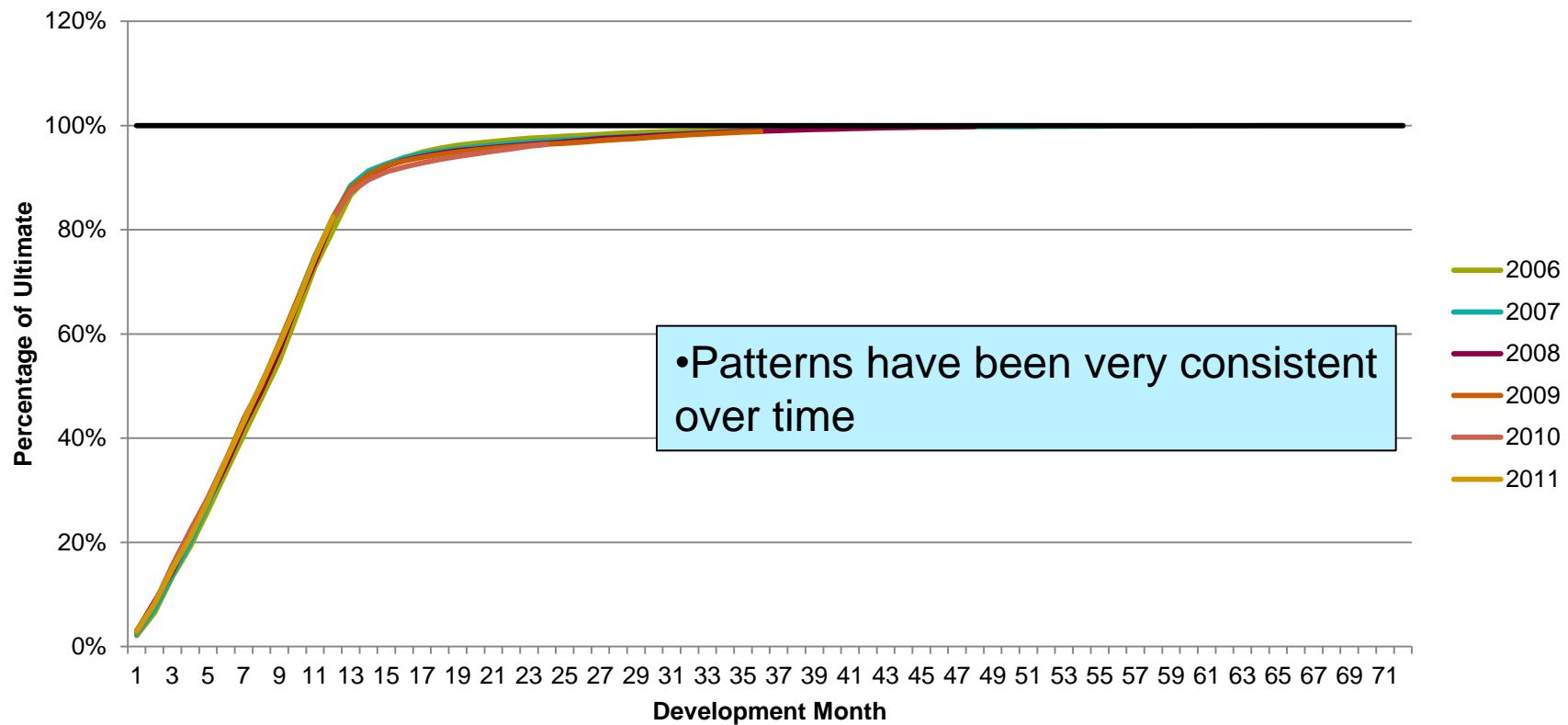
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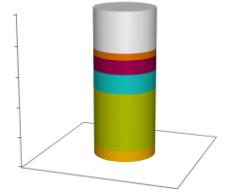
Capped bodily injury Projected Results



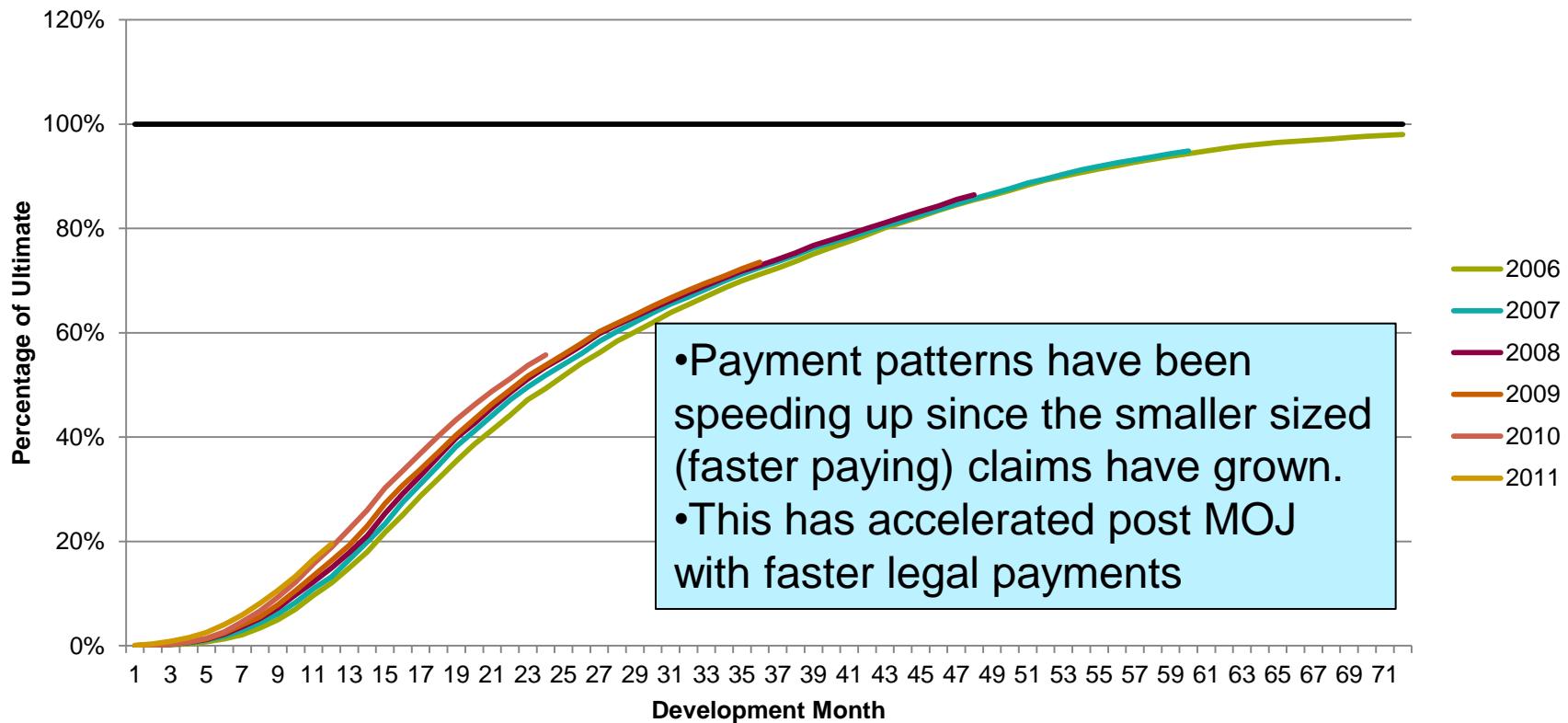
Capped TPI Claim Numbers - Percentage of Ultimate



Capped bodily injury Projected Results

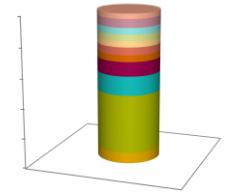


Capped TPI Paid Claims - Percentage of Ultimate

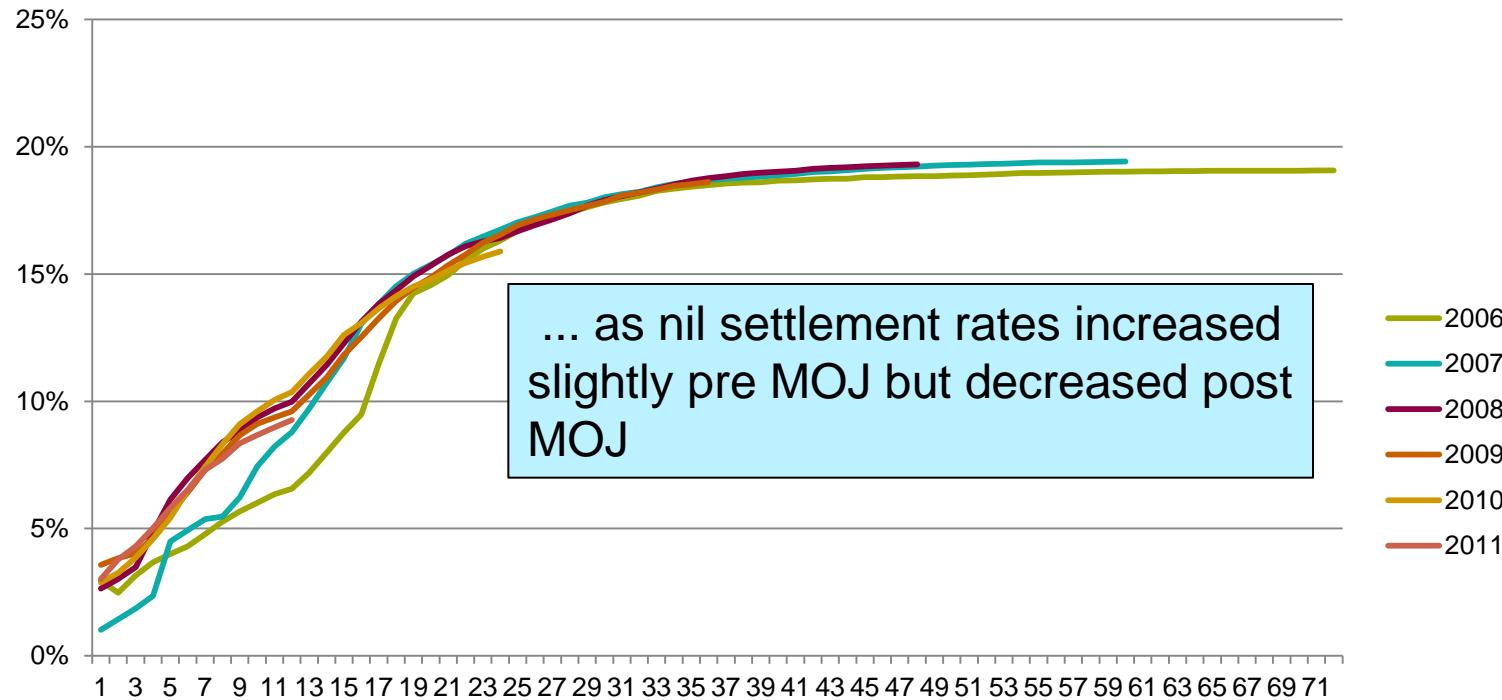


Transactional Analysis – 0-1k Layer

Data trends



Nil Claims Proportion

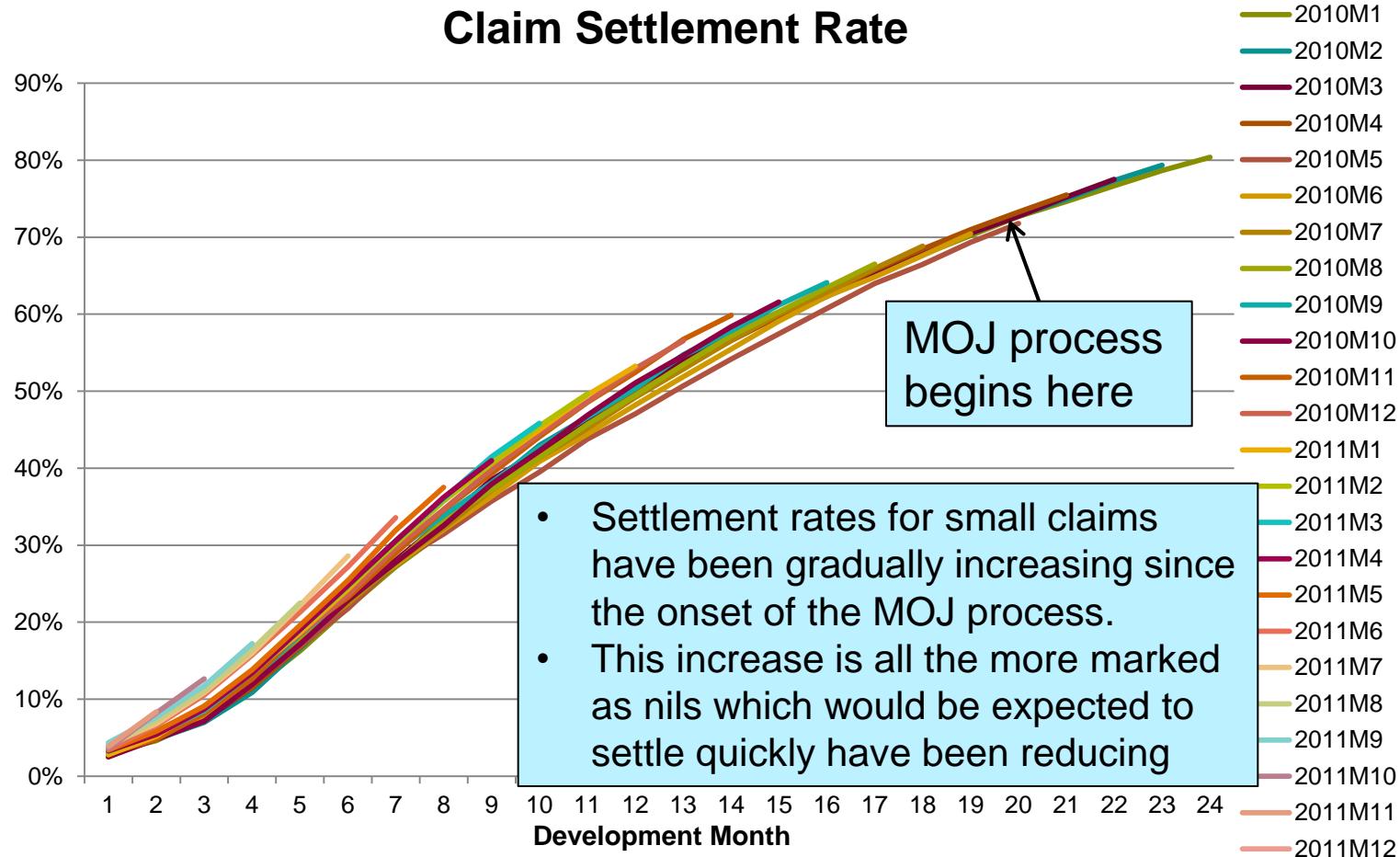
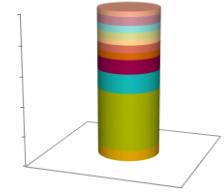


Inflation Rates

10-11: -10.6% 09-10: -4% 08-09: -0.8% 07-08: 0.4% 06-07: 2.1%

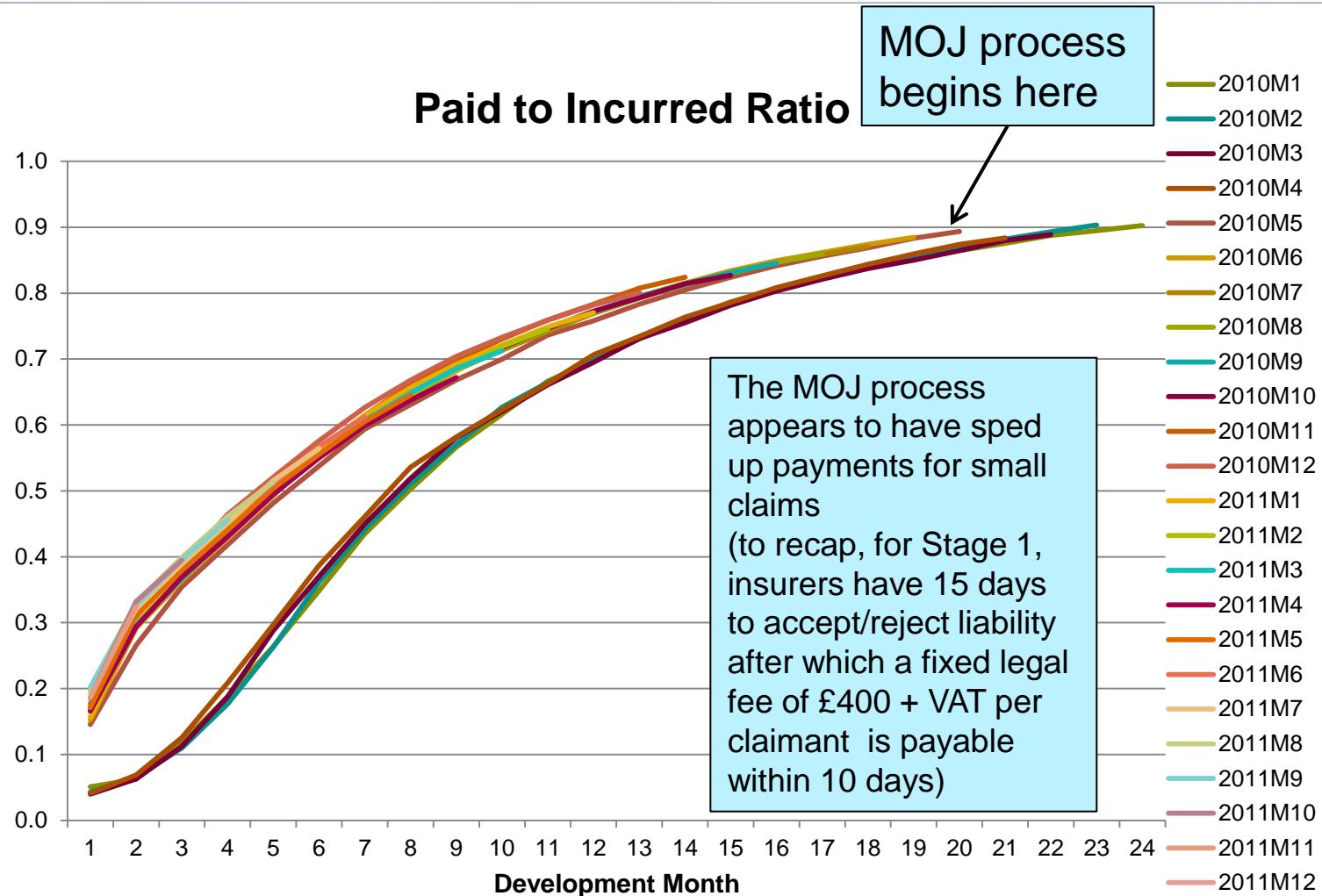
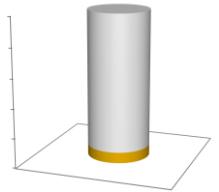
Transactional Analysis – 0-1k Layer

Data trends



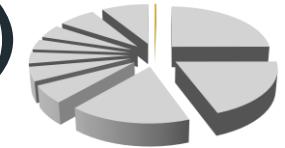
Transactional Analysis – 0-1k Layer

Data trends



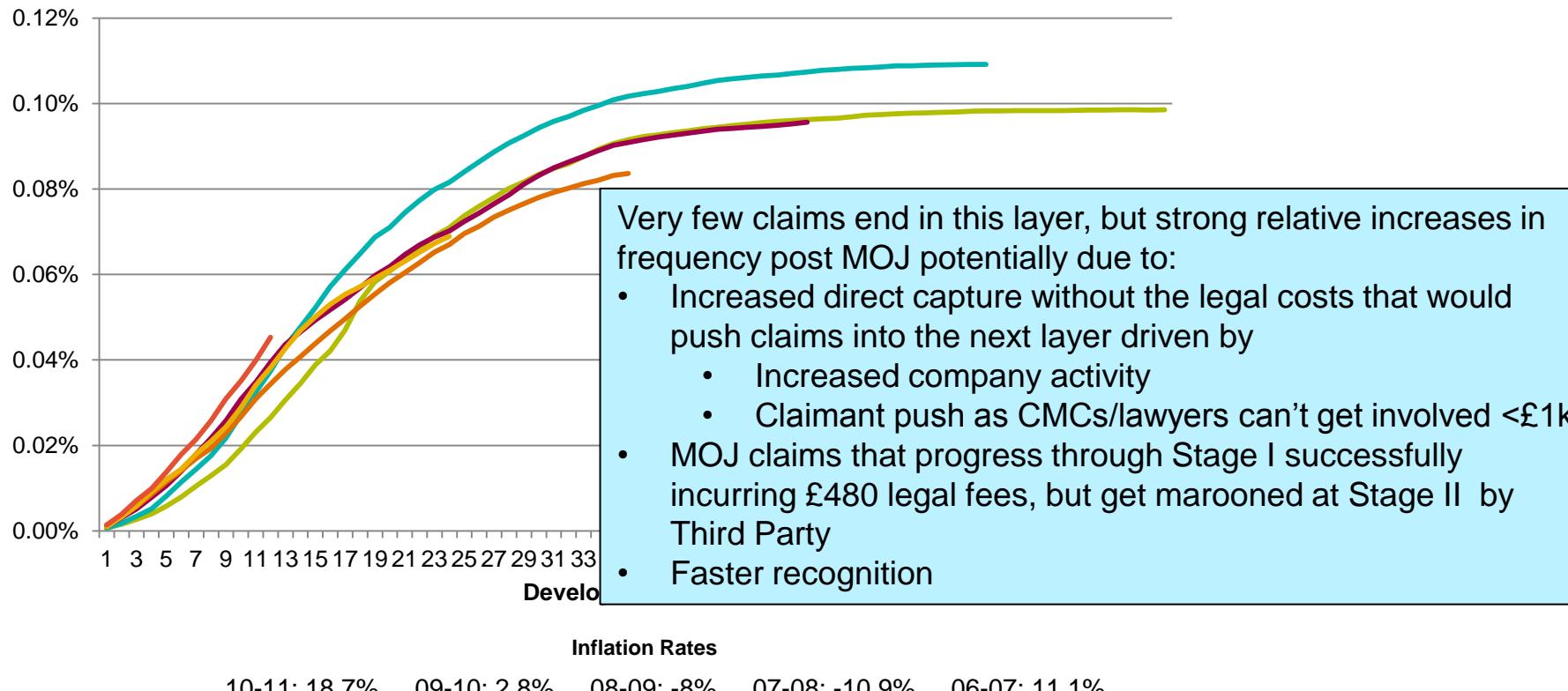
Transactional Analysis – 0-1k Layer (excl nils)

Data trends



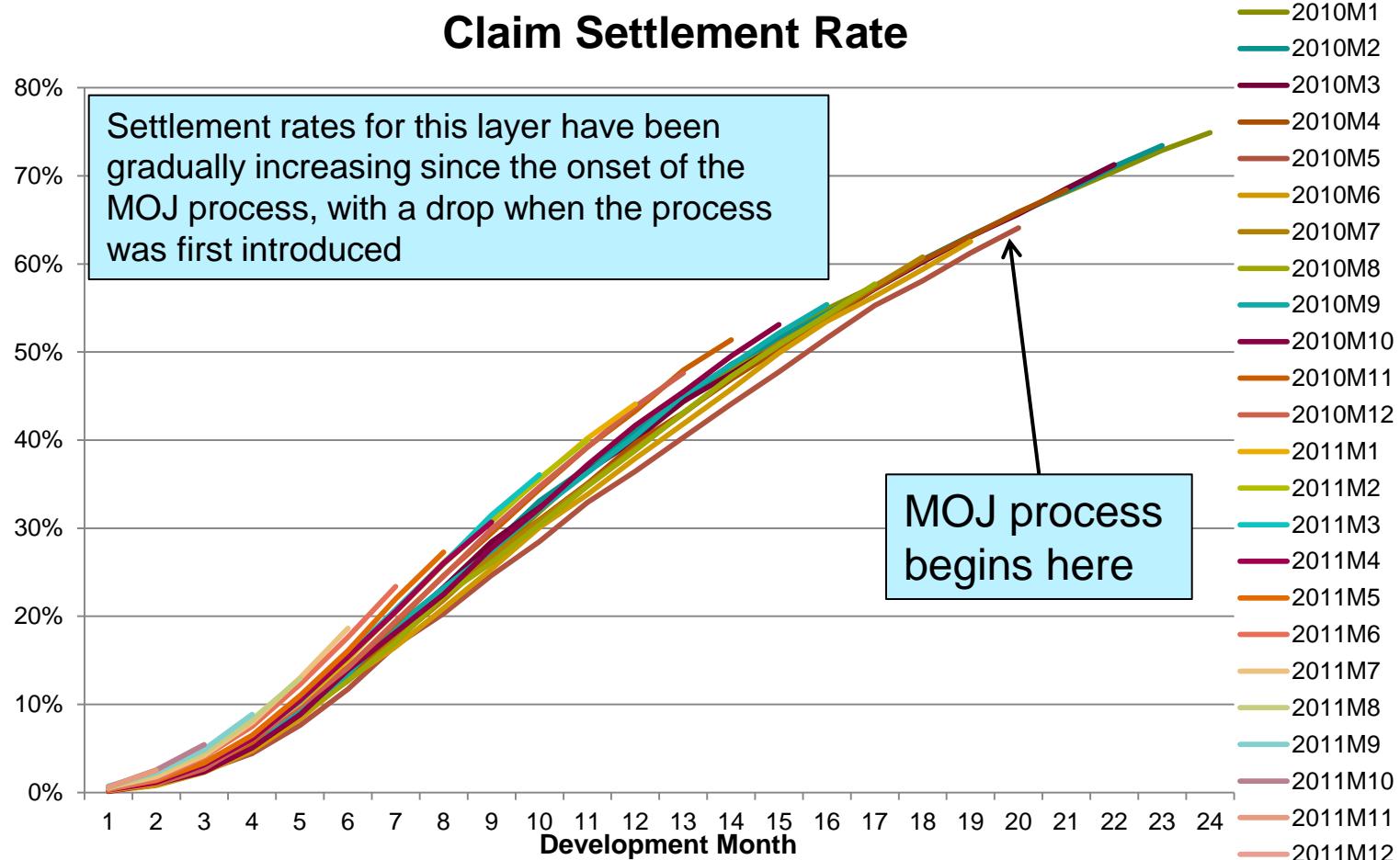
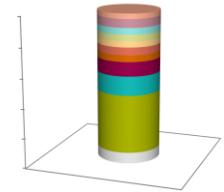
Frequency of Claims in Layer (excl nils)

Layer 1: 0 to 1k



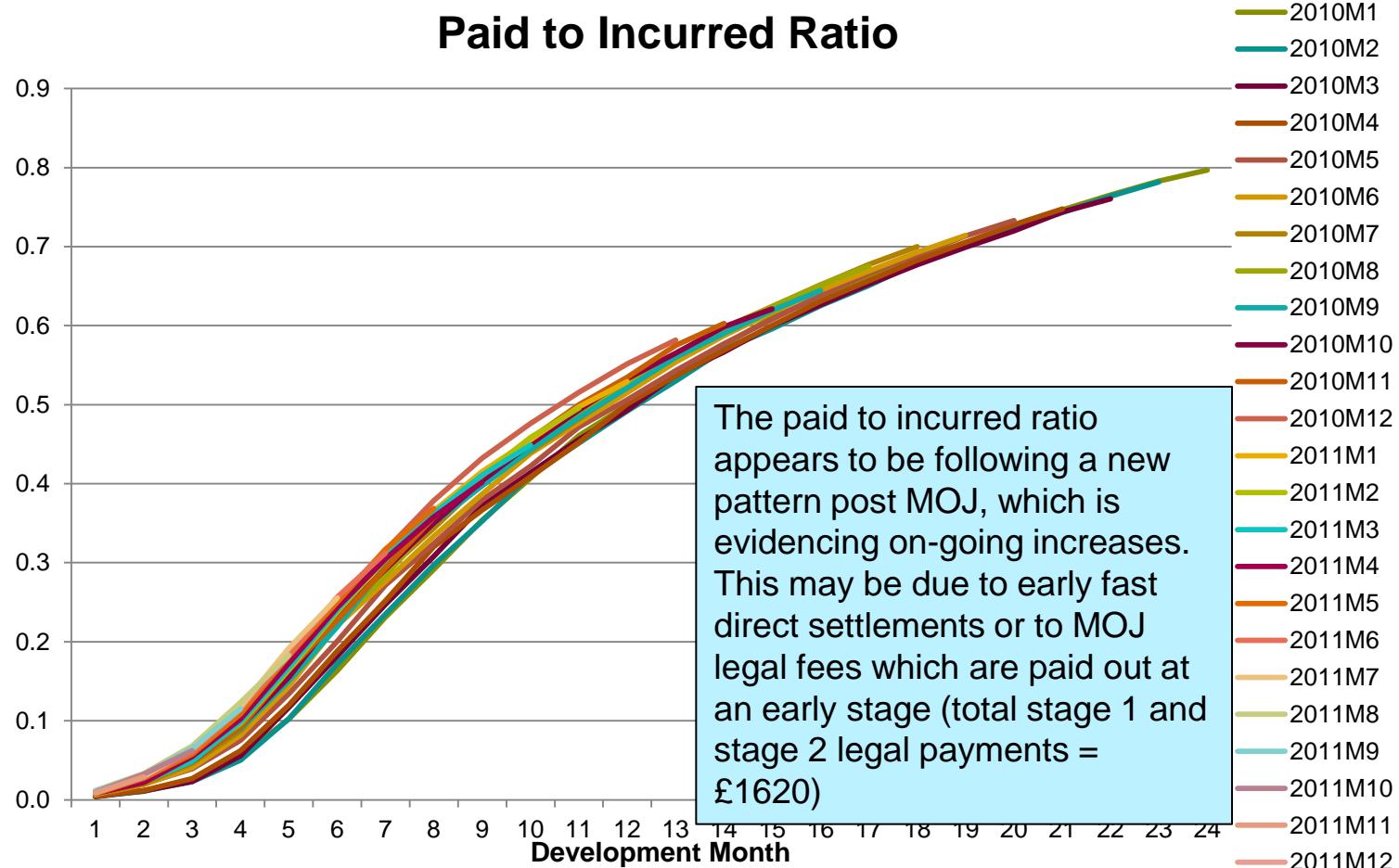
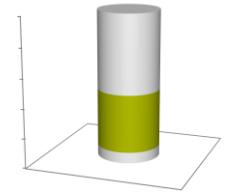
Transactional Analysis – 1k-10k Layer

Data trends



Transactional Analysis – 1k-10k Layer

Data trends



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Questions and Provisional Answers

	Questions	Our Provisional Answers
a.	What is small TPI inflation?	<ul style="list-style-type: none">Burn cost inflation has increased slightly since 2008, now sitting at 15%. Greater numbers of claims between £20k & £50k have been the greatest contributor to recent higher inflation. If future TPD frequencies do not drop, prospective burn cost inflation could be > 20%.
b.	2011 – catch up or new trend?	<ul style="list-style-type: none">Catch Up from 2010 experience driven by<ol style="list-style-type: none">Anomalous weather in 2010MOJ changes disrupting CMCs?These support 2011 being a catch-upRelatively, 2010 should not develop adversely based on i; but ii could bring (diminishing) risk of “back-farming”
c.	What do we know about multi-claimant claims?	<ul style="list-style-type: none">data supports £10k-£20k layer being dominated by multi-claimant claims, with c. 1.4 claimants / claim
d.	How weak/strong are case estimates?	<ul style="list-style-type: none">Case estimates were identified as weak in our 09/10 work; they have strengthened but are still a concern
e.	What's changed post MOJ?	<ul style="list-style-type: none">Simple whiplash claims settling faster; inflation continues. Adverse operational impact on large claims now diminishing.

Questions or comments?

Expressions of individual views by members of The Actuarial Profession and its staff are encouraged.

The views expressed in this presentation are those of the presenter.



Appendix

19 September 2012

Appendix

Notes on projections

- Mechanical projection methodology
- Claims have been projected in 11 layers (all in 2010 money, indexed at 7% pa)
 - 0 to 1k
 - 1k to 10k
 - 10k to 20k
 - 20k to 50k
 - 50k to 100k
 - 100k to 250k
 - 250k to 500k
 - 500k to 1m
 - 1m to 2m
 - 2m to 5m
 - 5m+
- Previous TPWP reports have not indexed layers. Therefore meaningful comparisons can not be made between this and previous studies
- The first six layers (up to 250k) are projected by accident quarter, the remaining layers are projected by accident year

Notes on projections

- The claims data used for this analysis contains shifts in the underlying proportions of claims between contributors, who may display differing case reserving philosophies for the largest claims over time. Because of this, the TPWP feels that any mechanical projection of combined paid or incurred claims for the aggregate market is likely to be misleading.
- For this reason, insurers with differing case reserving philosophies were treated separately in this review. This is a different approach to the previous study.
- The results of the initial layered analysis were then appropriately adjusted in order to give results that are in line with the separate projections mentioned above.

Initial Projection Methodology

Claim Numbers

The claim number projections were based on a mechanical application of the following process:

- A basic chain-ladder technique was applied to a triangle of reported claim numbers by quarterly origin for layers < £250k and annual origin for layers > 250k.
- A trend line was fitted to the implied projected claim frequency between 2007Q1 and 2010Q2 (for layers < £250k) or between 2006 and 2010 (for layers > £250k).
- The selected claim frequency was taken as the basic chain-ladder projection for accident years prior to 2011 and a weighted-average (Bornhuetter- Ferguson) of the basic chain-ladder projection and the trended frequency for 2011.

Initial Projection Methodology

Claim Amounts

The claim amount projections were based on a mechanical application of the following process:

- A basic chain-ladder technique was applied to triangles of paid claims and incurred claims by quarterly origin for layers < £250k and annual origin for layers > £250k
- The implied initial average cost was estimated by combining the projected paid and projected incurred:
 - For layers < £100k, an average of the projected paid and projected incurred was used up to and including 2010Q2 and the projected incurred for 2010Q3 onwards
 - For layers between £100k and £1m, an average of the projected paid and projected incurred was used up to and including 2008 and the projected incurred for 2009 onwards
 - For layers > £1m, the projected incurred was selected for all accident periods

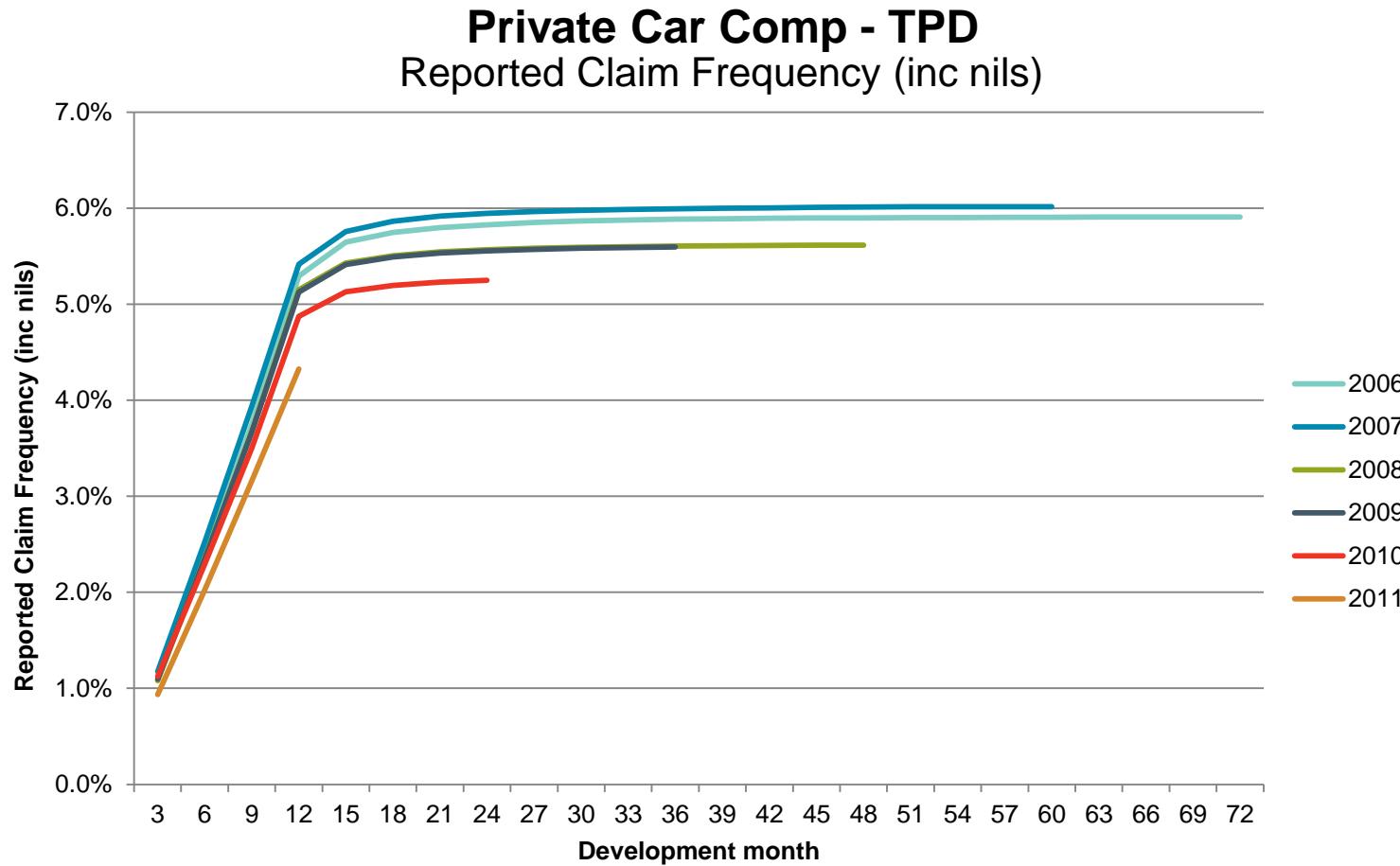
Initial Projection Methodology

Claim Amounts

- A trend line was fitted to the implied initial average cost between 2007Q1 and 2010Q4 (for layers < £250k) or between 2006 and 2010 (for layers > 250k).
- The selected average cost was taken as the basic chain-ladder projection for accident years prior to 2011 and a weighted-average (Bornhuetter-Ferguson) of the basic chain-ladder projection and the trended average cost for 2011.
- No tail beyond 12 years as the earliest data is from 2000.
- An x% tail factor would increase ultimates for all accident years by x% but with the same trend across years.
- Any projection based on incurred data is reliant on the accuracy and consistency of case estimates over time

Summary of Published Findings (June 2012)

Claim frequency

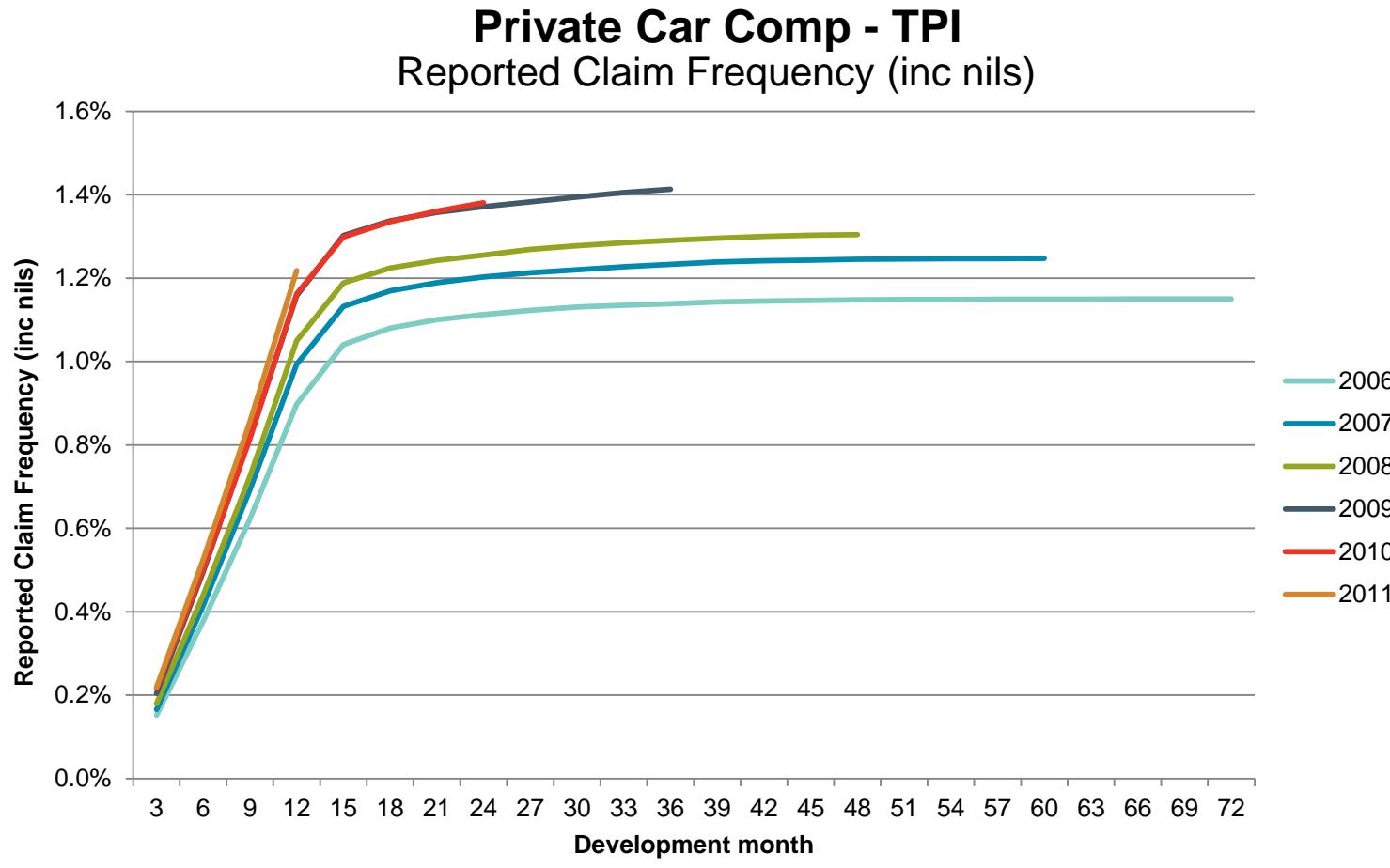


Inflation Rates

10-11: -11.2% 09-10: -5.5% 08-09: -0.2% 07-08: -6.6% 06-07: 1.9%

Summary of Published Findings (June 2012)

Claim frequency

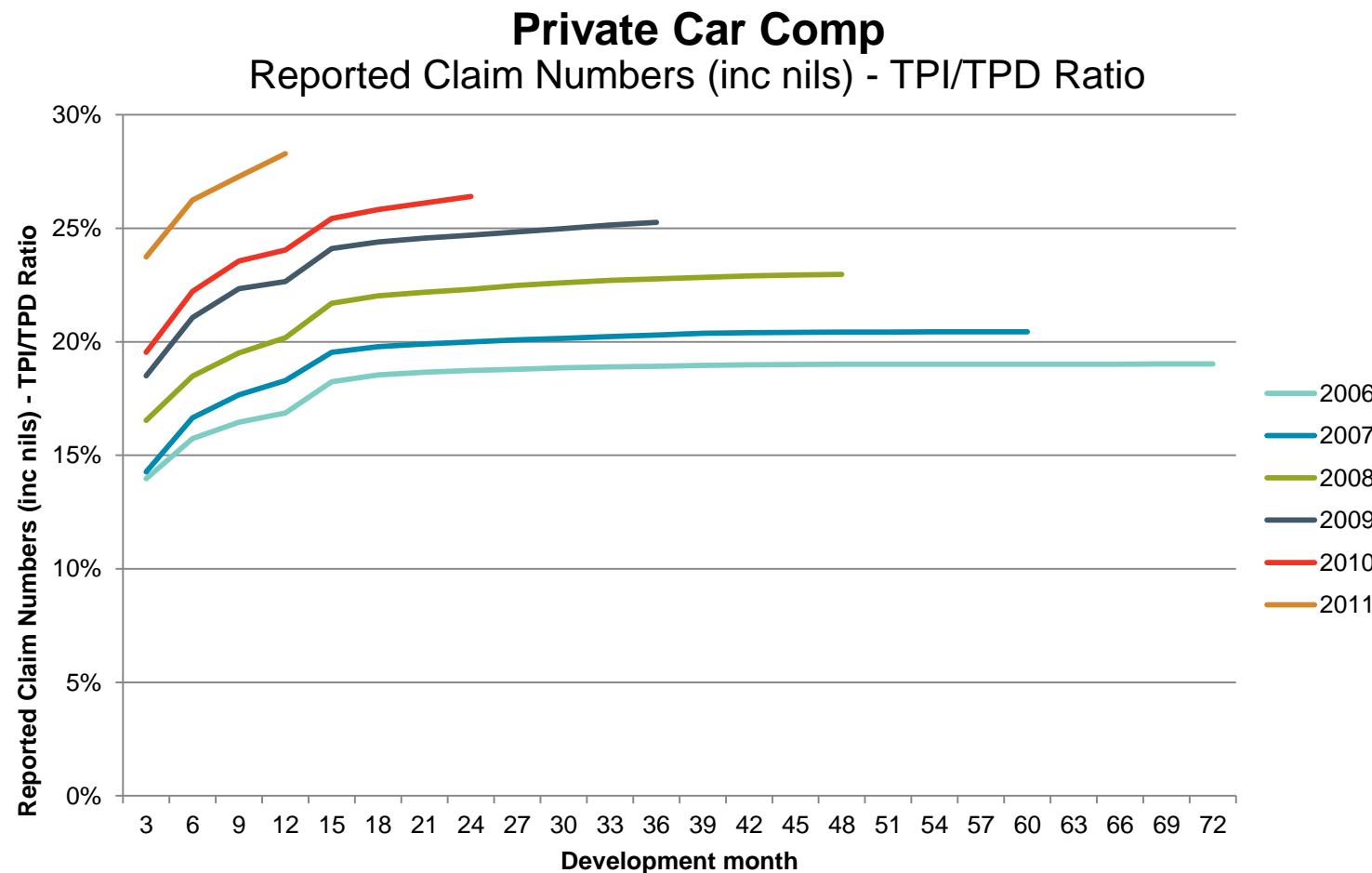


Inflation Rates

10-11: 4.7% 09-10: 0.7% 08-09: 9.5% 07-08: 4.8% 06-07: 8.5%

Summary of Published Findings (June 2012)

Ratio of TPI to TPD claim numbers



Inflation Rates

10-11: 17.7% 09-10: 6.9% 08-09: 10.9% 07-08: 12.4% 06-07: 7.5%

Notes to Graphs

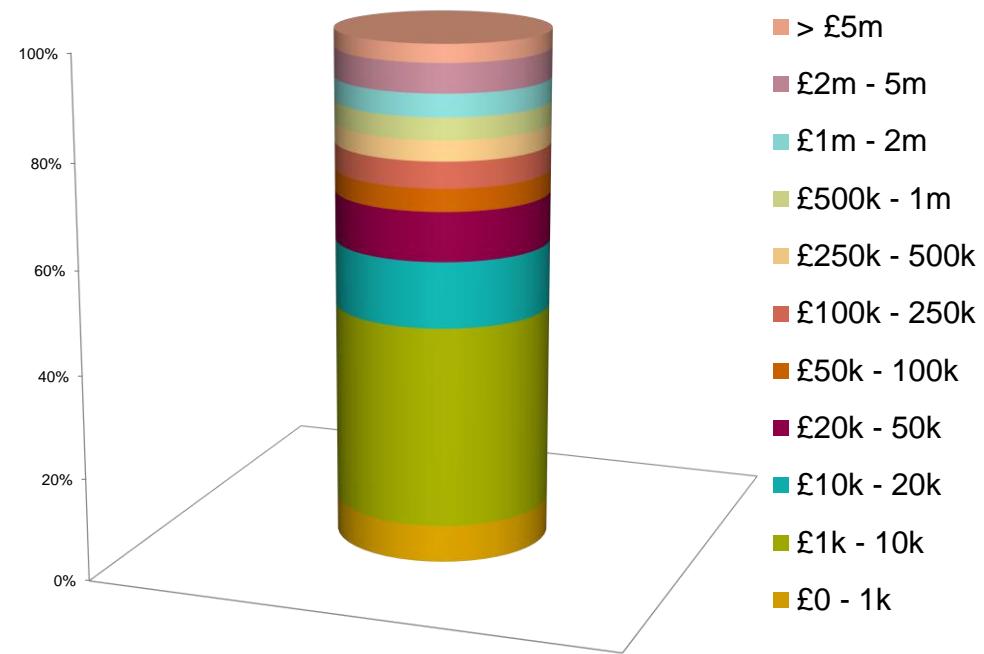
All Layers

- Development graphs in the 0 to 1k and 1k to 10k layers are shown on a monthly origin basis except ‘reported claim frequency’ which is shown on both an annual and a quarterly origin basis
- Development graphs in the 10k to 20k and 20k to 50k layers are shown on a quarterly origin basis except ‘reported claim frequency’ which is shown on both an annual and a quarterly origin basis
- Development graphs in the 50k to 100k layer are shown on an annual origin basis except ‘reported claim frequency’ which is shown on both an annual and a quarterly origin basis
- The transactional analysis is based on transactional data provided by contributors and therefore may differ from the triangular analysis due to differences in contributors

Introduction

Graph terminology

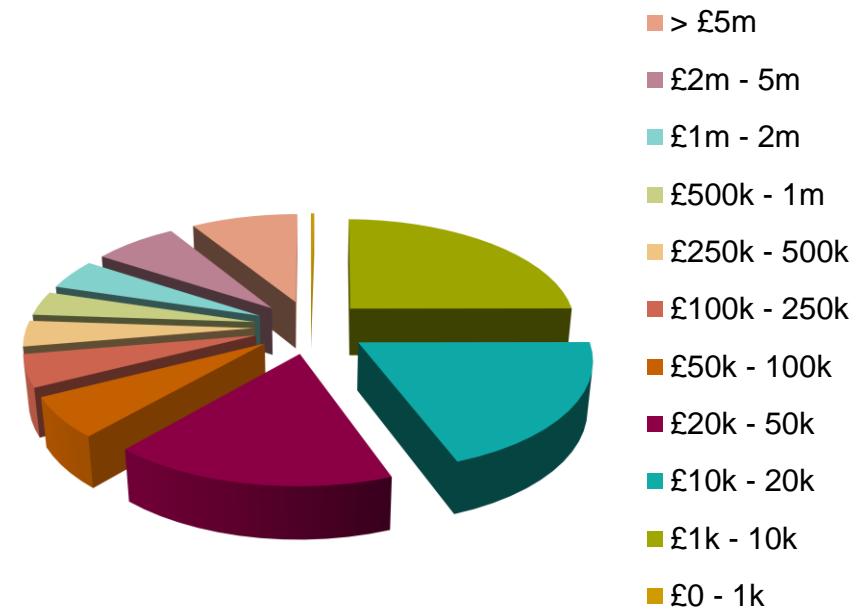
Layer	Type 1 - Burning cost contribution
> £5m	3.5%
£2m - 5m	5.7%
£1m - 2m	4.4%
£500k - 1m	4.3%
£250k - 500k	4.0%
£100k - 250k	5.1%
£50k - 100k	4.4%
£20k - 50k	9.6%
£10k - 20k	12.8%
£1k - 10k	39.0%
£0 - 1k	7.3%



Introduction

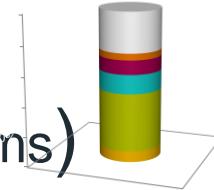
Graph terminology

Layer	Type 2 - Burning cost contribution
> £5m	8.8%
£2m - 5m	6.9%
£1m - 2m	4.5%
£500k - 1m	3.6%
£250k - 500k	3.8%
£100k - 250k	4.8%
£50k - 100k	6.0%
£20k - 50k	17.1%
£10k - 20k	19.4%
£1k - 10k	24.7%
£0 - 1k	0.3%



Capped bodily injury

Projected Results (Type 1 – incl capped component of excess claims)

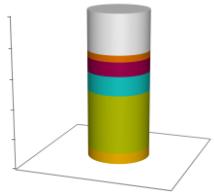


Projected Ultimate Capped TPI Results for Private Car Comprehensive

Accident Period	Earned Exposure (millions of policy years)	Ultimate Capped Claim Frequency (claims per million vehicle years)	Ultimate Capped Claim Severity (£000s)	Ultimate Capped Burning Cost (£)	Year-on-Year Change in Frequency (% pa)	Year-on-Year Change in Severity (% pa)	Year-on-Year Change in Burning Cost (% pa)
2004	9.80	8,526	6,397	54.5			
2005	10.76	9,879	5,956	58.8	15.9%	-6.9%	7.9%
2006	12.58	10,639	6,064	64.5	7.7%	1.8%	9.6%
2007	13.03	11,843	6,201	73.4	11.3%	2.3%	13.8%
2008	14.75	12,487	6,714	83.8	5.4%	8.3%	14.2%
2009	15.65	13,777	7,432	102.4	10.3%	10.7%	22.1%
2010	15.64	14,040	7,474	104.9	1.9%	0.6%	2.5%
2011	15.74	14,856	8,366	124.3	5.8%	11.9%	18.5%
Average					8.3%	3.9%	12.5%

Capped bodily injury

Projected Results (Type 1)



Private Car Comprehensive Type 1 Layered Results (all layers given in 2010 money, indexed at 7% pa)

Accident Year	£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k - 100k	< 100k
Frequency (in layer and above) (claims per million policy years)						
2004	8,526	6,257	2,449	899	228	8,526
2005	9,879	7,143	2,378	839	207	9,879
2006	10,639	7,624	2,446	848	196	10,639
2007	11,843	8,443	2,586	884	202	11,843
2008	12,487	9,068	2,783	966	197	12,487
2009	13,777	10,199	3,236	1,134	210	13,777
2010	14,040	10,484	2,990	1,002	193	14,040
2011	14,856	11,179	3,469	1,211	219	14,856
Average Cost (£000s)						
2004	0.52	4.27	4.06	9.59	21.24	6.40
2005	0.54	4.25	4.22	10.01	22.73	5.96
2006	0.57	4.44	4.48	10.49	23.84	6.06
2007	0.61	4.62	4.77	11.09	25.24	6.20
2008	0.66	4.92	5.23	11.61	26.56	6.71
2009	0.72	5.32	5.72	12.31	27.77	7.43
2010	0.77	5.50	5.94	12.69	30.77	7.47
2011	0.83	5.88	6.51	13.41	33.76	8.37
Burning Cost (£)						
2004	4.4	26.7	9.9	8.6	4.8	54.54
2005	5.4	30.3	10.0	8.4	4.7	58.84
2006	6.1	33.9	11.0	8.9	4.7	64.51
2007	7.2	39.0	12.3	9.8	5.1	73.43
2008	8.3	44.6	14.6	11.2	5.2	83.84
2009	9.9	54.2	18.5	14.0	5.8	102.39
2010	10.9	57.7	17.8	12.7	5.9	104.93
2011	12.4	65.7	22.6	16.2	7.4	124.29

Capped bodily injury

Projected Results (Type 2)

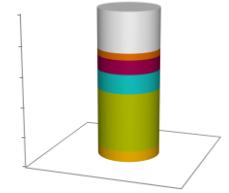


Private Car Comprehensive Type 2 Layered Results (all layers given in 2010 money, indexed at 7% pa)

Accident Year	£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k - 100k	< 100k
Frequency (finishing in layer) (claims per million policy years)						
2004	2,268	3,808	1,550	672	129	8,427
2005	2,736	4,765	1,539	632	115	9,787
2006	3,015	5,178	1,598	651	113	10,556
2007	3,400	5,858	1,702	682	118	11,759
2008	3,419	6,285	1,817	770	118	12,408
2009	3,578	6,963	2,102	924	125	13,692
2010	3,556	7,494	1,988	809	122	13,969
2011	3,677	7,710	2,259	991	141	14,778
Average Cost (£000s)						
2004	0.10	3.83	9.21	19.39	45.40	5.69
2005	0.10	3.88	9.77	20.54	48.10	5.34
2006	0.09	4.06	10.44	22.01	51.42	5.51
2007	0.10	4.23	11.18	23.45	54.97	5.66
2008	0.10	4.49	12.10	25.34	58.76	6.20
2009	0.09	4.81	13.11	27.42	61.66	6.90
2010	0.10	5.10	13.89	28.55	69.51	7.00
2011	0.11	5.26	14.96	30.68	76.37	7.85
Burning Cost (£)						
2004	0.2	14.6	14.3	13.0	5.9	47.99
2005	0.3	18.5	15.0	13.0	5.5	52.29
2006	0.3	21.0	16.7	14.3	5.8	58.15
2007	0.3	24.8	19.0	16.0	6.5	66.58
2008	0.3	28.2	22.0	19.5	6.9	76.94
2009	0.3	33.5	27.6	25.3	7.7	94.46
2010	0.4	38.2	27.6	23.1	8.5	97.80
2011	0.4	40.6	33.8	30.4	10.8	115.96

Capped bodily injury

Projected Results (Type 1)

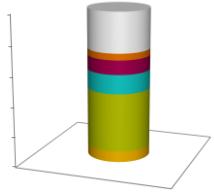


Private Car Comprehensive Type 1 Layered Results (all layers given in 2010 money, indexed at 7% pa) - Implied % Change

Accident Year		£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k - 100k	< 100k
Frequency % Change	2004						
	2005	16%	14%	-3%	-7%	-9%	16%
	2006	8%	7%	3%	1%	-5%	8%
	2007	11%	11%	6%	4%	3%	11%
	2008	5%	7%	8%	9%	-3%	5%
	2009	10%	12%	16%	17%	7%	10%
	2010	2%	3%	-8%	-12%	-8%	2%
	2011	6%	7%	16%	21%	13%	6%
	Average						
	All	8%	9%	5%	4%	-1%	8%
Average Cost % Change	Last 4	6%	7%	8%	8%	2%	6%
	Last 4 (Excl 2010)	7%	9%	13%	16%	6%	7%
	Last 2	4%	5%	4%	3%	2%	4%
	2004						
	2005	5%	-1%	4%	4%	7%	-7%
	2006	5%	5%	6%	5%	5%	2%
	2007	6%	4%	7%	6%	6%	2%
	2008	8%	7%	10%	5%	5%	8%
	2009	8%	8%	9%	6%	5%	11%
	2010	8%	3%	4%	3%	11%	1%
	2011	8%	7%	10%	6%	10%	12%
Burning Cost % Change	Average						
	All	7%	5%	7%	5%	7%	4%
	Last 4	8%	6%	8%	5%	8%	8%
	Last 4 (Excl 2010)	8%	7%	9%	5%	6%	10%
	Last 2	8%	5%	7%	4%	10%	6%
	2004						
	2005	8%	13%	1%	-3%	-3%	8%
	2006	14%	12%	9%	6%	-1%	10%
	2007	19%	15%	13%	10%	9%	14%
	2008	14%	14%	18%	14%	3%	14%
Average	2009	19%	22%	27%	24%	12%	22%
	2010	10%	6%	-4%	-9%	2%	2%
	2011	14%	14%	27%	28%	24%	18%
	All	14%	14%	12%	9%	6%	12%
	Last 4	14%	14%	16%	13%	10%	14%
	Last 4 (Excl 2010)	16%	17%	24%	22%	13%	18%
	Last 2	12%	10%	10%	8%	13%	10%

Capped bodily injury

Projected Results (Type 1)

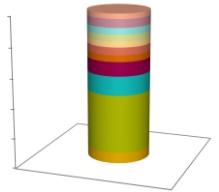


Private Car Comprehensive Type 1 Layered Results (all layers given in 2010 money, indexed at 7% pa)

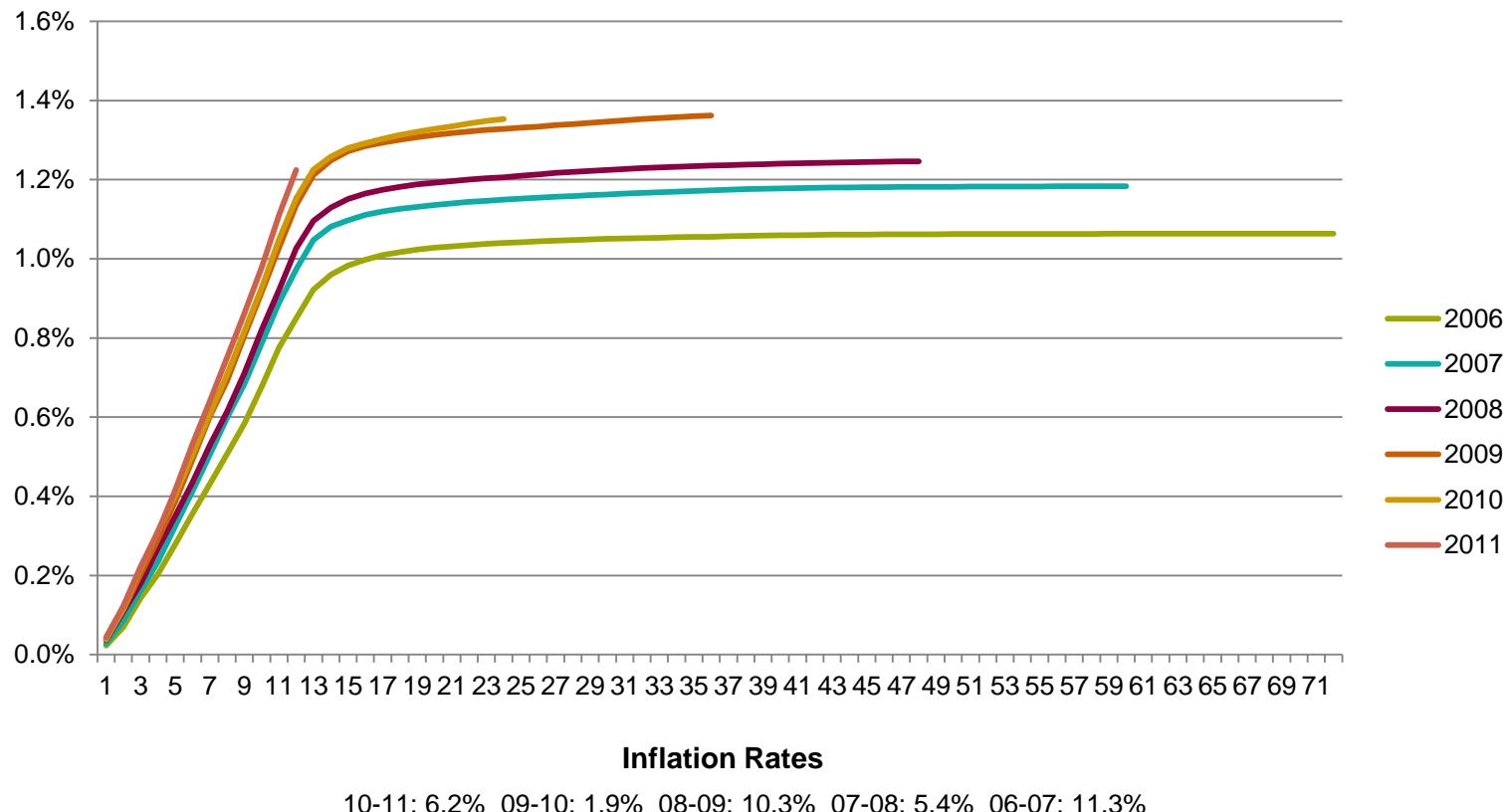
Accident Year		£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k - 100k	< 100k
TPI/TPD Claim Numbers Index	2004						
	2005						
	2006	0.52	0.50	0.51	0.51	0.65	0.52
	2007	0.57	0.54	0.53	0.52	0.65	0.57
	2008	0.70	0.67	0.67	0.66	0.75	0.70
	2009	0.78	0.76	0.78	0.78	0.80	0.78
	2010	0.85	0.84	0.77	0.74	0.79	0.85
	2011	1.00	1.00	1.00	1.00	1.00	1.00
TPI/TPD Claim Numbers Index % Change	2004						
	2005						
	2006						
	2007	9%	8%	3%	2%	0%	9%
	2008	23%	25%	26%	28%	14%	23%
	2009	11%	13%	17%	18%	8%	11%
	2010	9%	10%	-1%	-6%	-2%	9%
	2011	18%	19%	30%	35%	27%	18%
Average	All	14%	15%	14%	14%	9%	14%
	Last 4	15%	17%	17%	18%	11%	15%
	Last 4 (Excl 2010)	17%	19%	24%	27%	16%	17%
	Last 2	13%	14%	13%	13%	12%	13%

Transactional Analysis – 0-1k Layer

Data trends

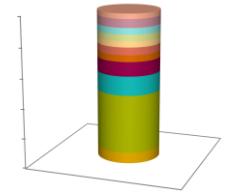


Reported Claim Frequency

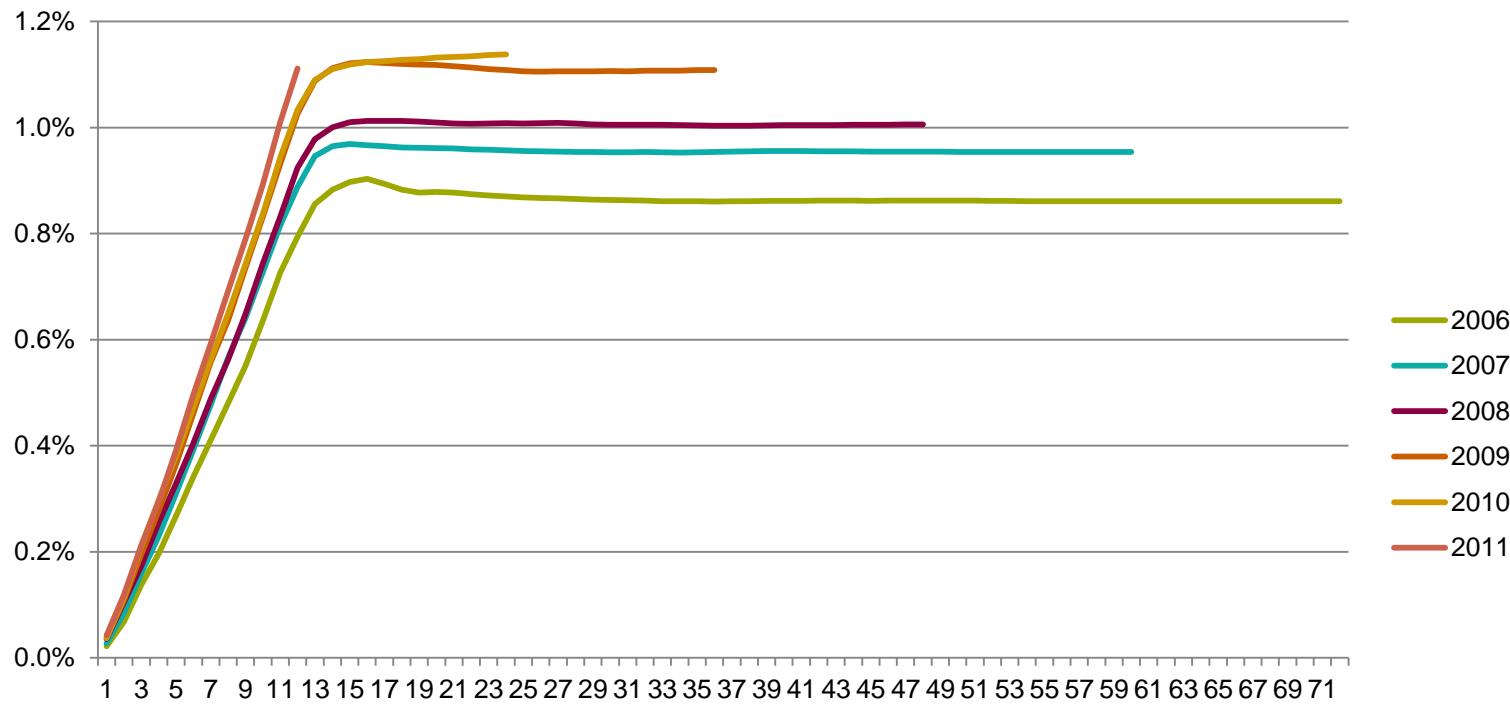


Transactional Analysis – 0-1k Layer (excl nils)

Data trends



Reported Claim Frequency

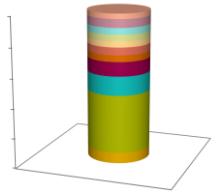


Inflation Rates

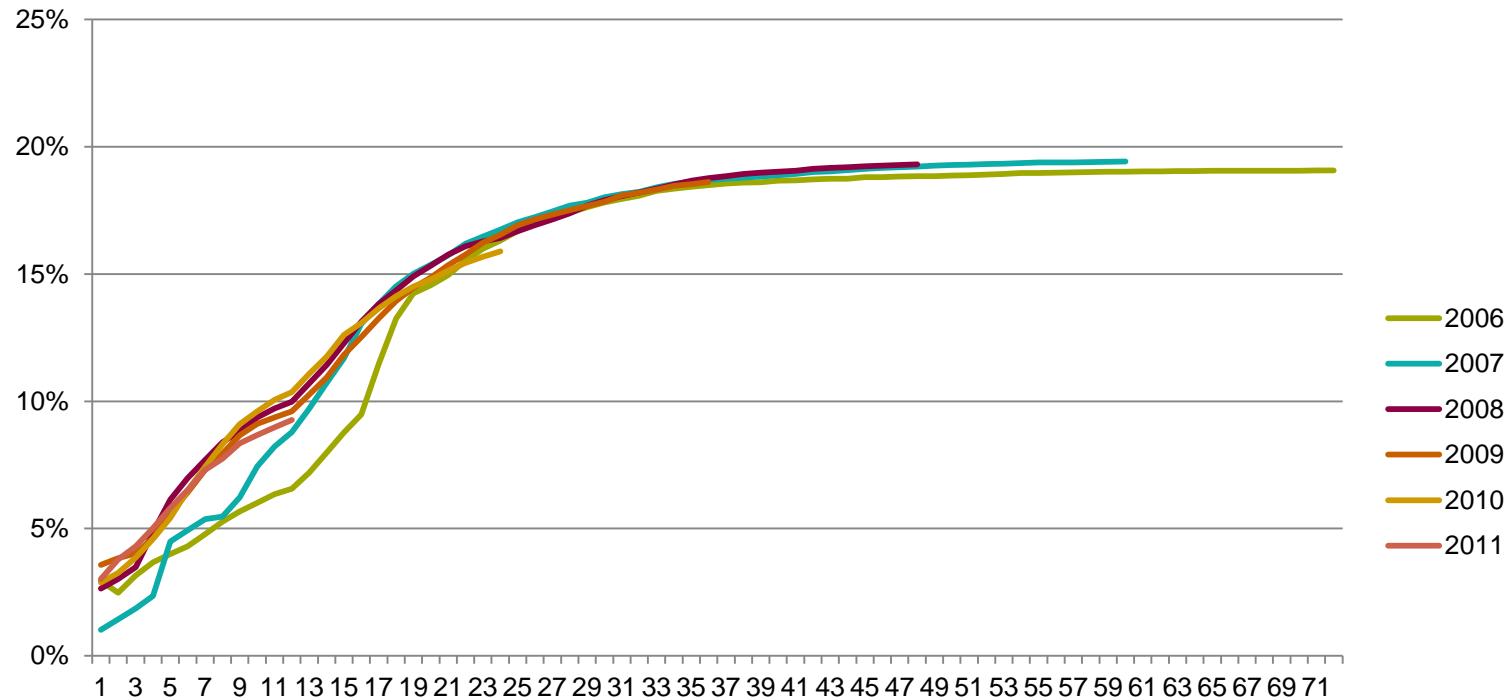
10-11: 7.5% 09-10: 2.7% 08-09: 10.5% 07-08: 5.3% 06-07: 10.8%

Transactional Analysis – 0-1k Layer

Data trends



Nil Claims Proportion

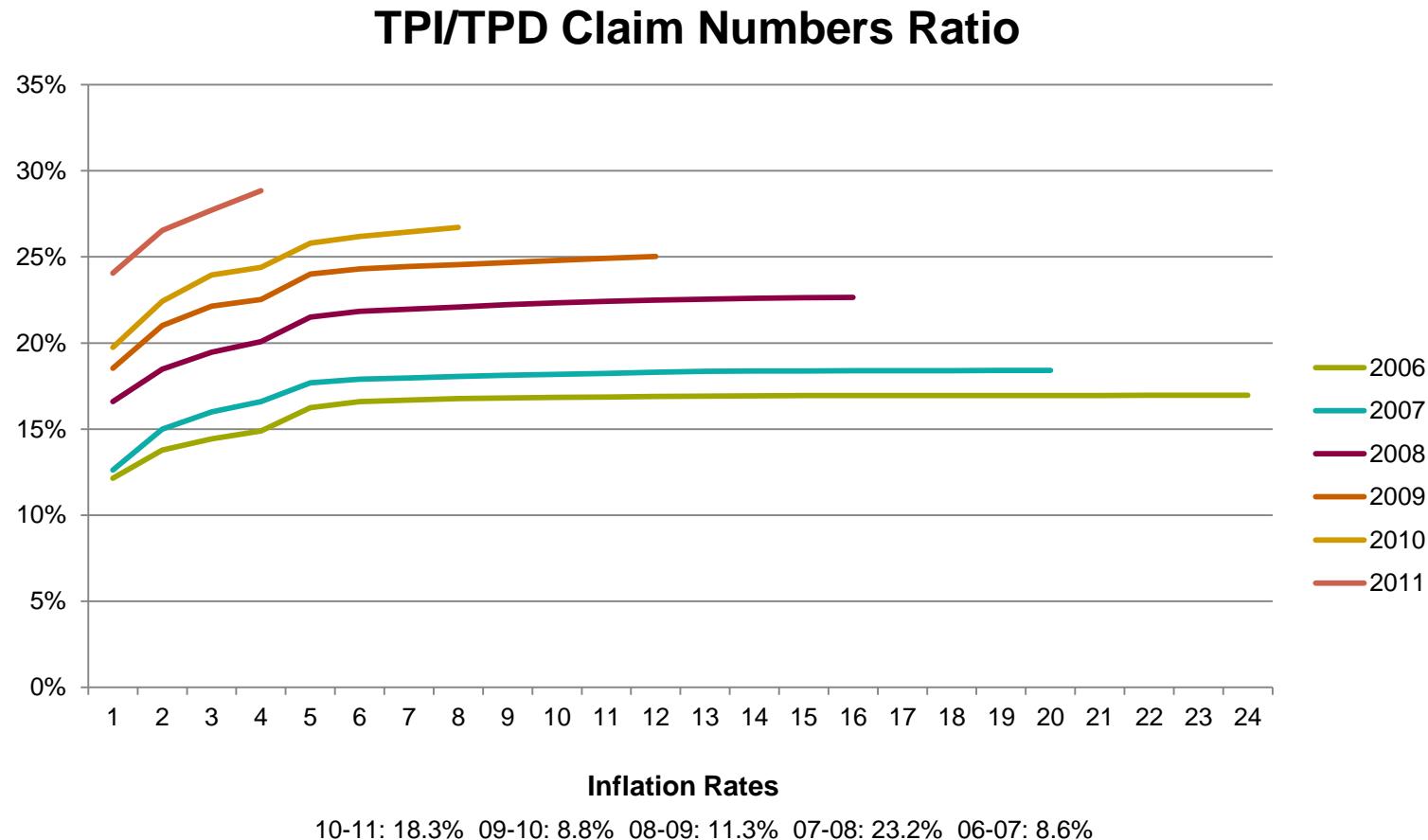
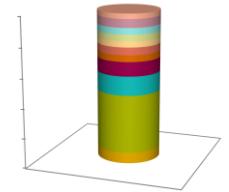


Inflation Rates

10-11: -10.6% 09-10: -4% 08-09: -0.8% 07-08: 0.4% 06-07: 2.1%

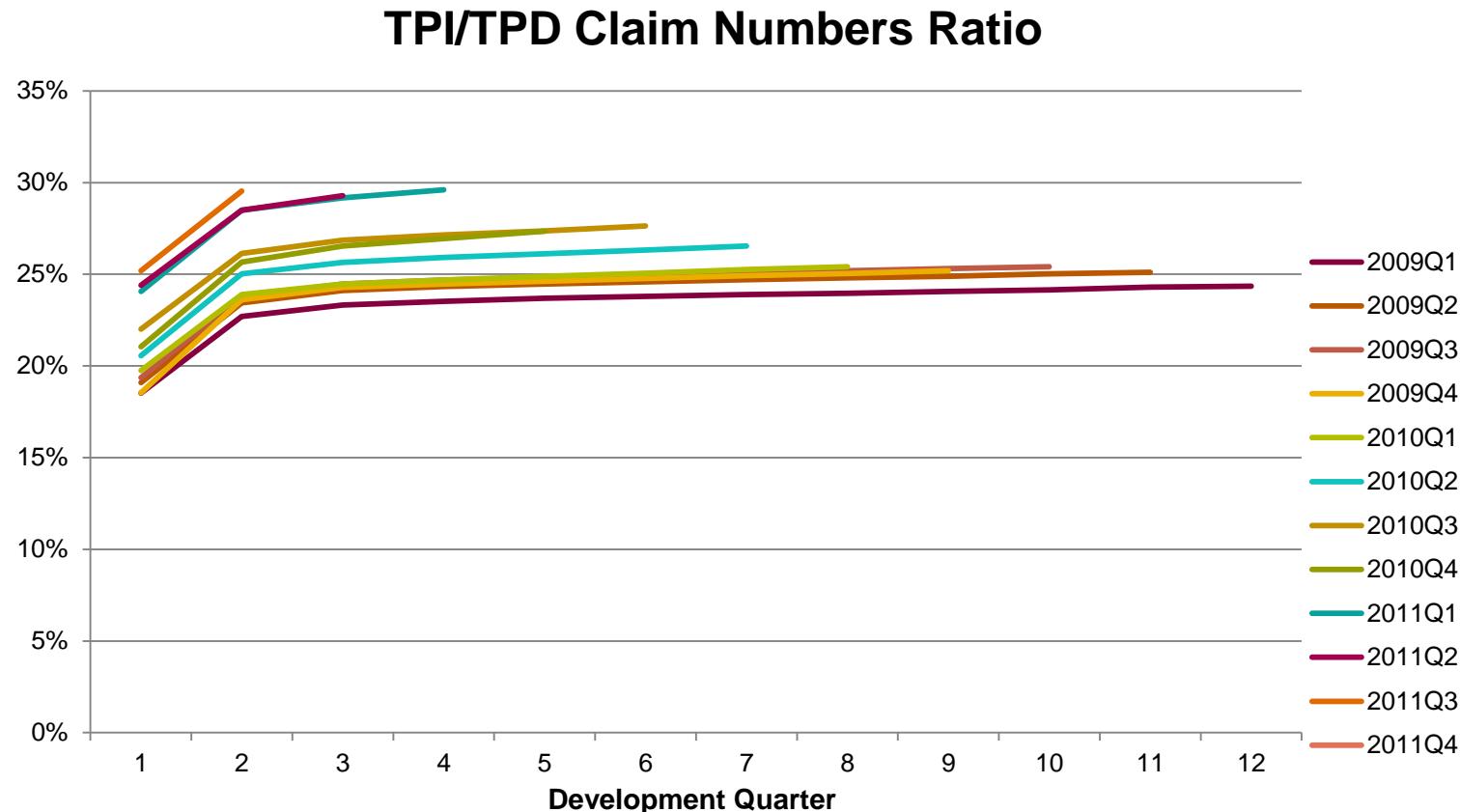
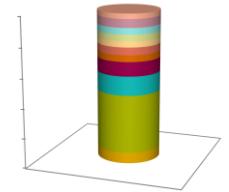
Transactional Analysis – 0-1k Layer

Data trends



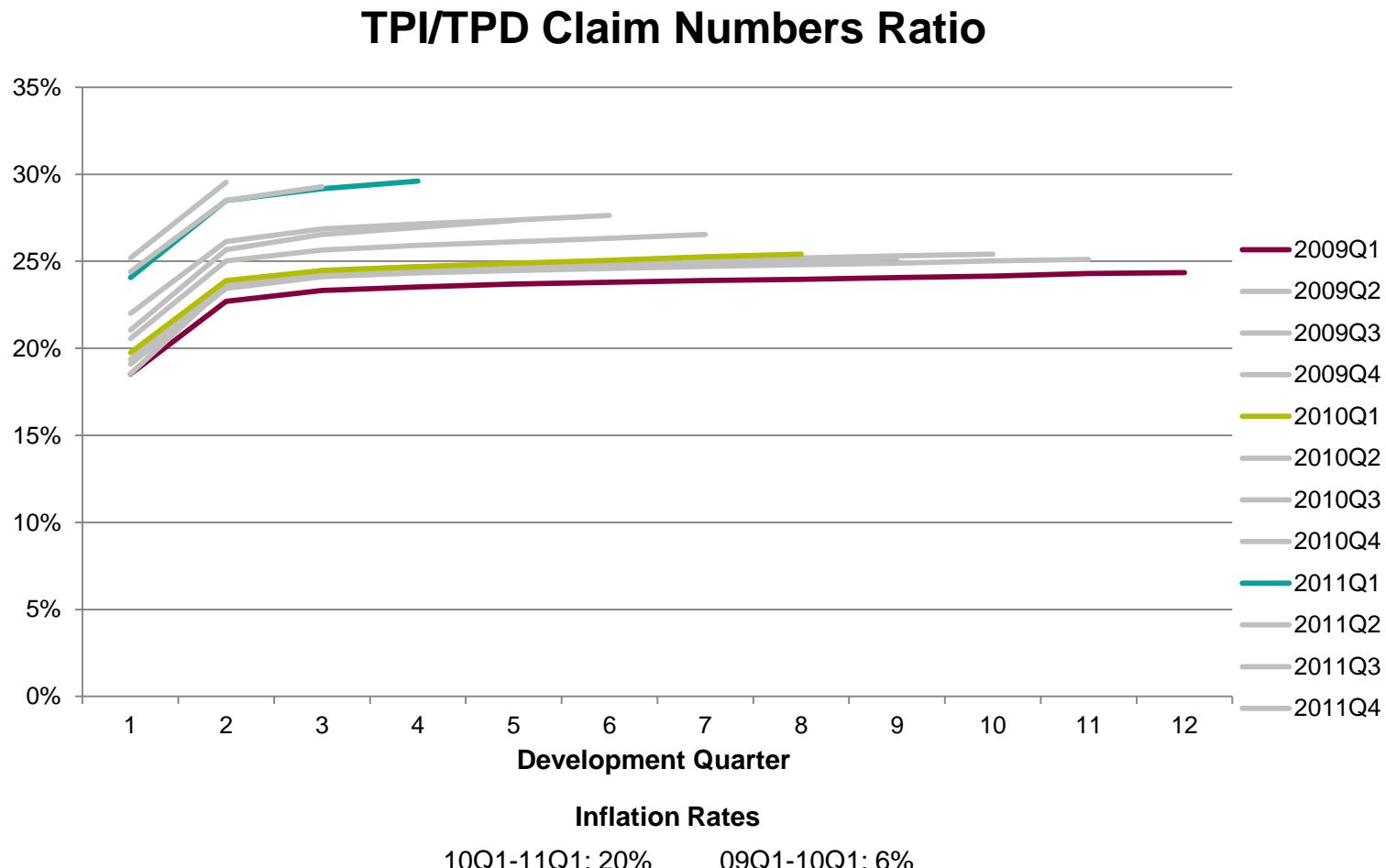
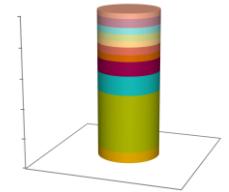
Transactional Analysis – 0-1k Layer

Data trends



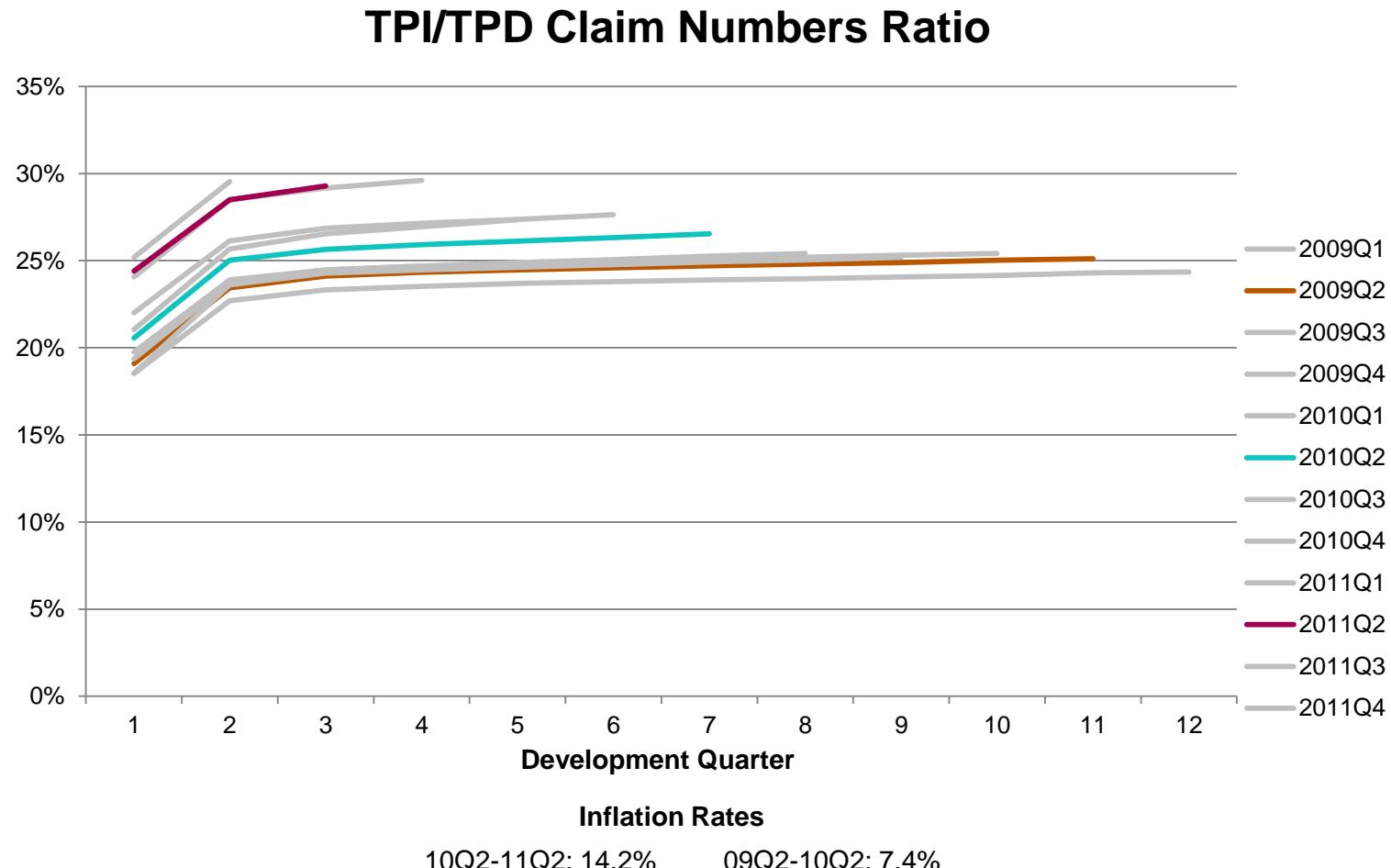
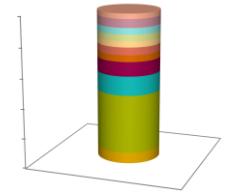
Transactional Analysis – 0-1k Layer

Data trends



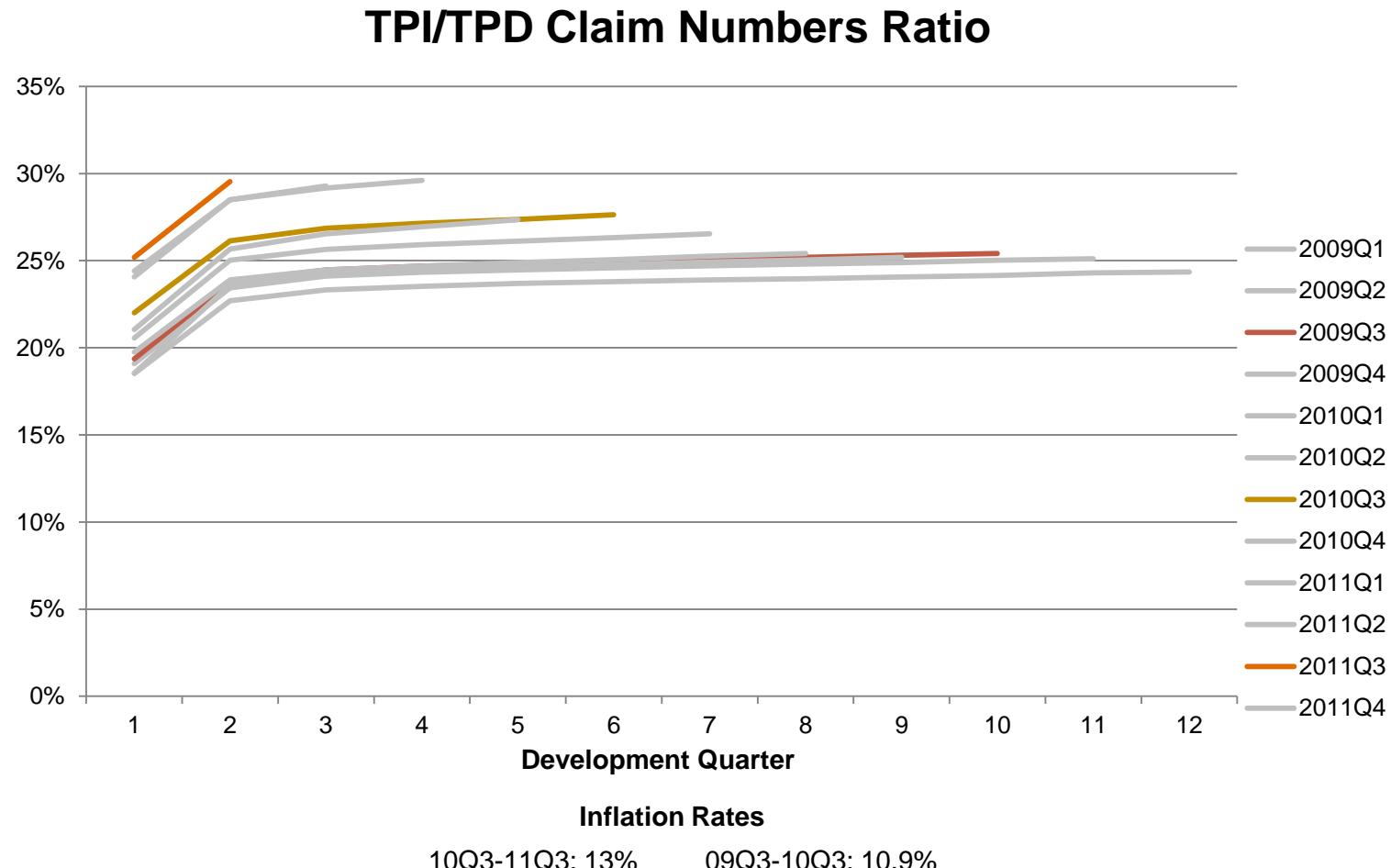
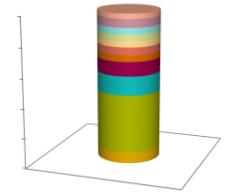
Transactional Analysis – 0-1k Layer

Data trends



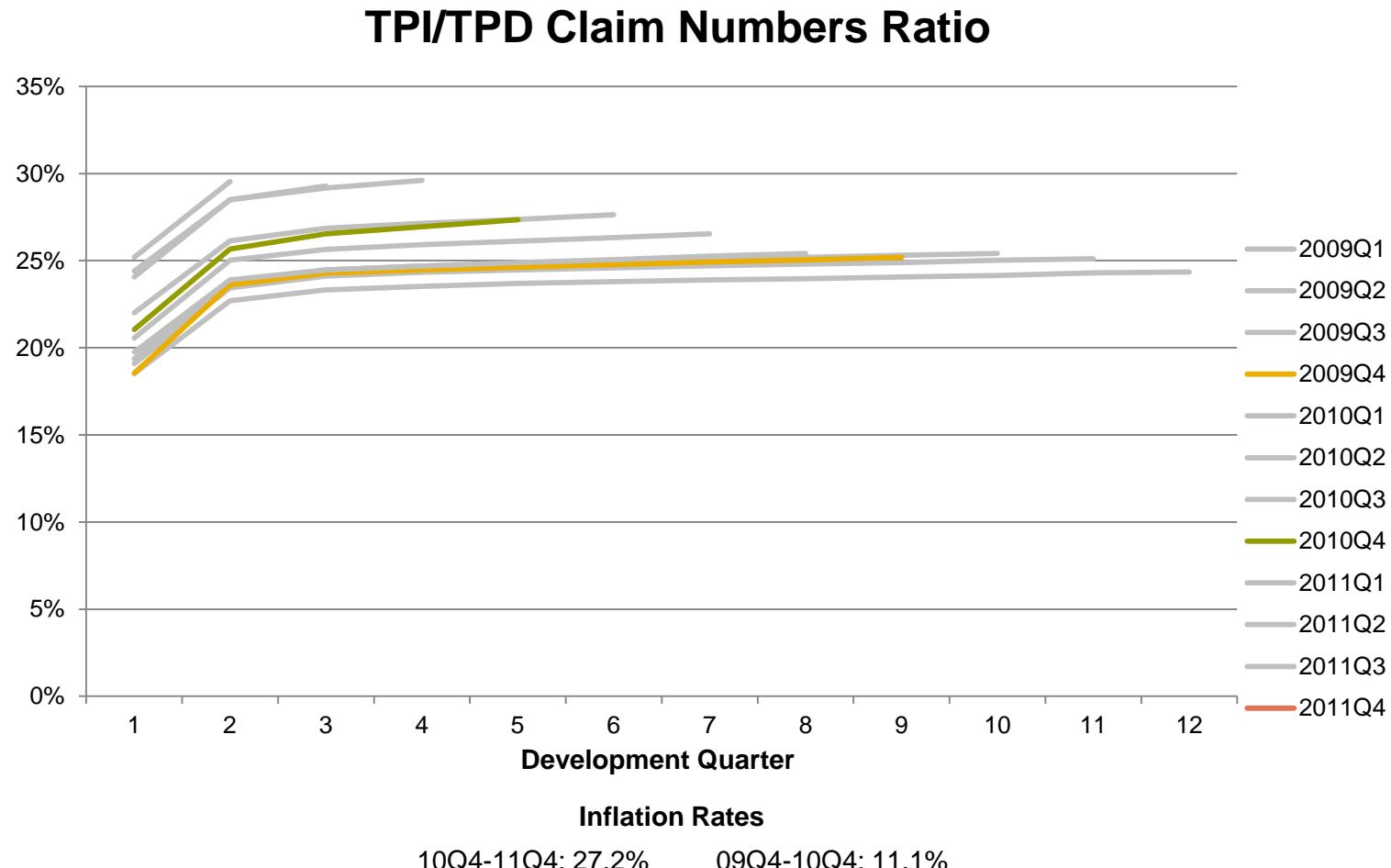
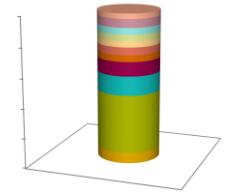
Transactional Analysis – 0-1k Layer

Data trends



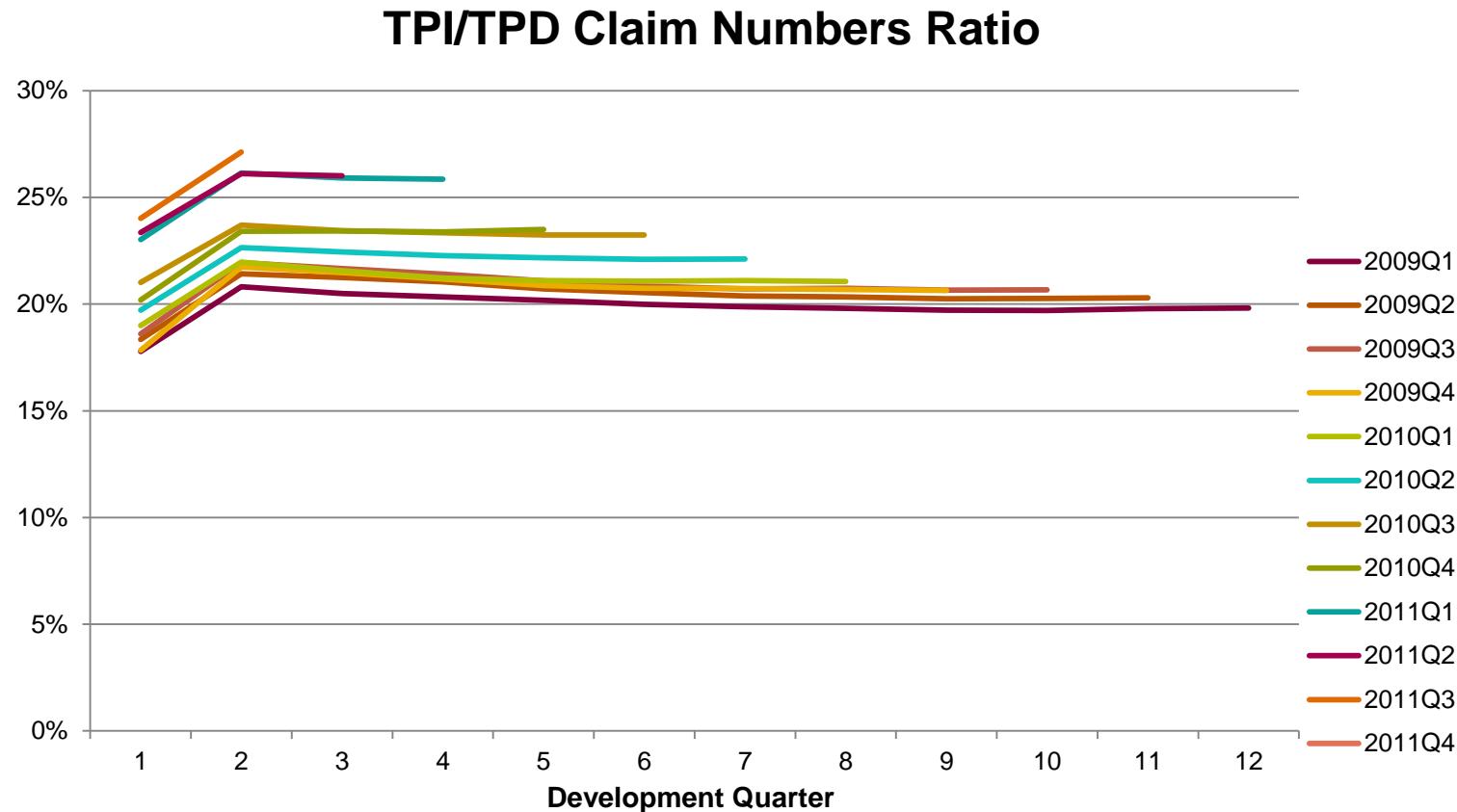
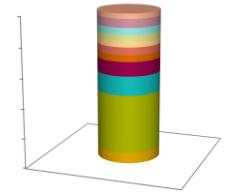
Transactional Analysis – 0-1k Layer

Data trends



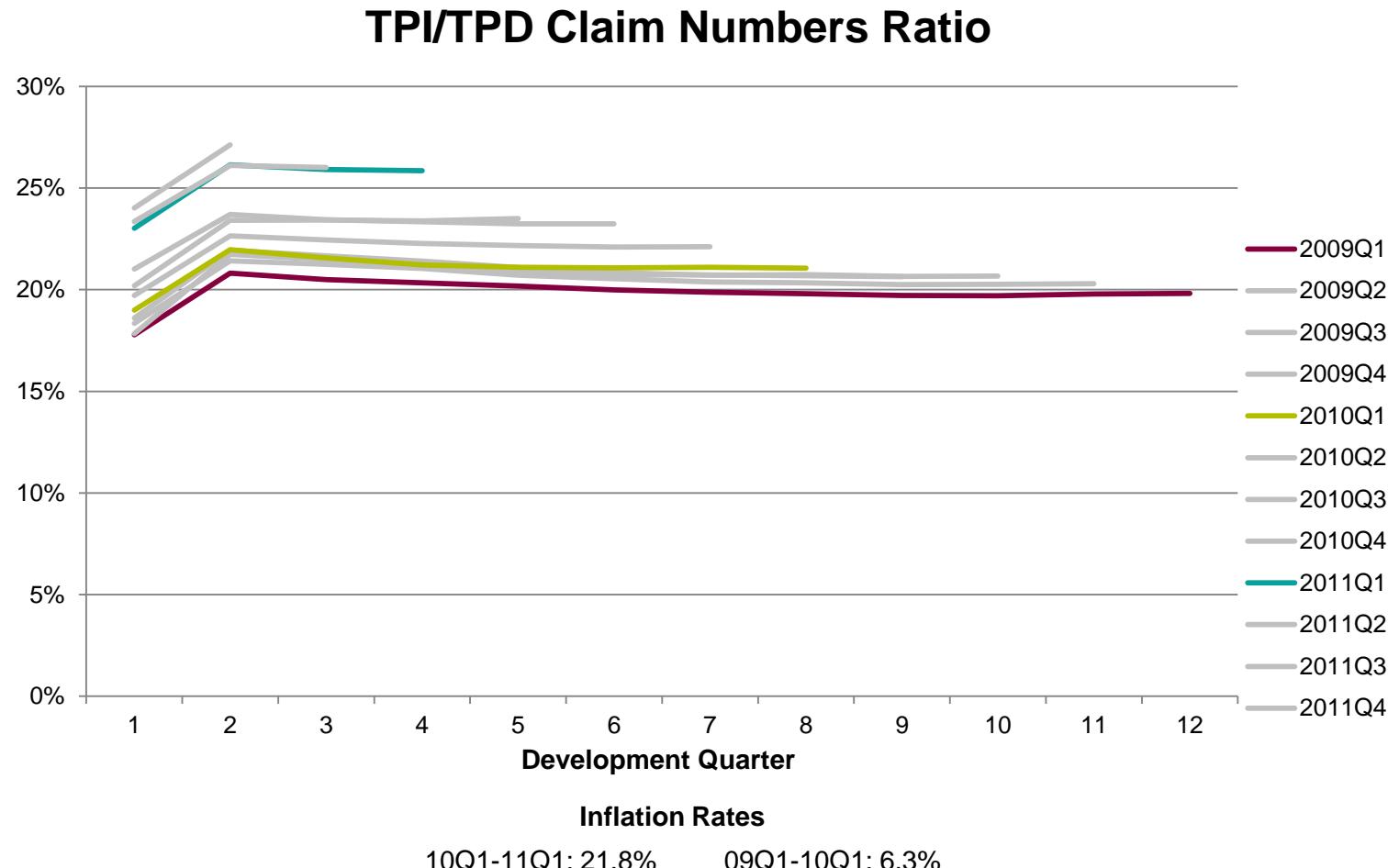
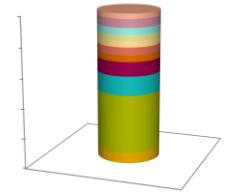
Transactional Analysis – 0-1k Layer (excl nils)

Data trends



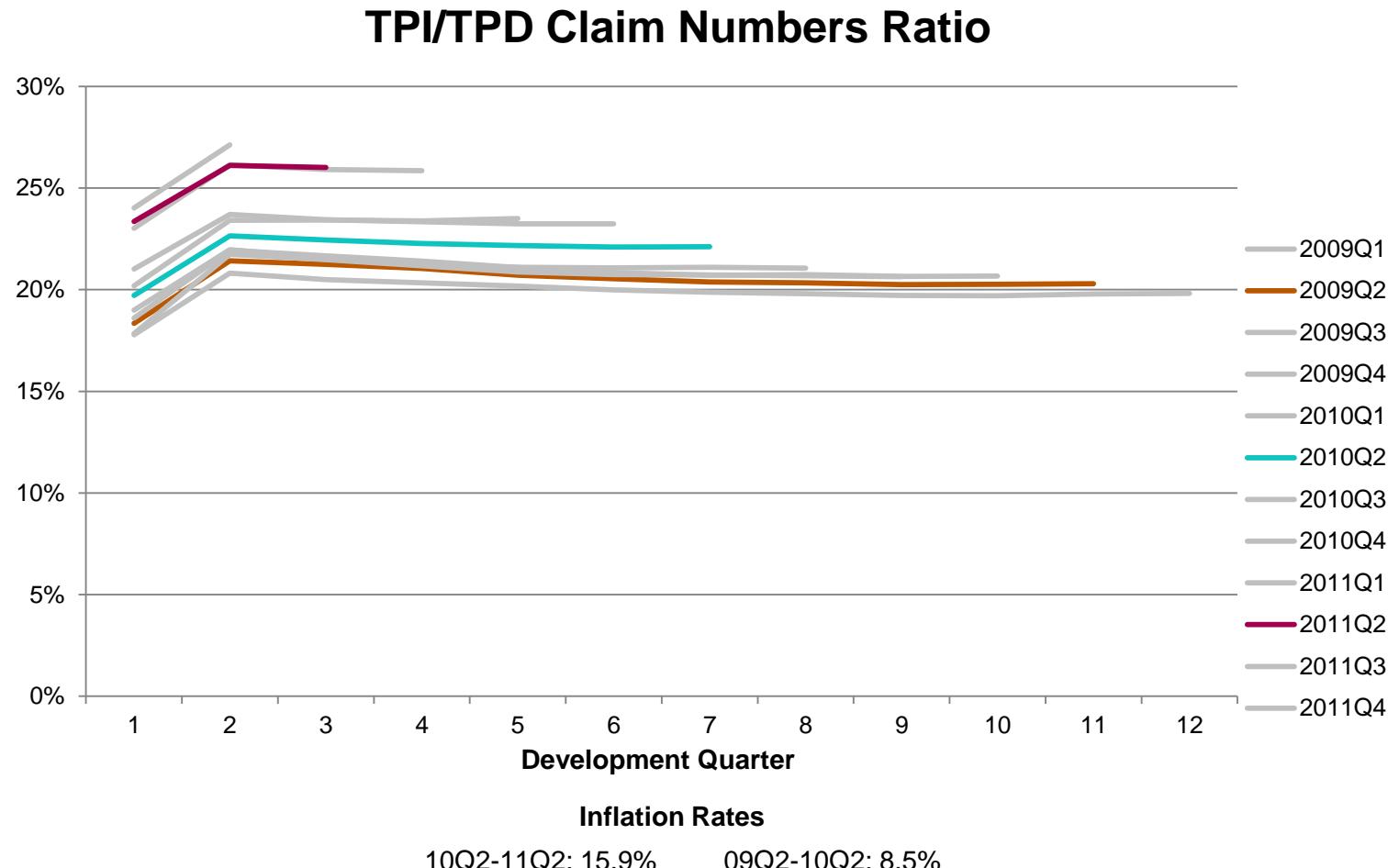
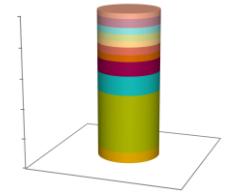
Transactional Analysis – 0-1k Layer (excl nils)

Data trends



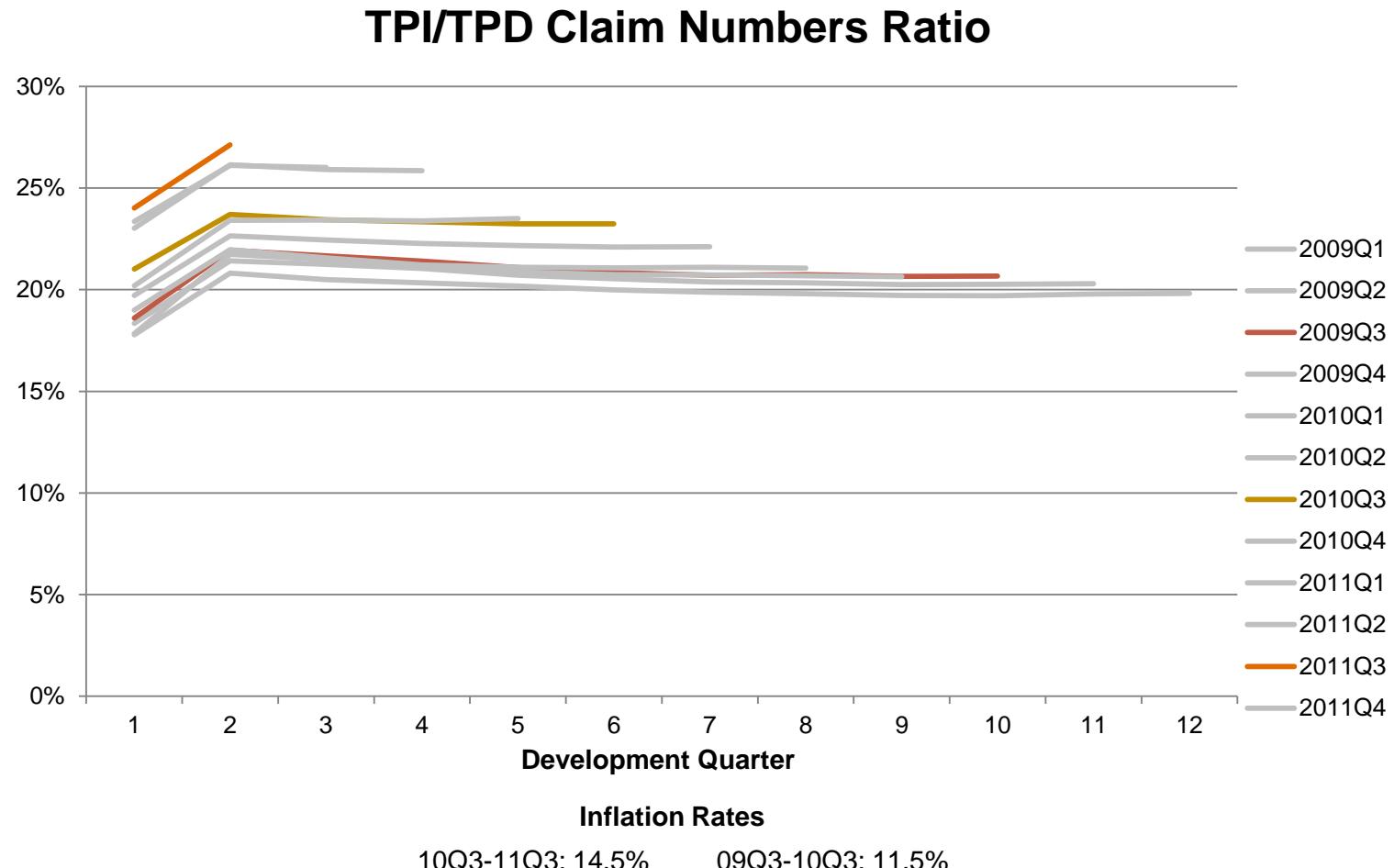
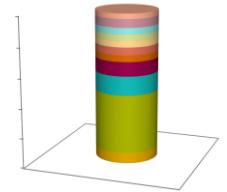
Transactional Analysis – 0-1k Layer (excl nils)

Data trends



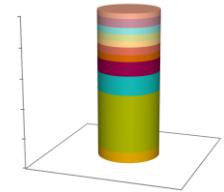
Transactional Analysis – 0-1k Layer (excl nils)

Data trends

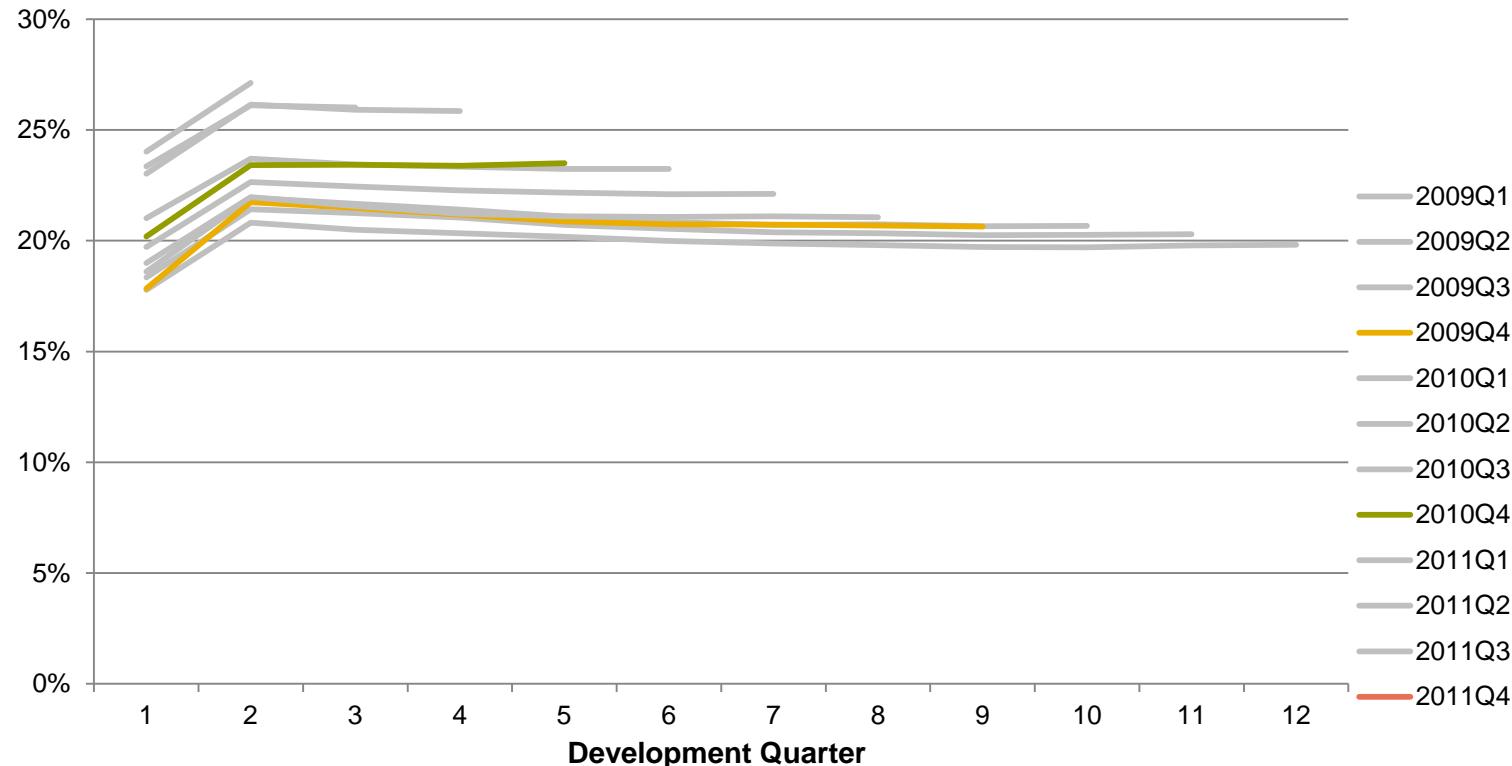


Transactional Analysis – 0-1k Layer (excl nils)

Data trends



TPI/TPD Claim Numbers Ratio

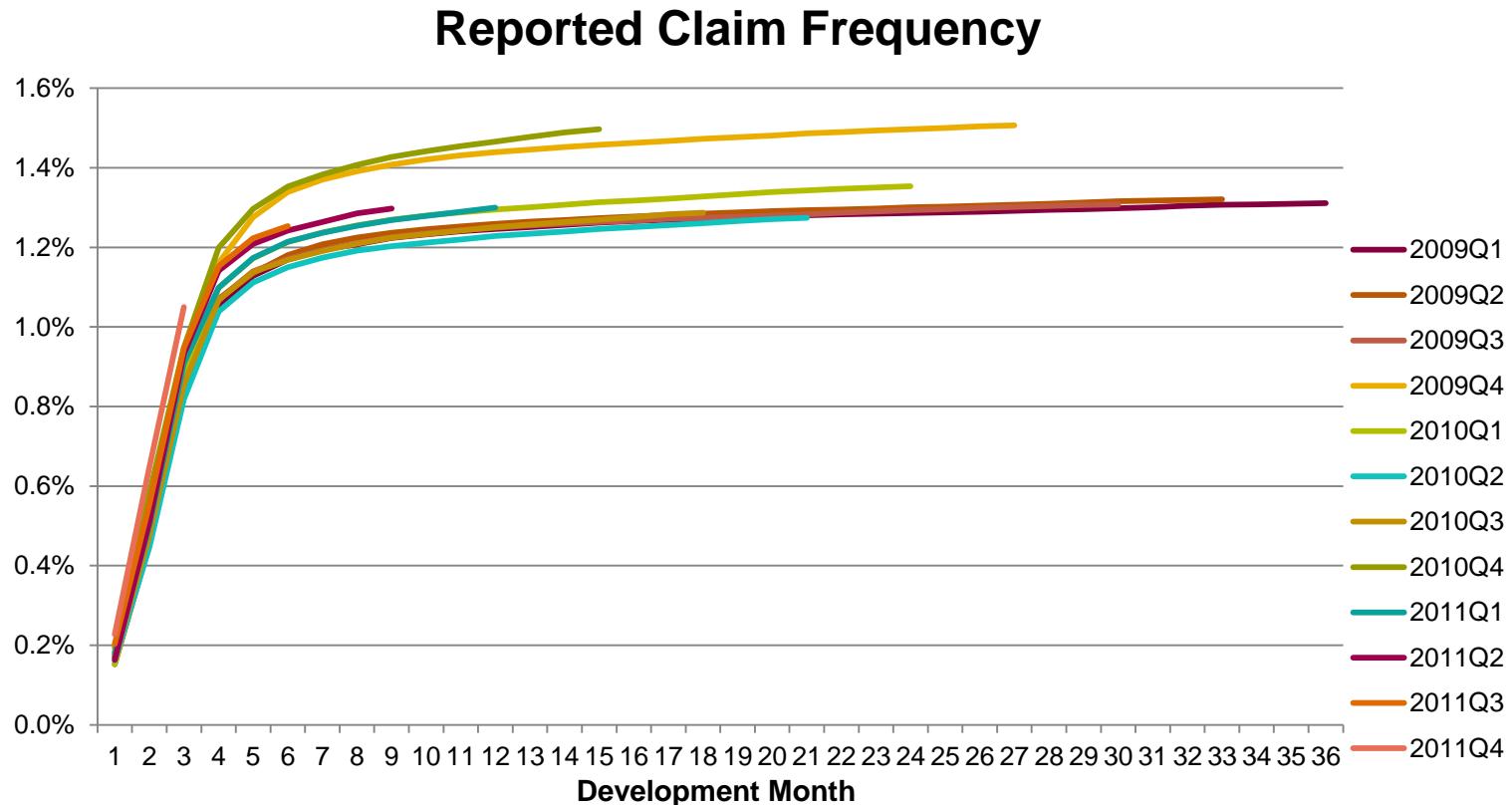
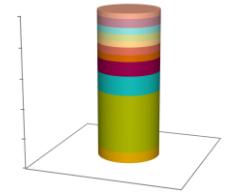


Inflation Rates

10Q4-11Q4: 27.2% 09Q4-10Q4: 12.6%

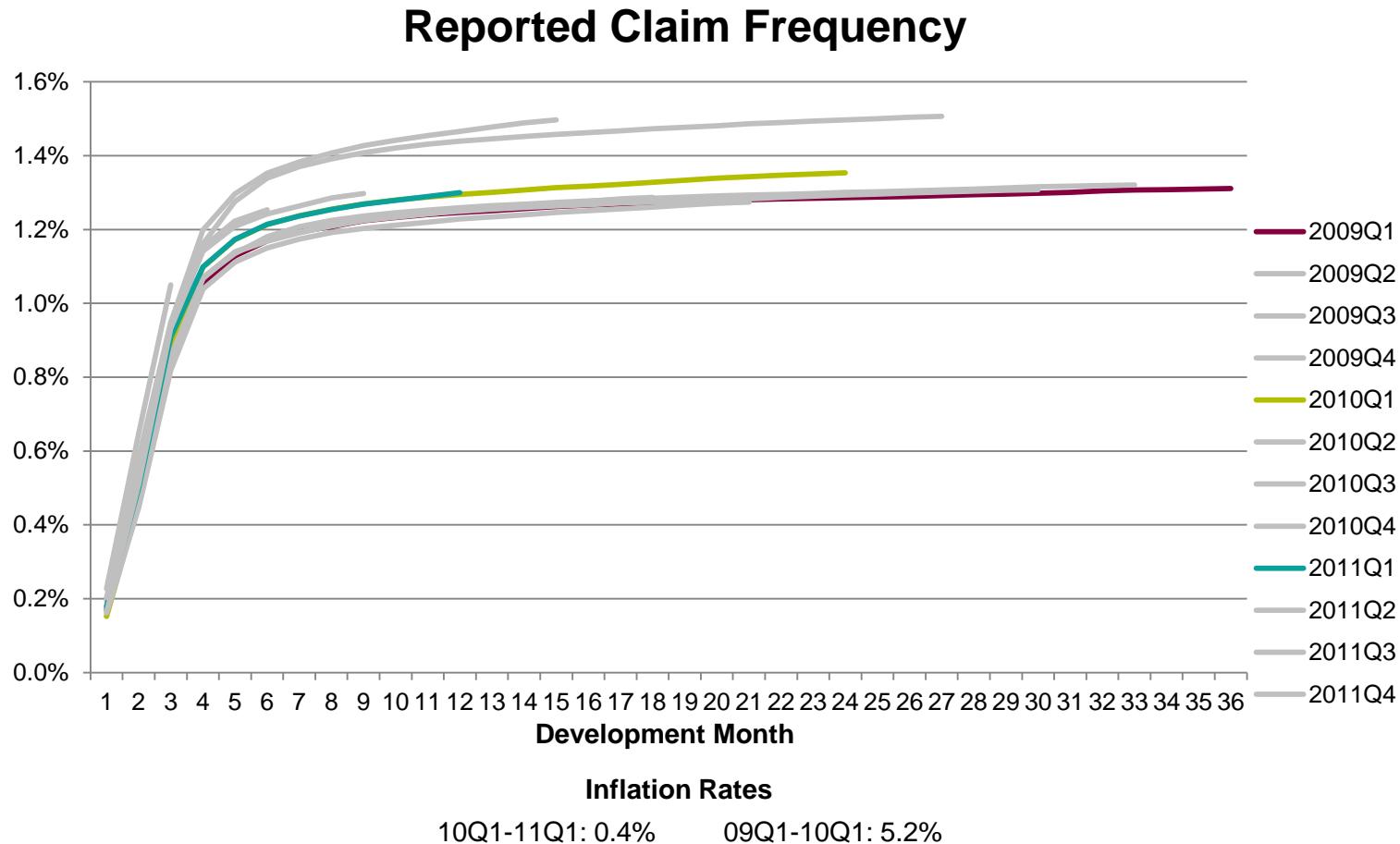
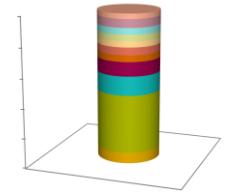
Transactional Analysis – 0-1k Layer

Data trends



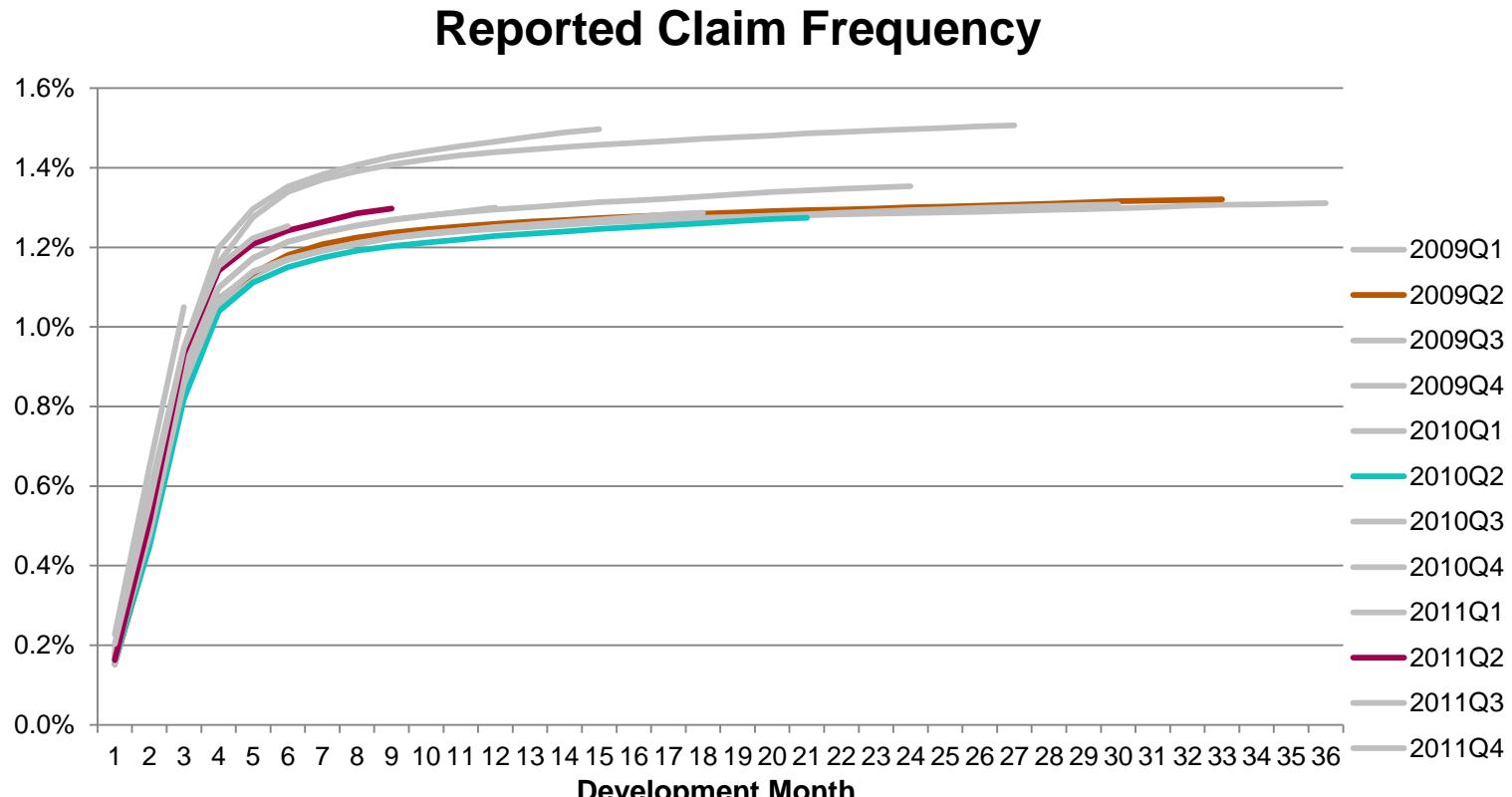
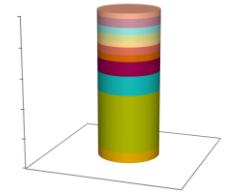
Transactional Analysis – 0-1k Layer

Data trends



Transactional Analysis – 0-1k Layer

Data trends

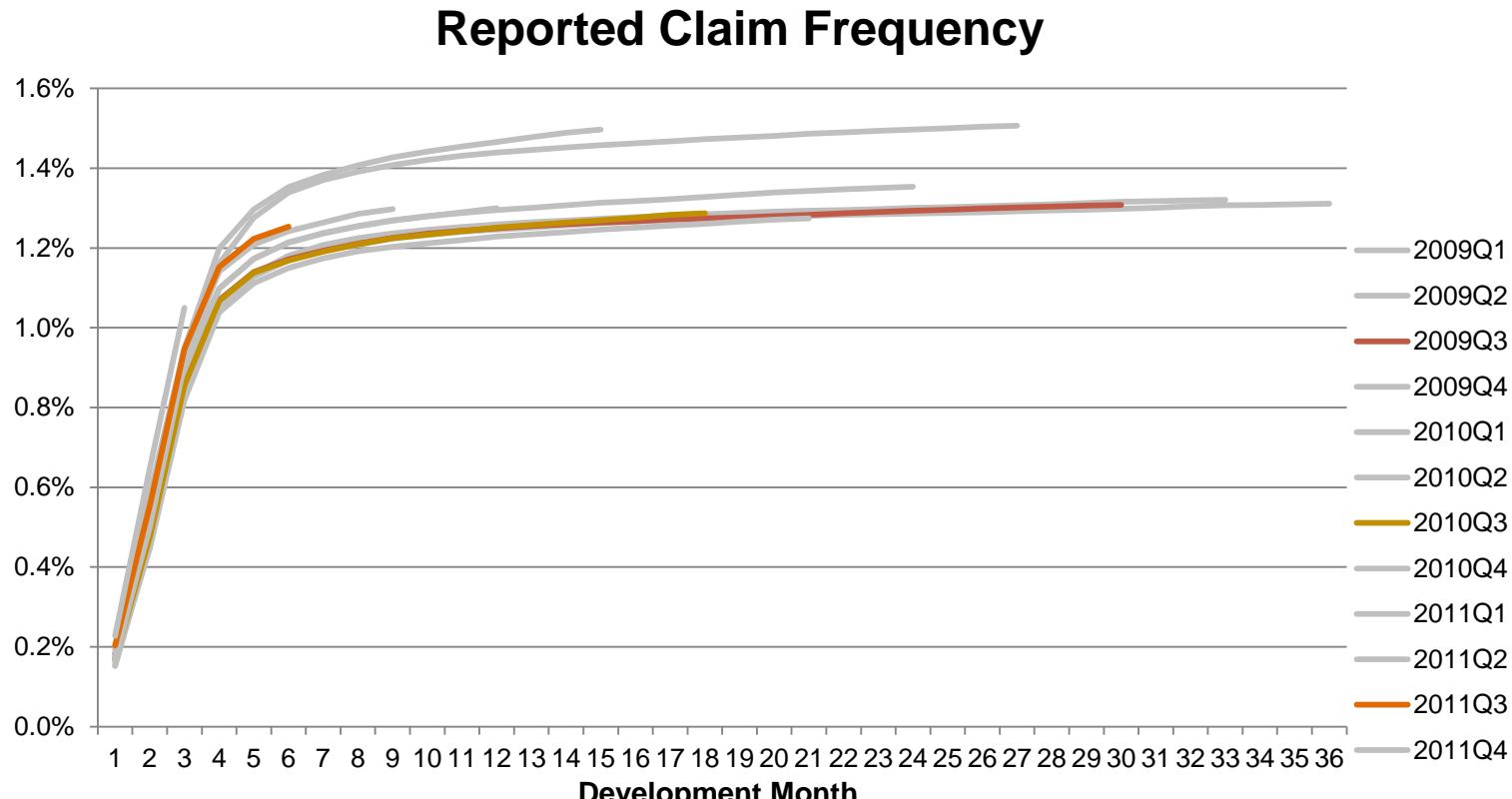
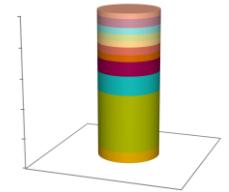


Inflation Rates

10Q2-11Q2: 7.9% 09Q2-10Q2: -1.4%

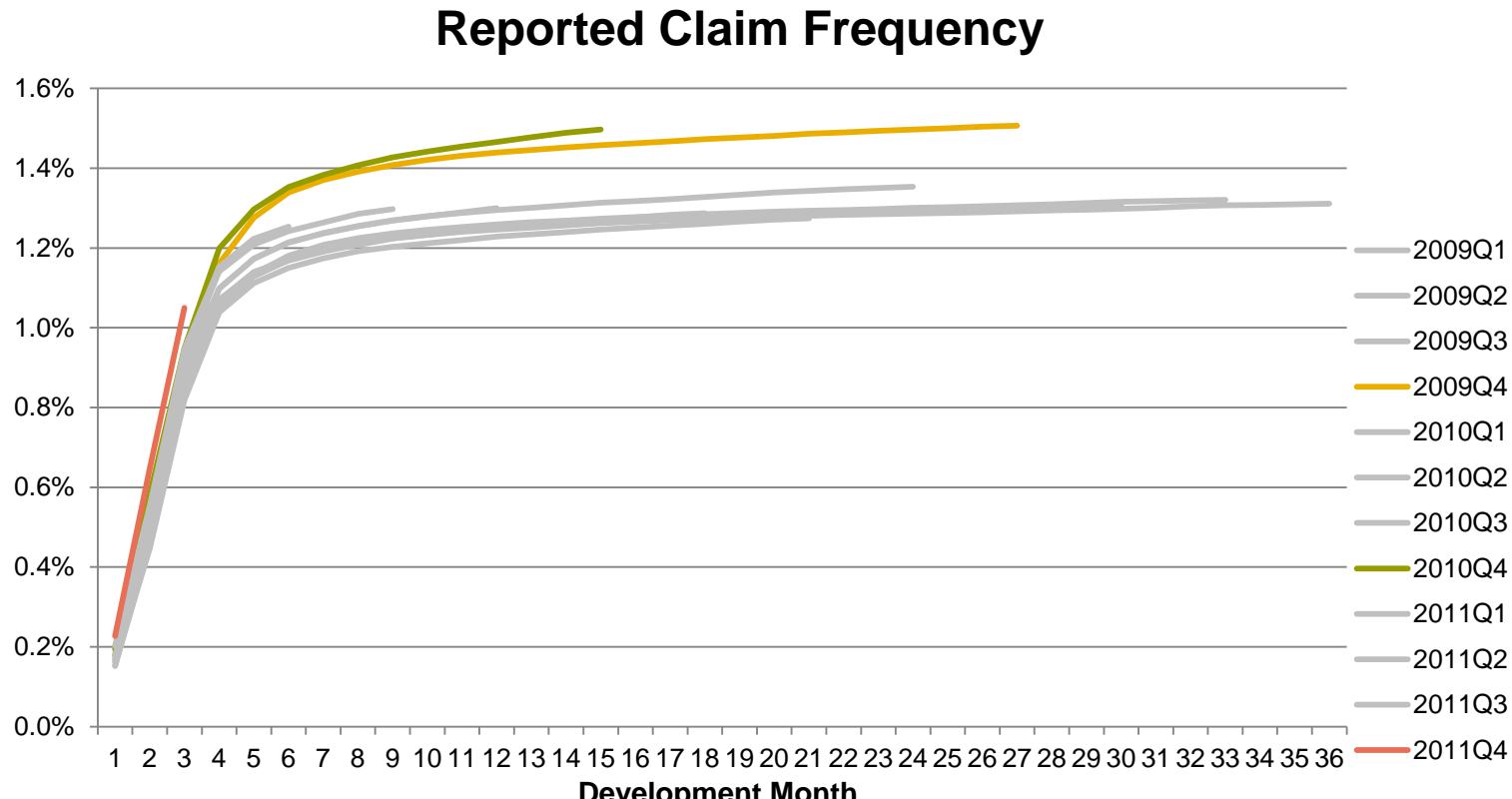
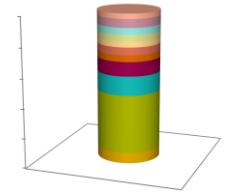
Transactional Analysis – 0-1k Layer

Data trends



Transactional Analysis – 0-1k Layer

Data trends

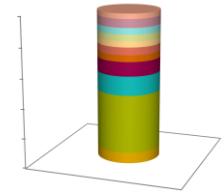


Inflation Rates

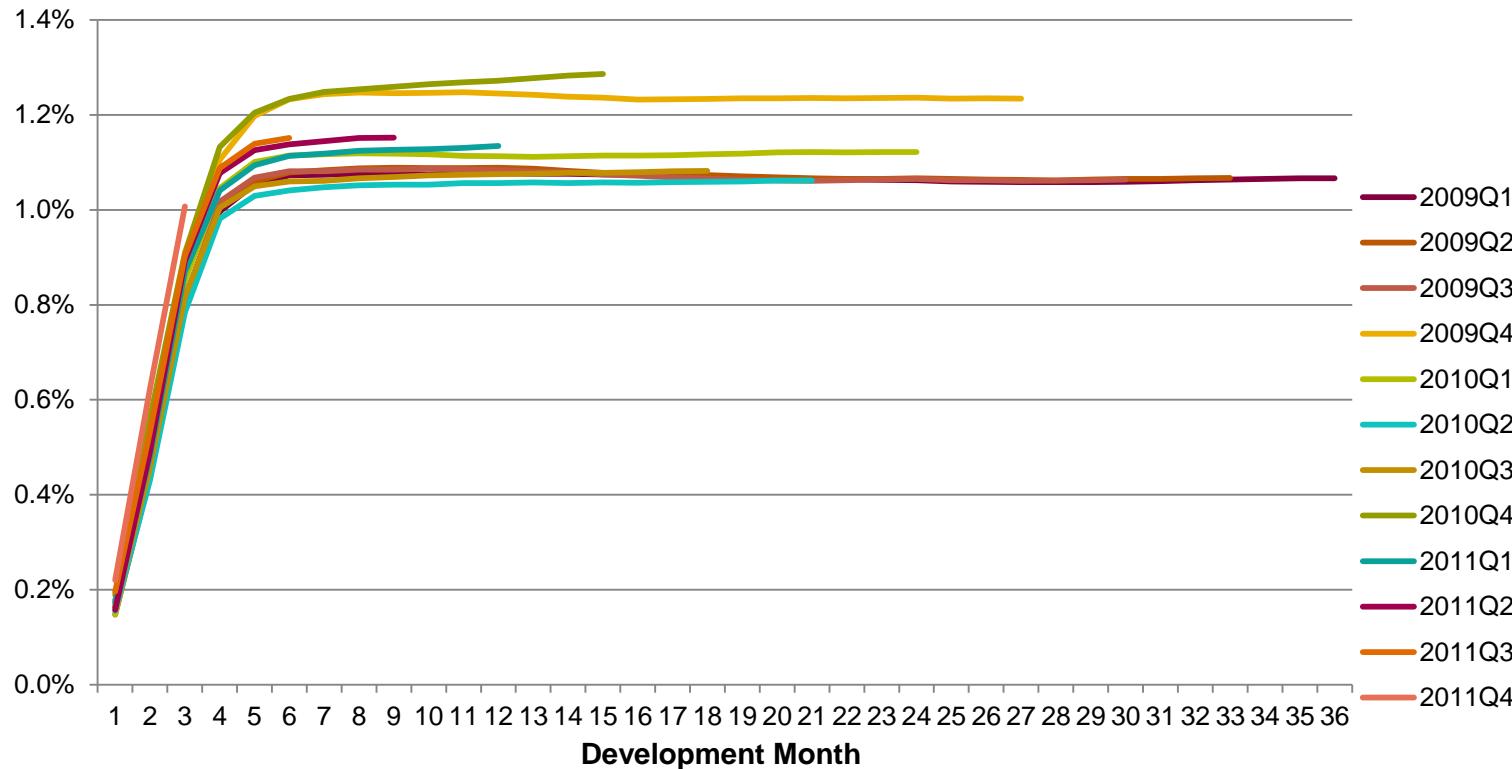
10Q4-11Q4: 10.8% 09Q4-10Q4: 2.7%

Transactional Analysis – 0-1k Layer (excl nils)

Data trends

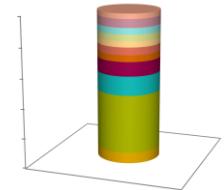


Reported Claim Frequency

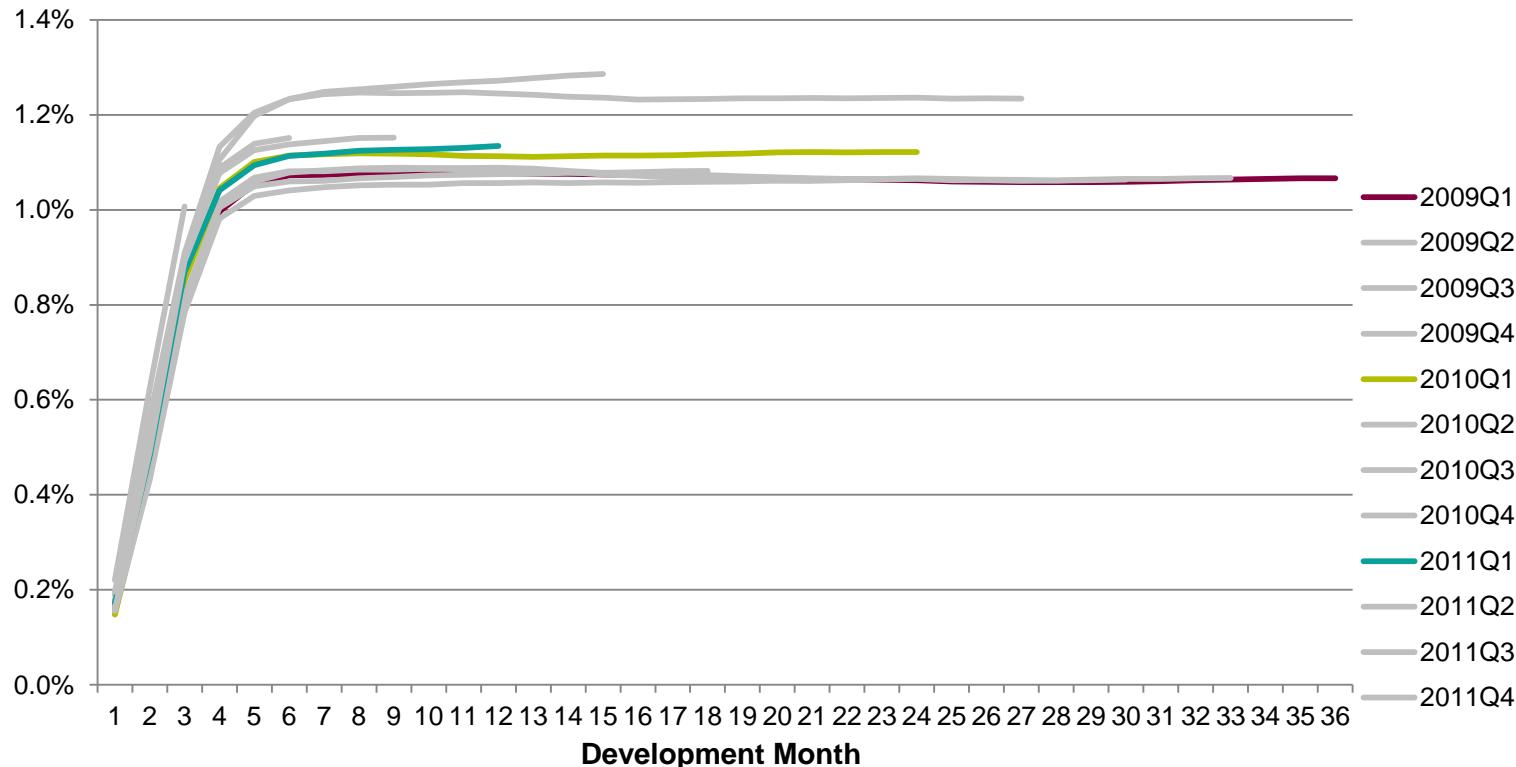


Transactional Analysis – 0-1k Layer (excl nils)

Data trends



Reported Claim Frequency

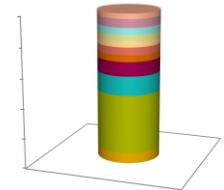


Inflation Rates

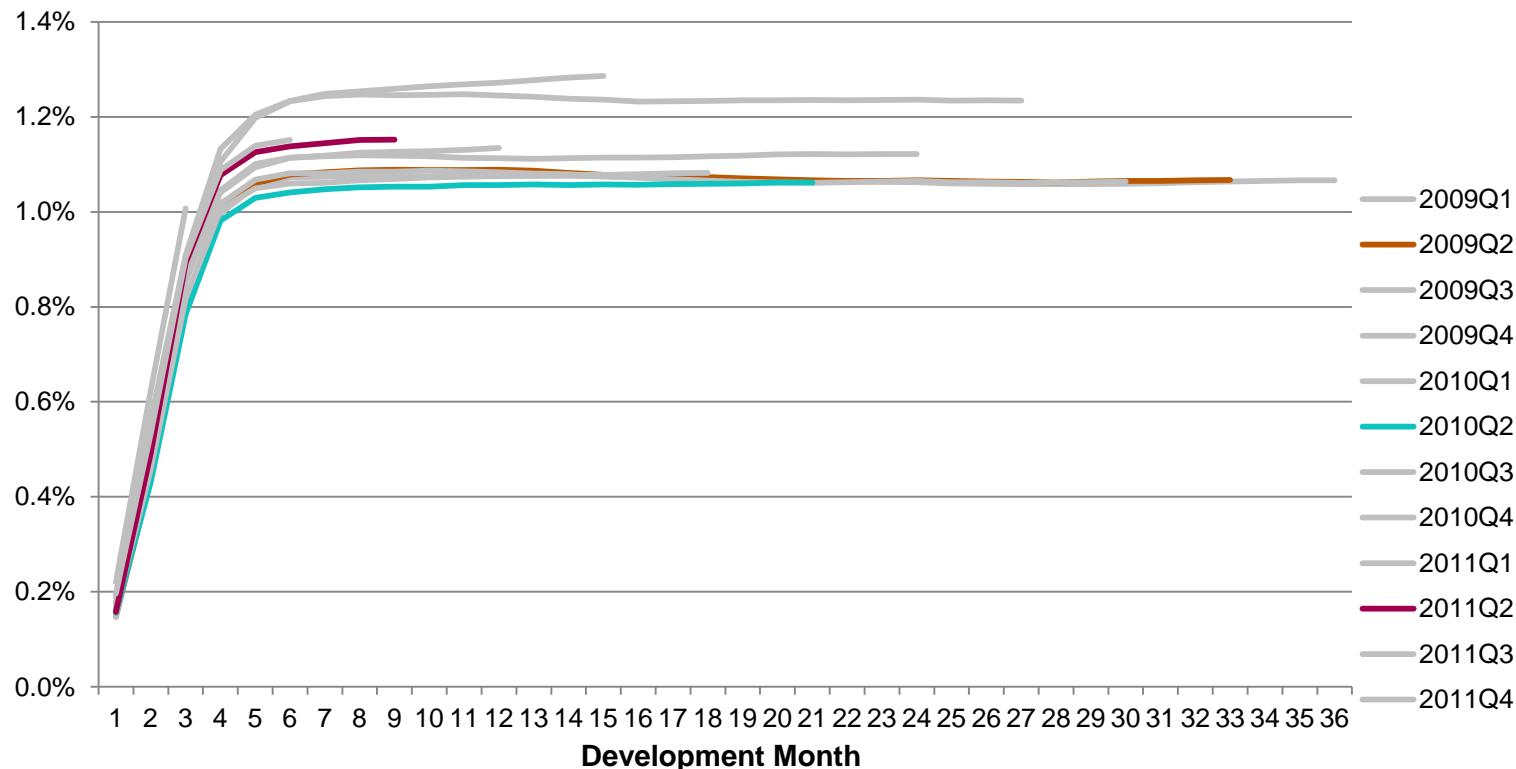
10Q1-11Q1: 1.9% 09Q1-10Q1: 5.5%

Transactional Analysis – 0-1k Layer (excl nils)

Data trends



Reported Claim Frequency

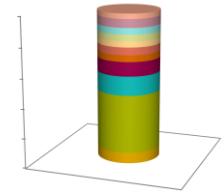


Inflation Rates

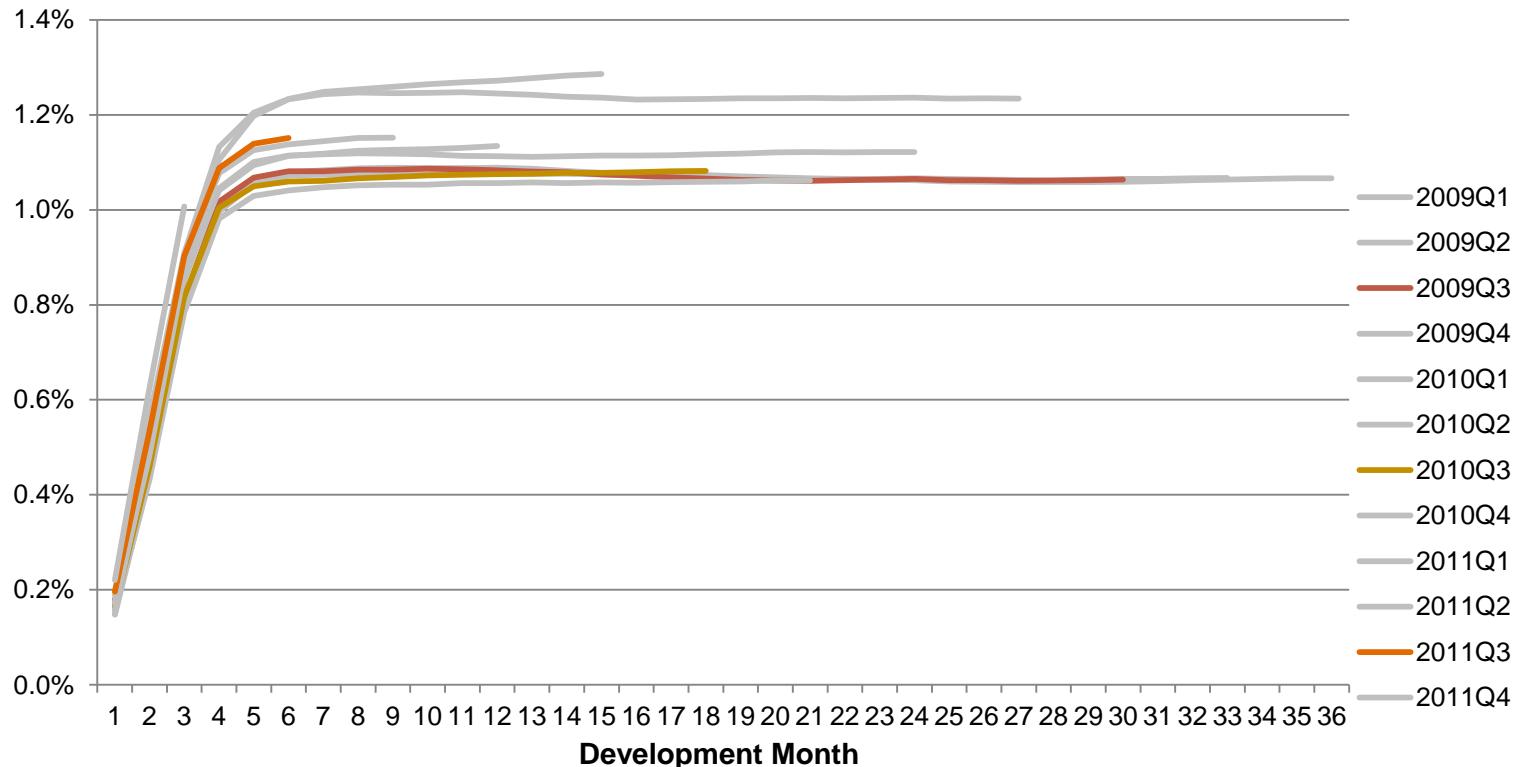
10Q2-11Q2: 9.4% 09Q2-10Q2: -0.5%

Transactional Analysis – 0-1k Layer (excl nils)

Data trends



Reported Claim Frequency

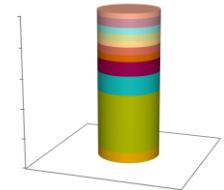


Inflation Rates

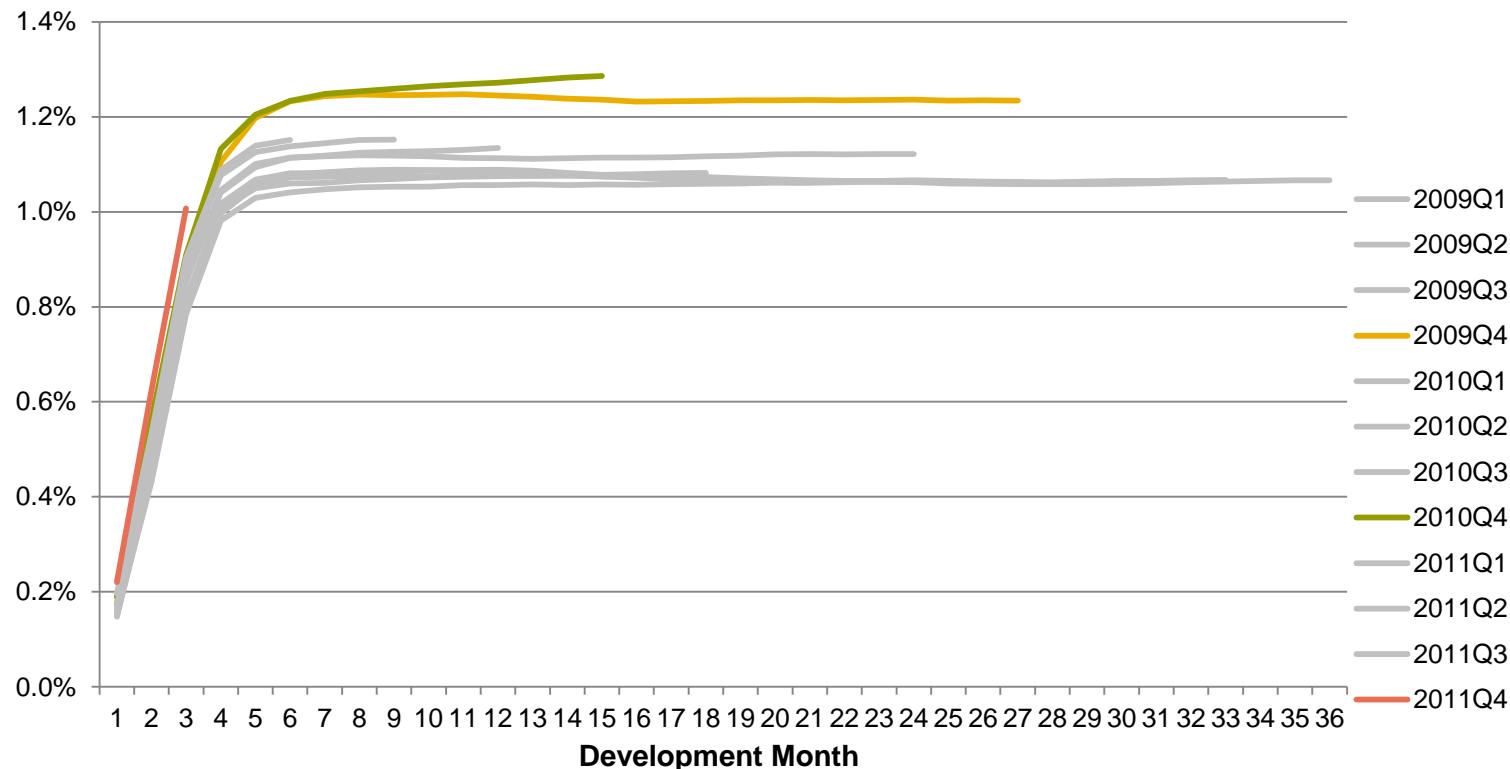
10Q3-11Q3: 8.7% 09Q3-10Q3: 1.5%

Transactional Analysis – 0-1k Layer (excl nils)

Data trends



Reported Claim Frequency

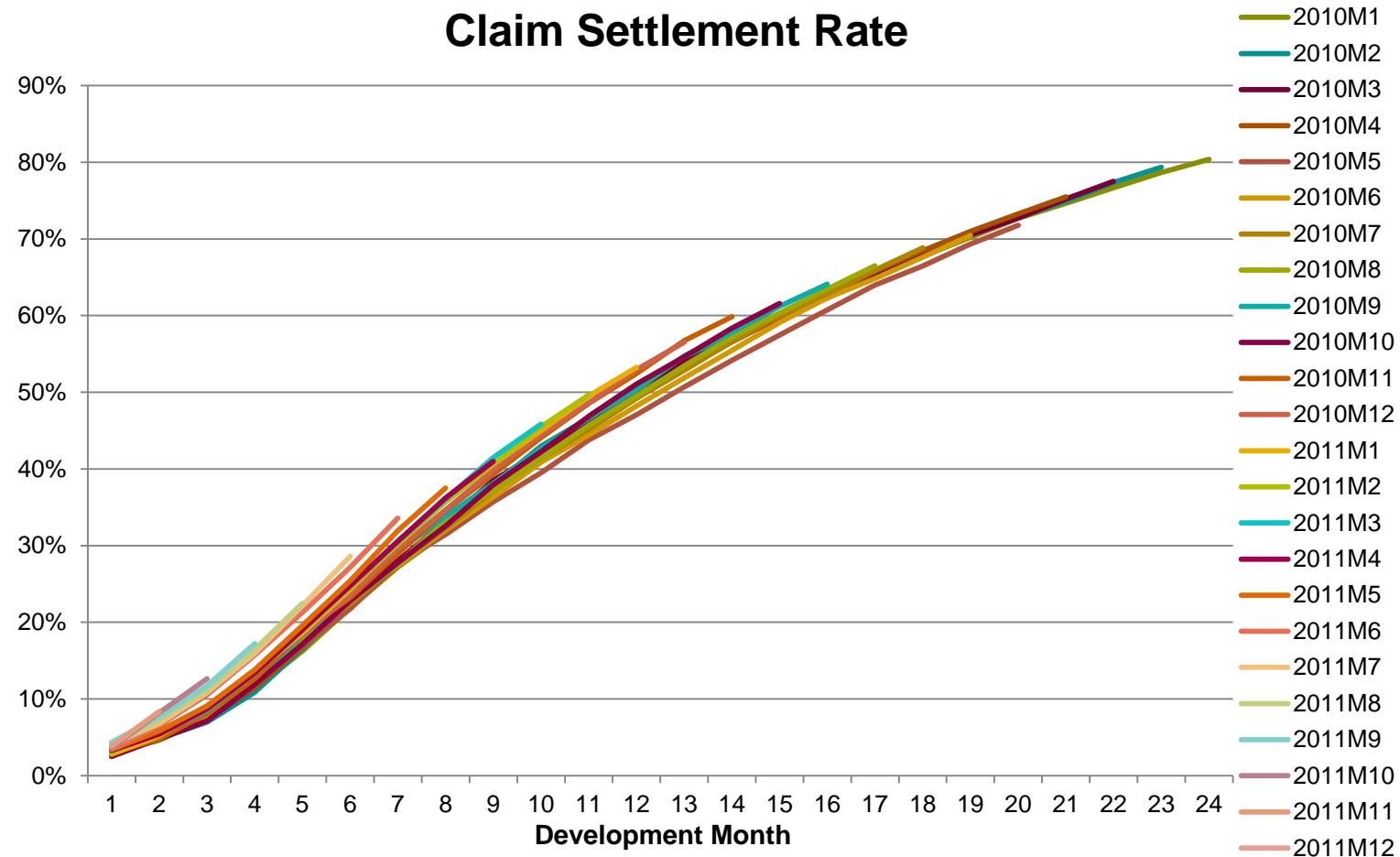
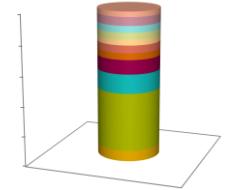


Inflation Rates

10Q4-11Q4: 10.8% 09Q4-10Q4: 4.1%

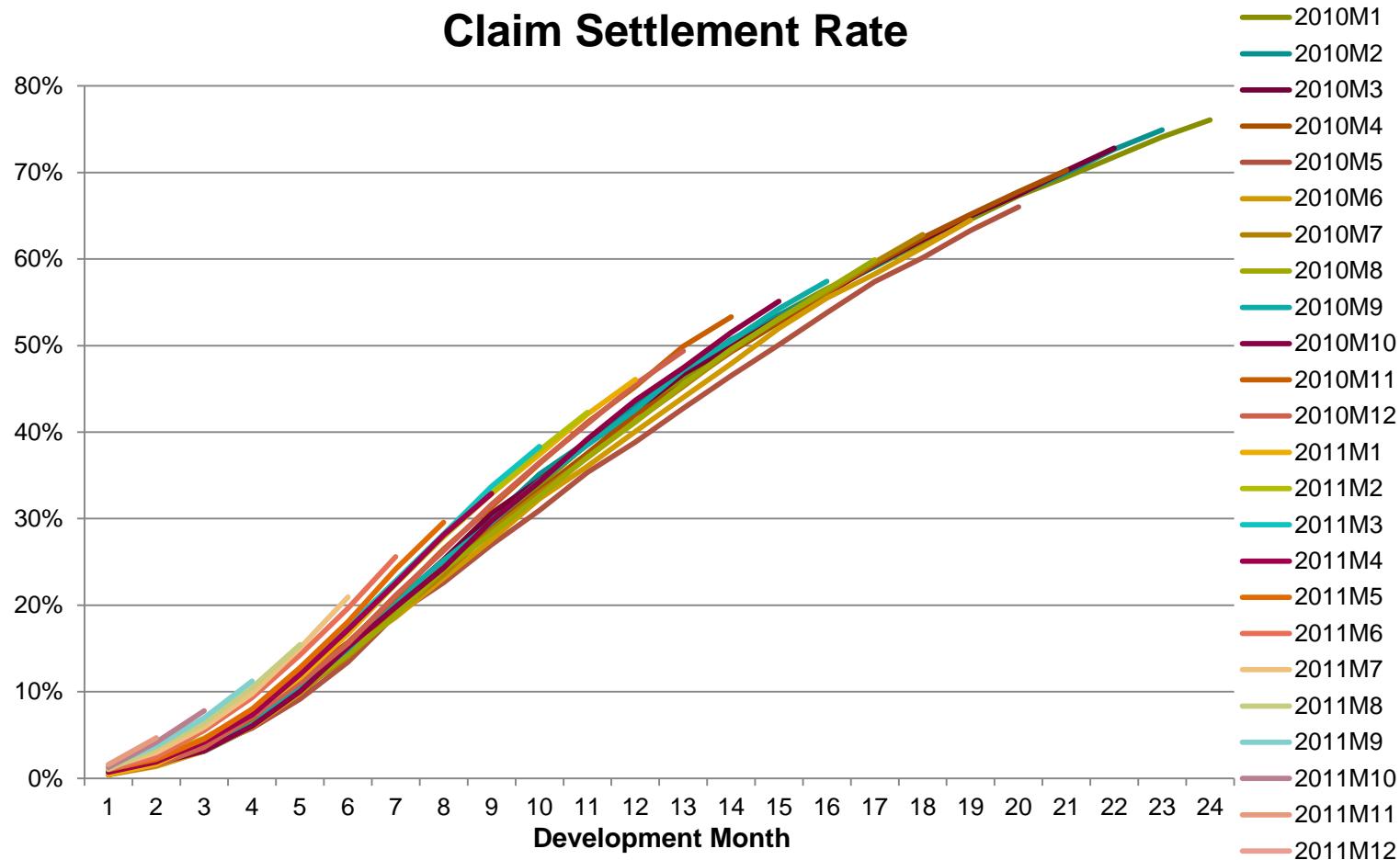
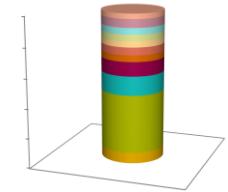
Transactional Analysis – 0-1k Layer

Data trends



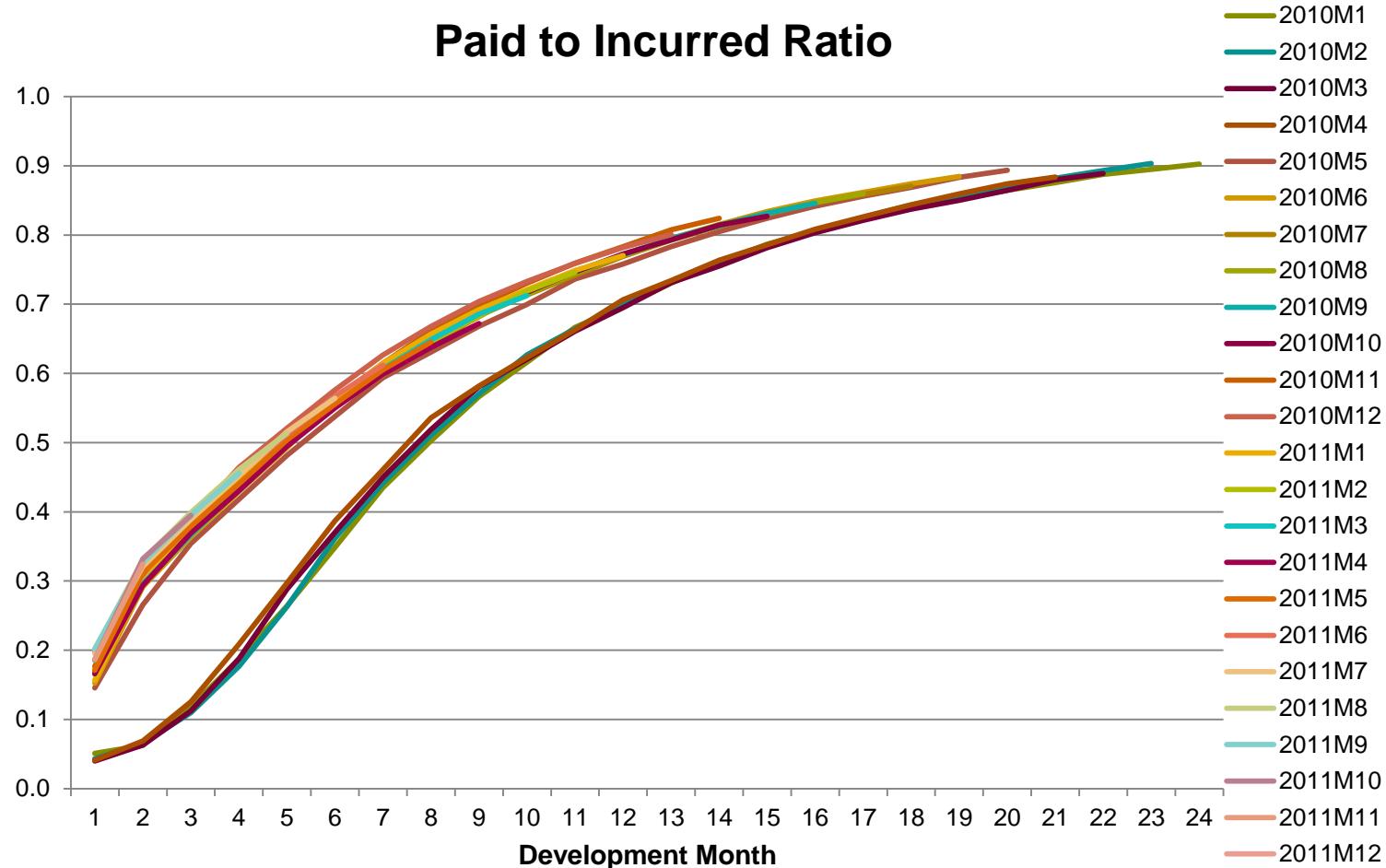
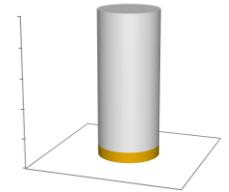
Transactional Analysis – 0-1k Layer (excl nils)

Data trends



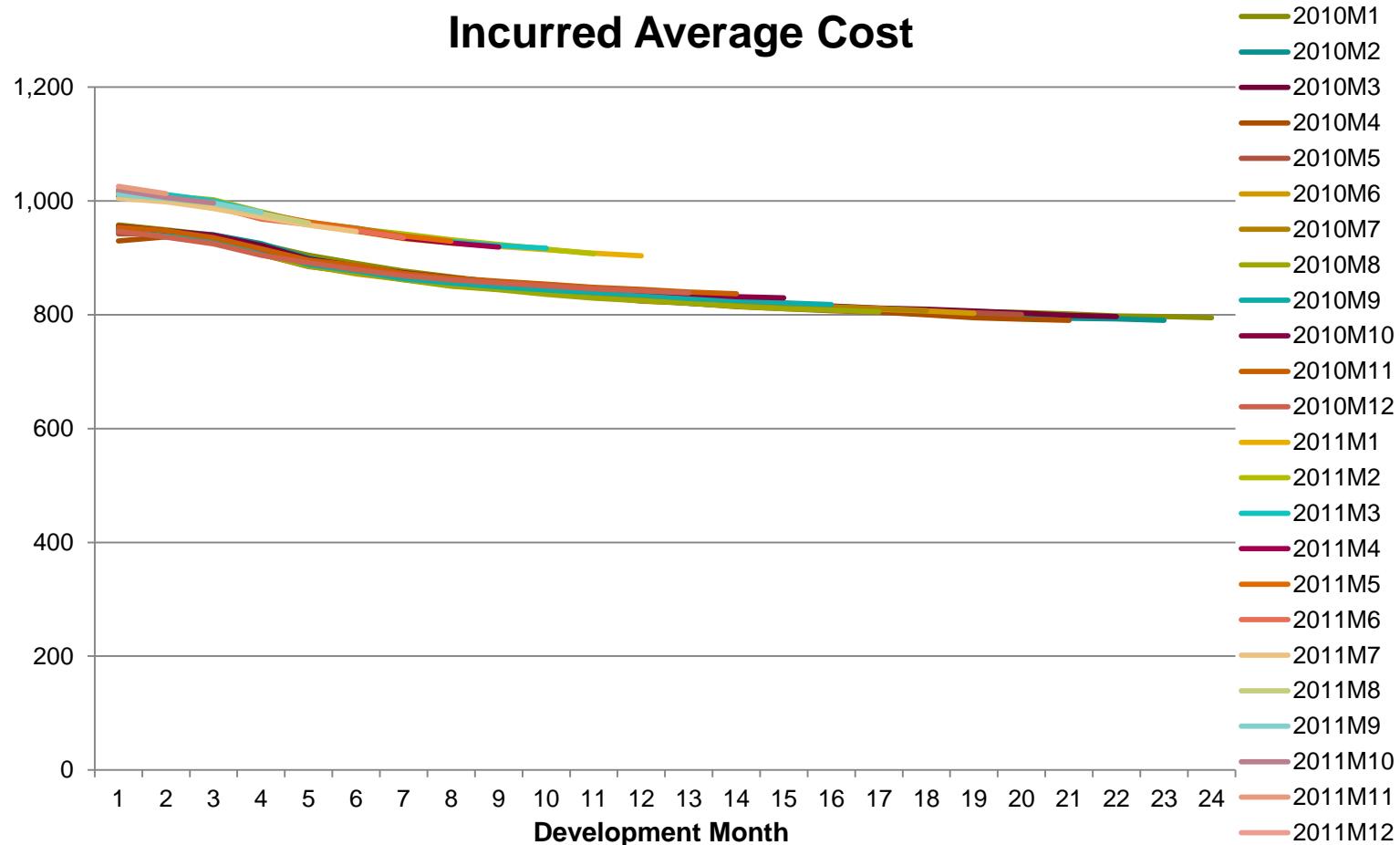
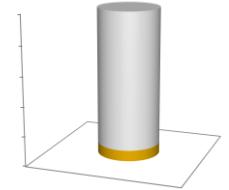
Transactional Analysis – 0-1k Layer

Data trends



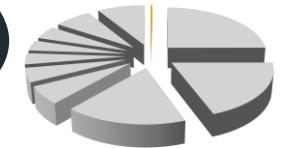
Transactional Analysis – 0-1k Layer

Data trends



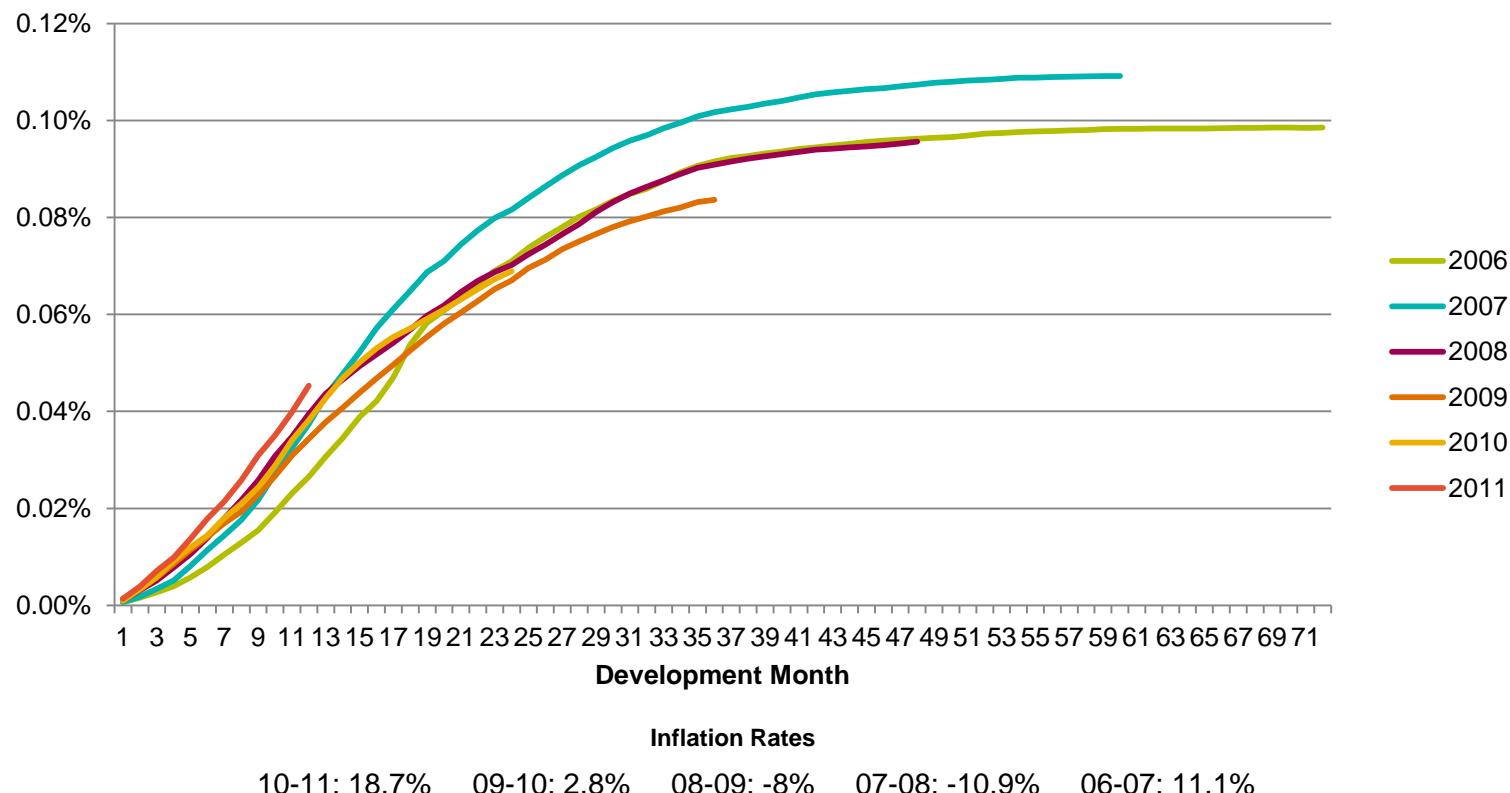
Transactional Analysis – 0-1k Layer (excl nils)

Data trends



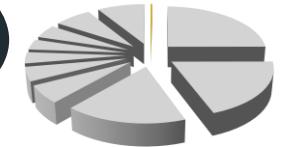
Frequency of Claims in Layer (excl nils)

Layer 1: 0 to 1k



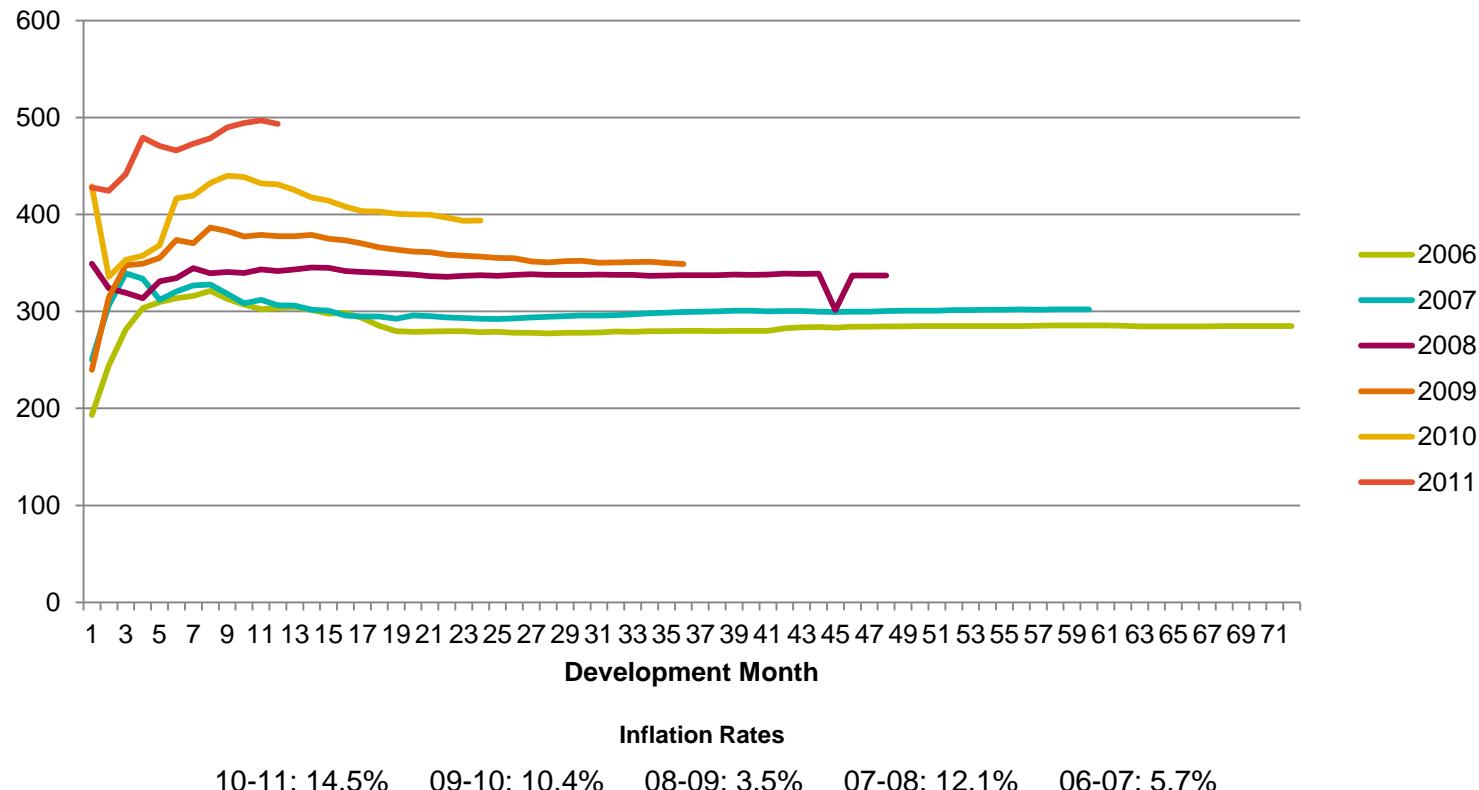
Transactional Analysis – 0-1k Layer (excl nils)

Data trends



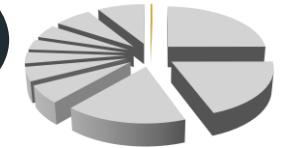
FGU Incurred Average Cost of Claims in Layer (excl nils)

Layer 1: 0 to 1k



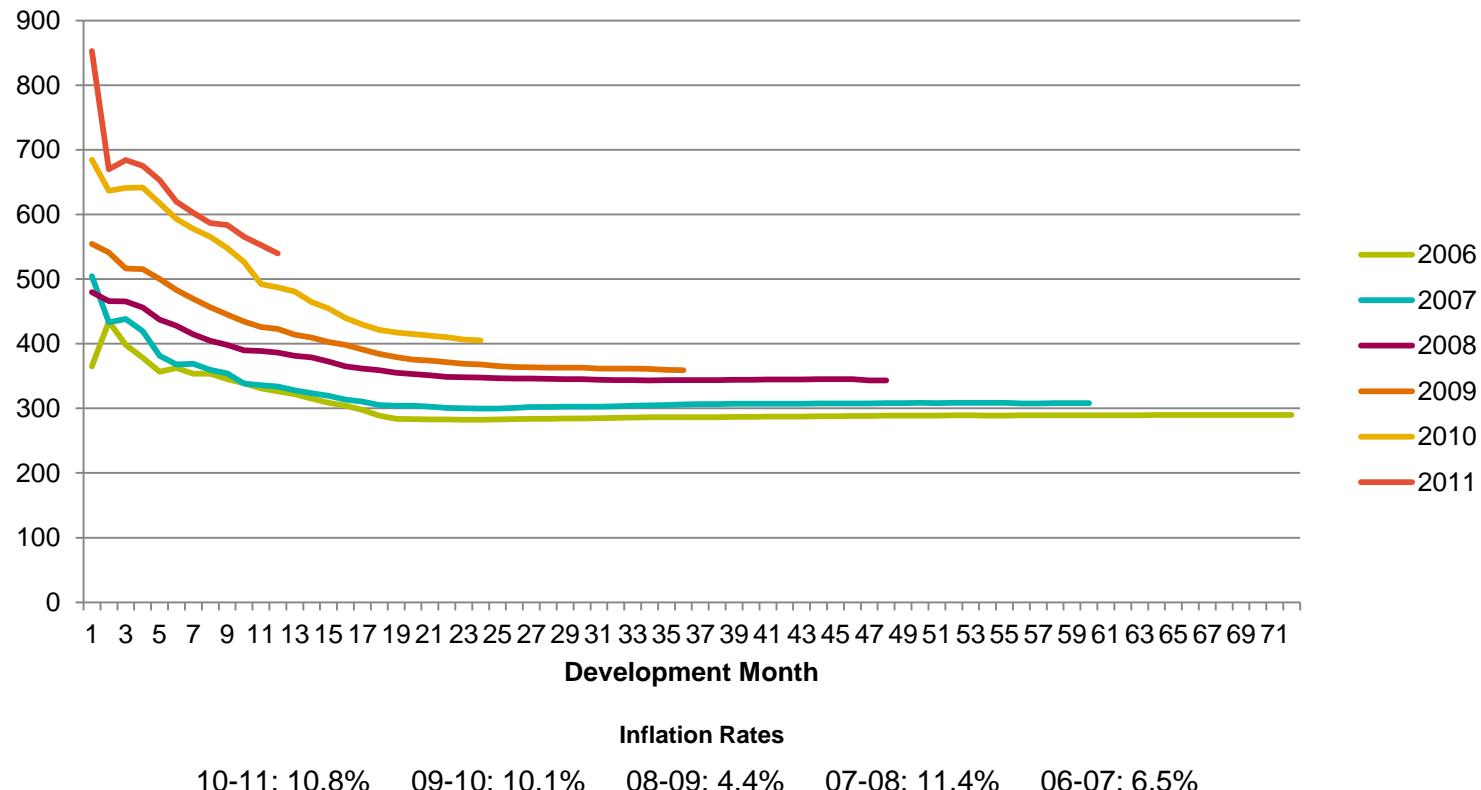
Transactional Analysis – 0-1k Layer (excl nils)

Data trends



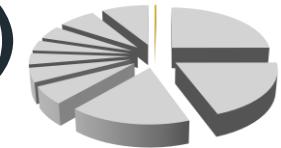
FGU Average Cost of Claims Settling in Layer (excl nils)

Layer 1: 0 to 1k

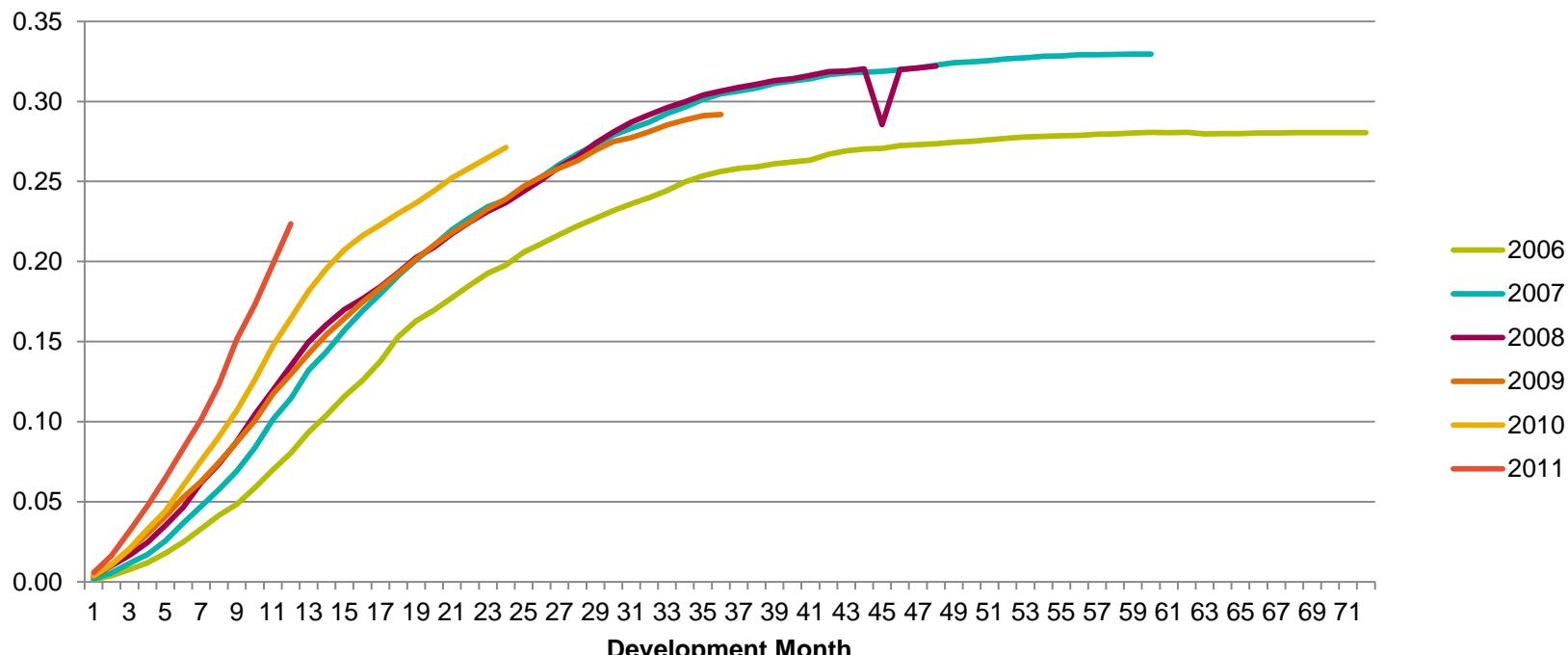


Transactional Analysis – 0-1k Layer (excl nils)

Data trends



FGU Incurred Burning Cost
Layer 1: 0 to 1k

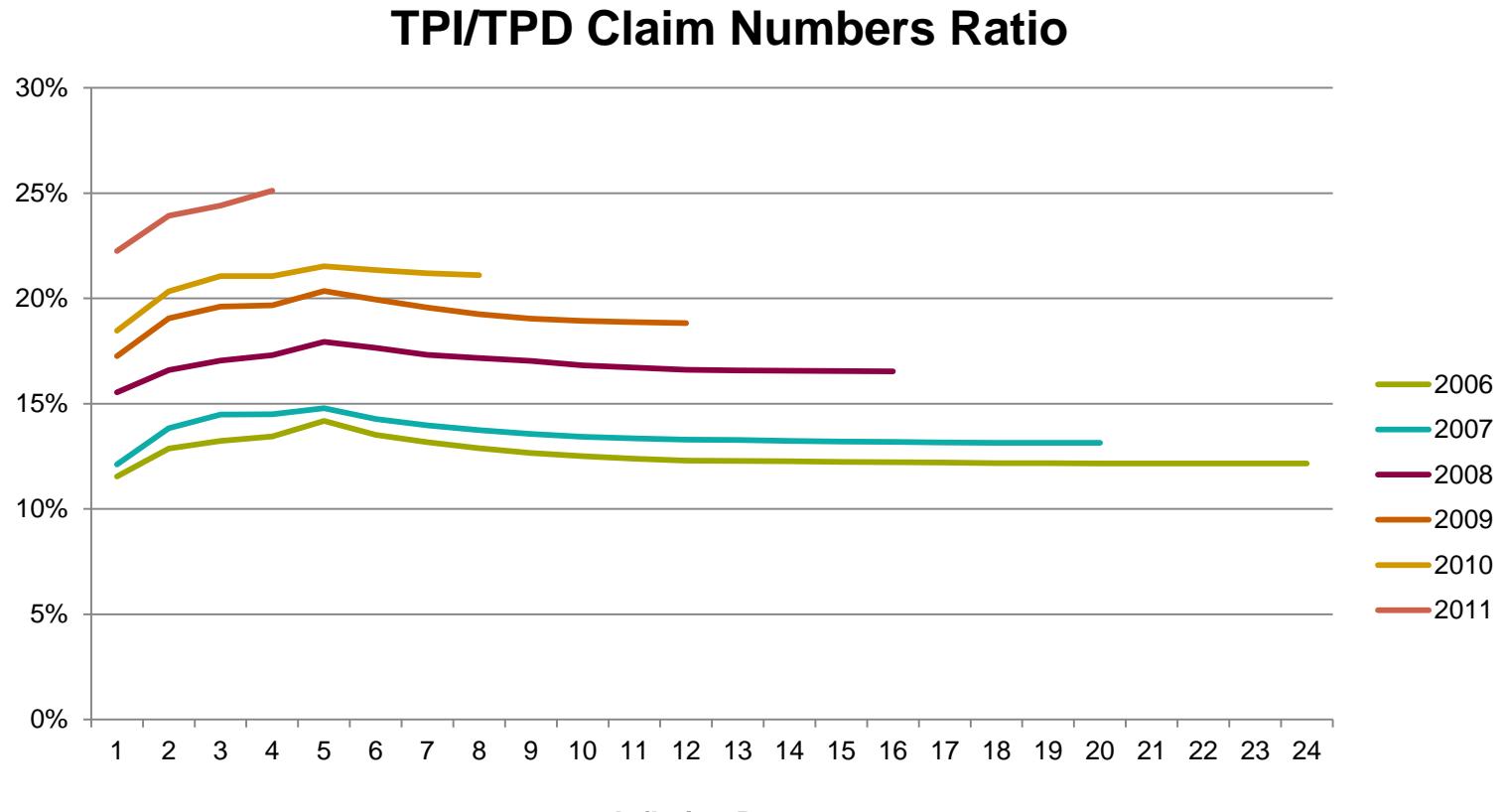
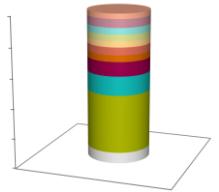


Inflation Rates

10-11: 35.8% 09-10: 13.5% 08-09: -4.8% 07-08: -0.1% 06-07: 17.5%

Transactional Analysis – 1k-10k Layer

Data trends

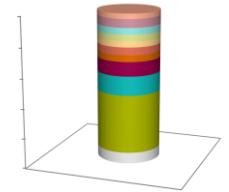


Inflation Rates

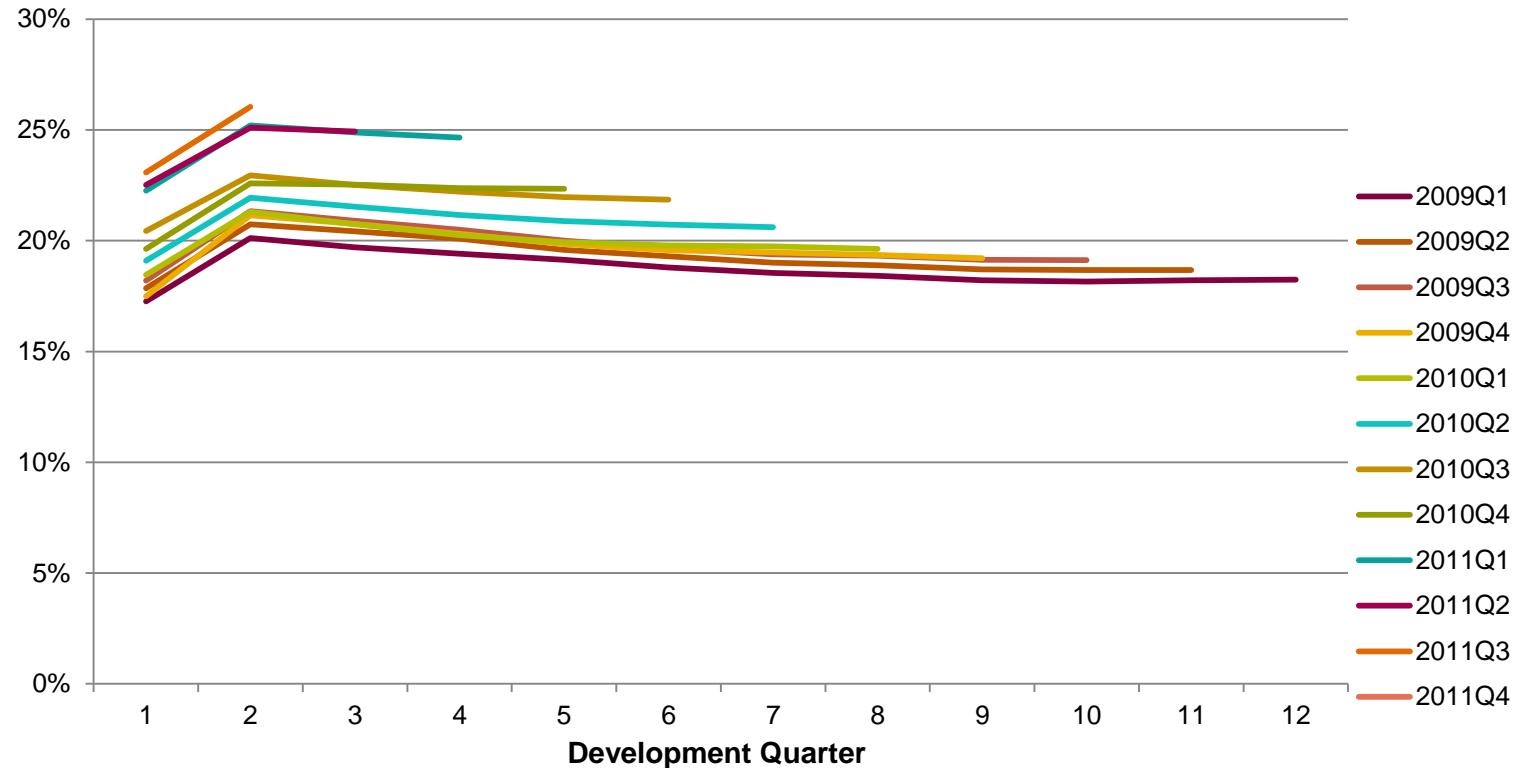
10-11: 19.2% 09-10: 9.7% 08-09: 13.4% 07-08: 25.5% 06-07: 8%

Transactional Analysis – 1k-10k Layer

Data trends

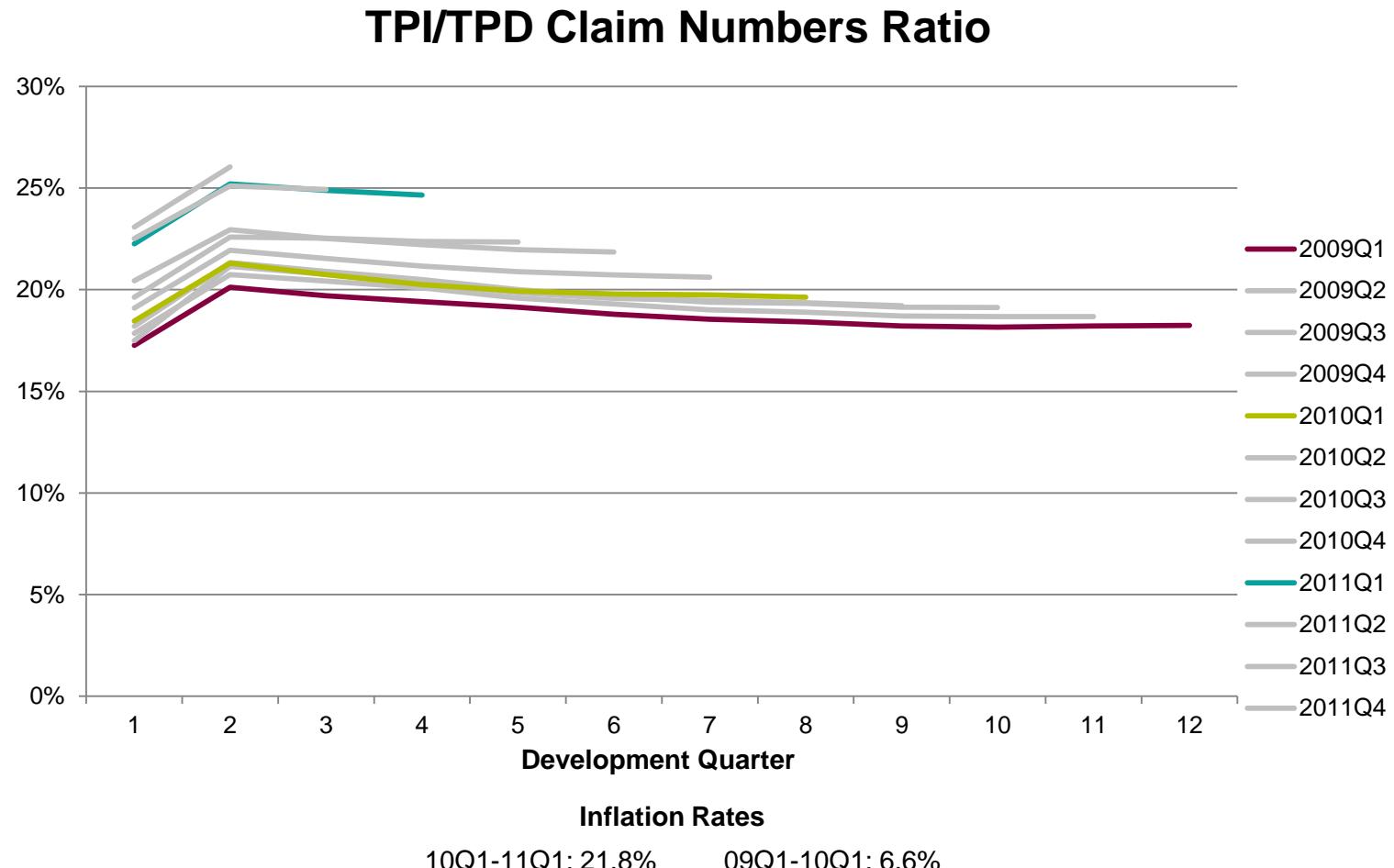
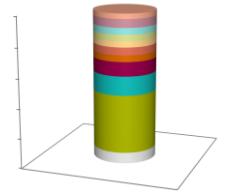


TPI/TPD Claim Numbers Ratio



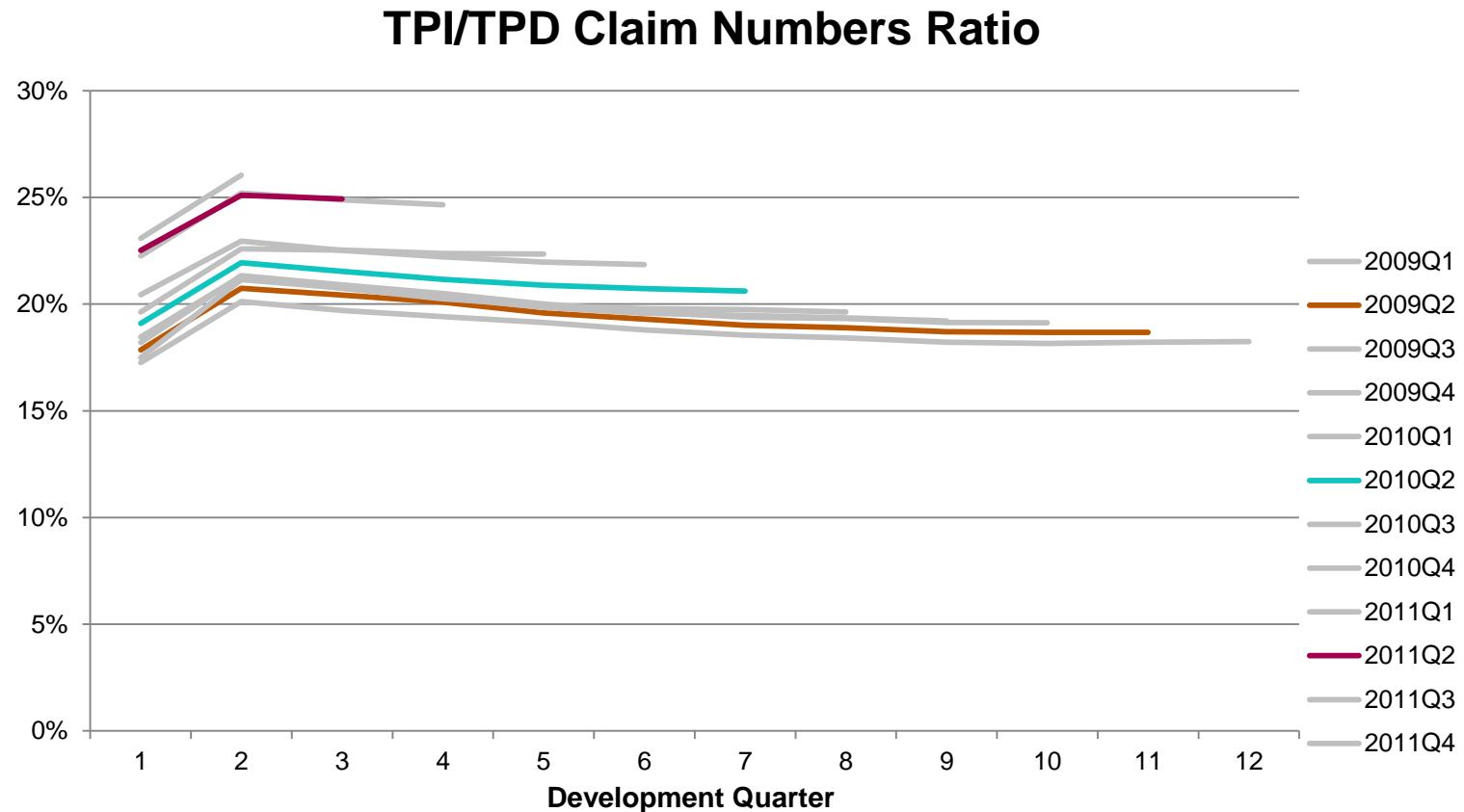
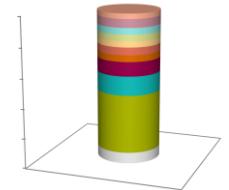
Transactional Analysis – 1k-10k Layer

Data trends



Transactional Analysis – 1k-10k Layer

Data trends

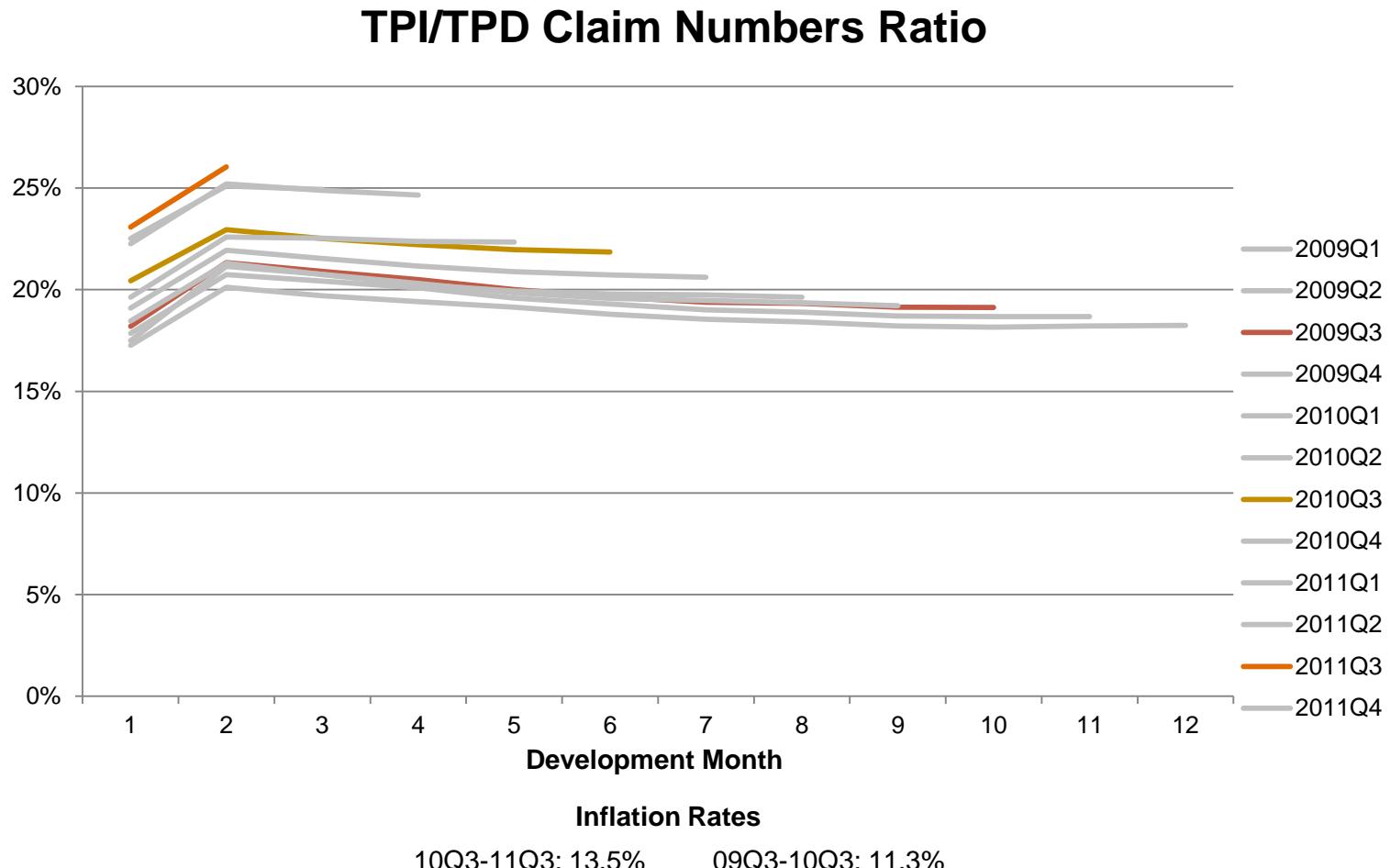
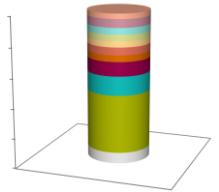


Inflation Rates

10Q2-11Q2: 15.8% 09Q2-10Q2: 8.4%

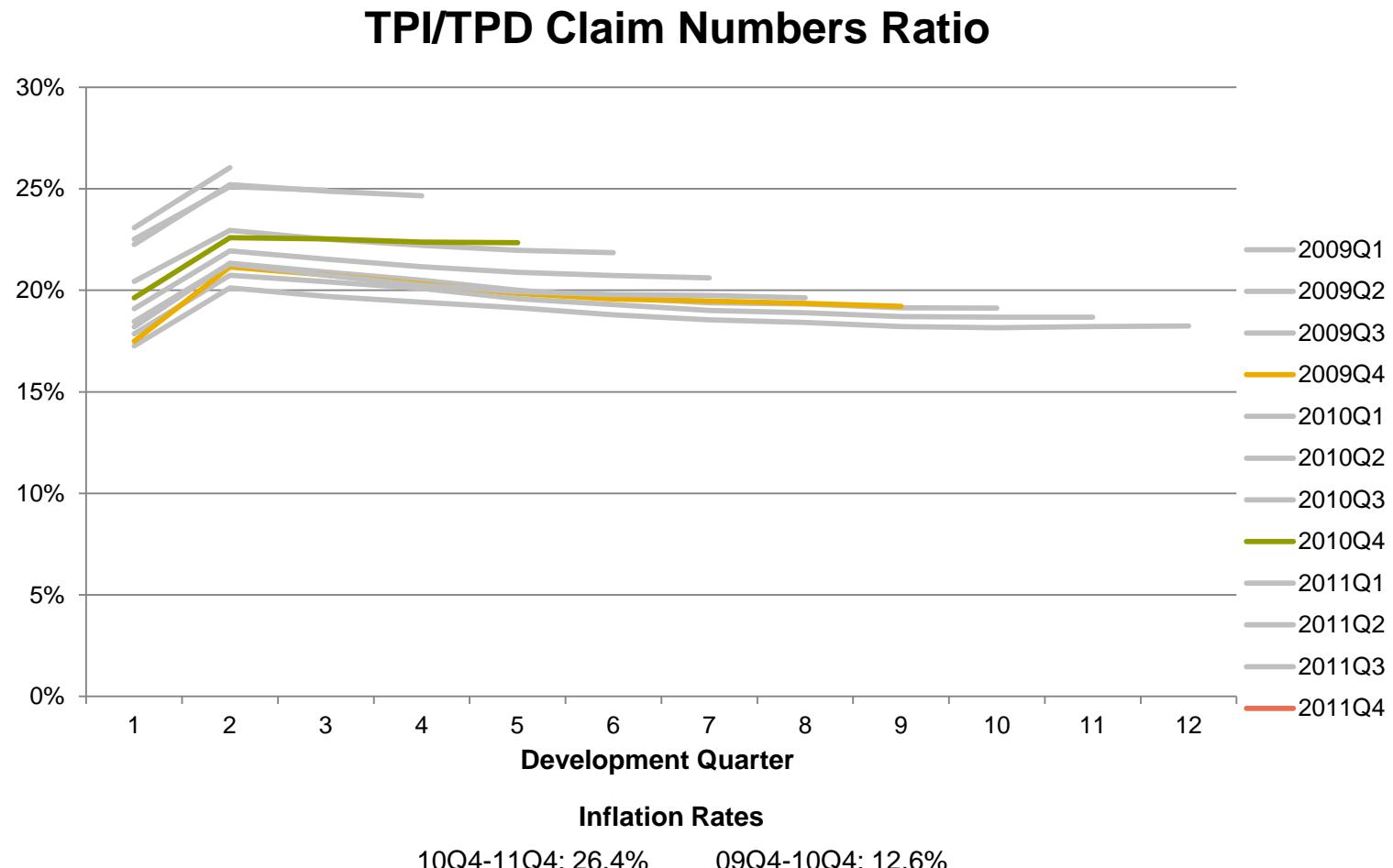
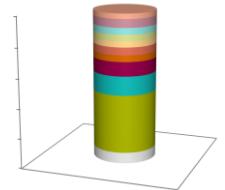
Transactional Analysis – 1k-10k Layer

Data trends



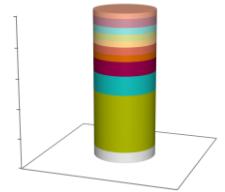
Transactional Analysis – 1k-10k Layer

Data trends

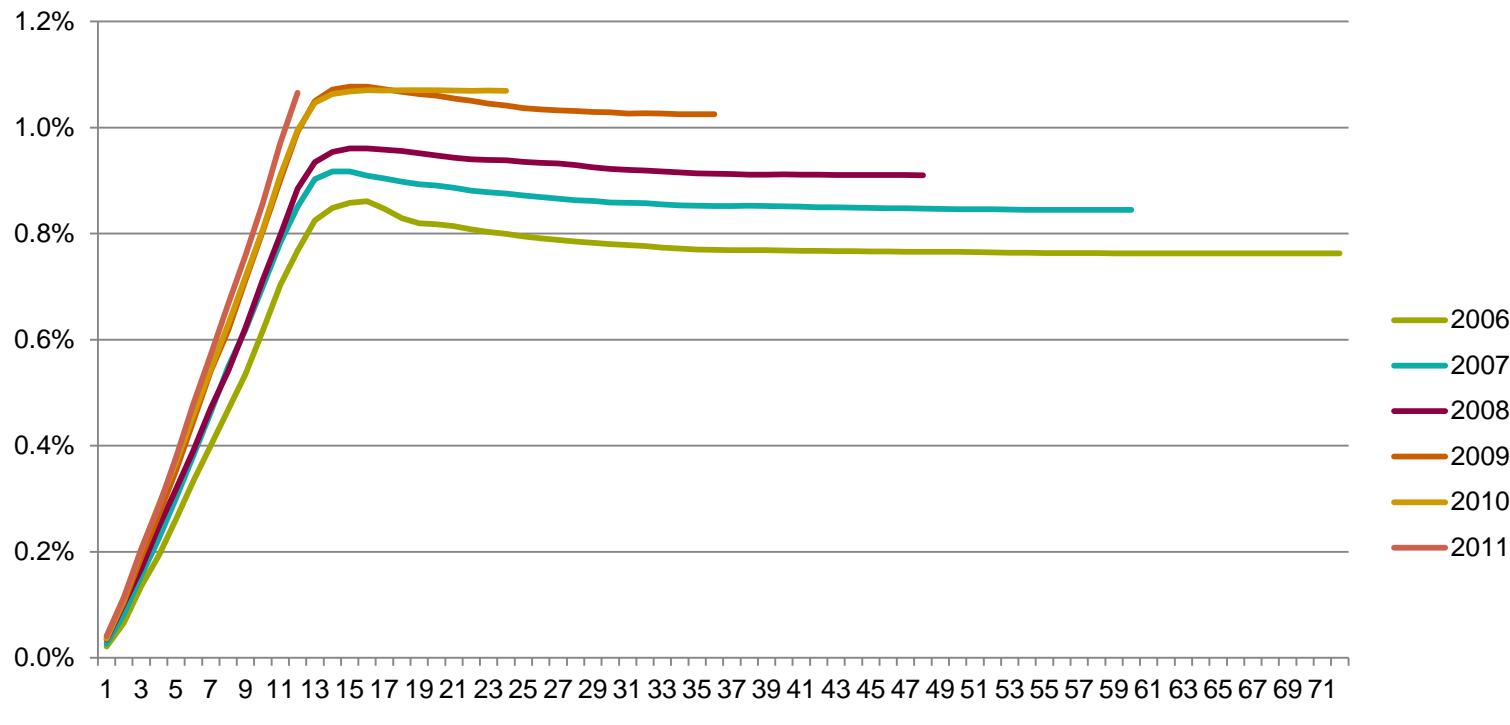


Transactional Analysis – 1k-10k Layer

Data trends



Reported Claim Frequency

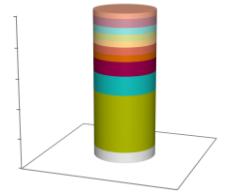


Inflation Rates

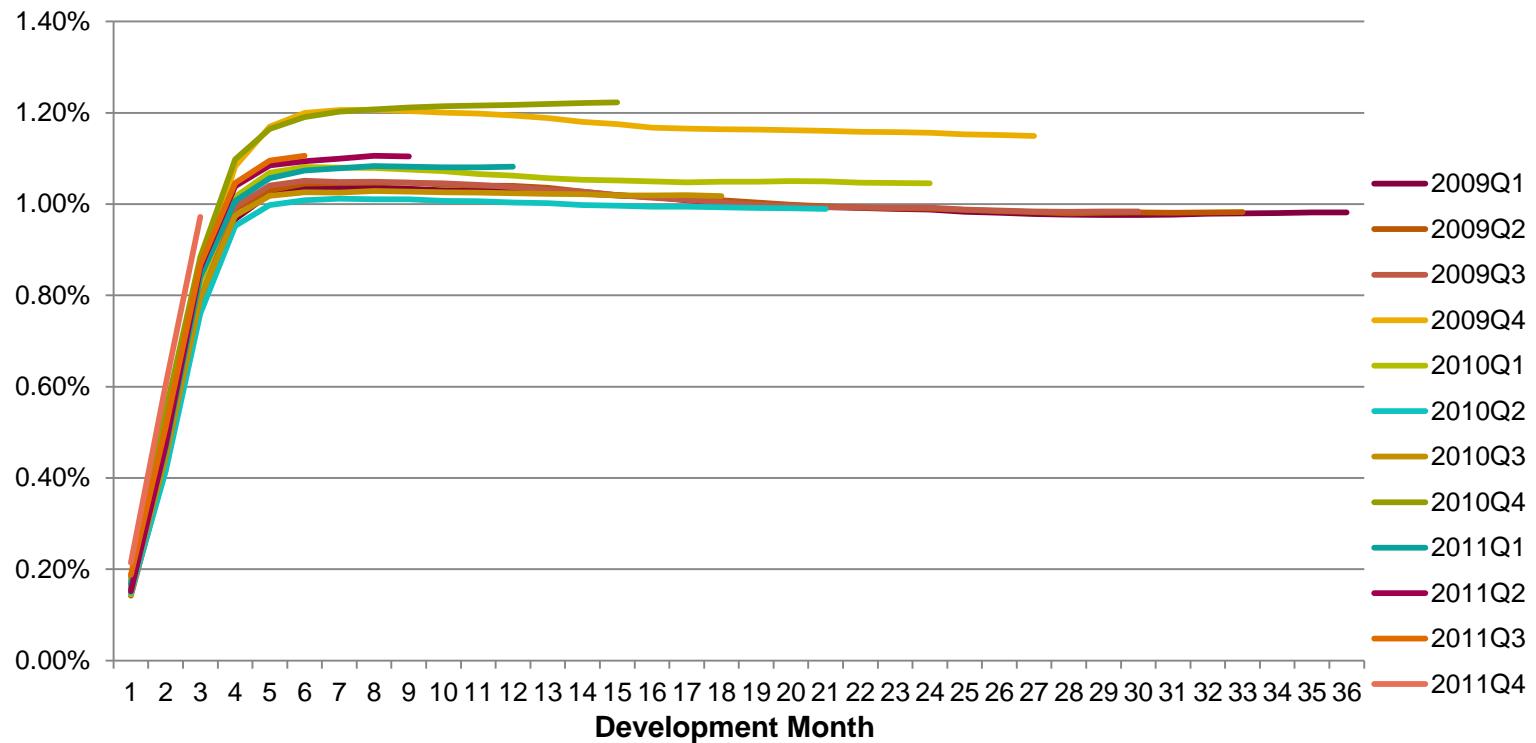
10-11: 7.1% 09-10: 2.7% 08-09: 12.3% 07-08: 7.4% 06-07: 10.7%

Transactional Analysis – 1k-10k Layer

Data trends

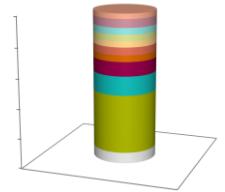


Reported Claim Frequency

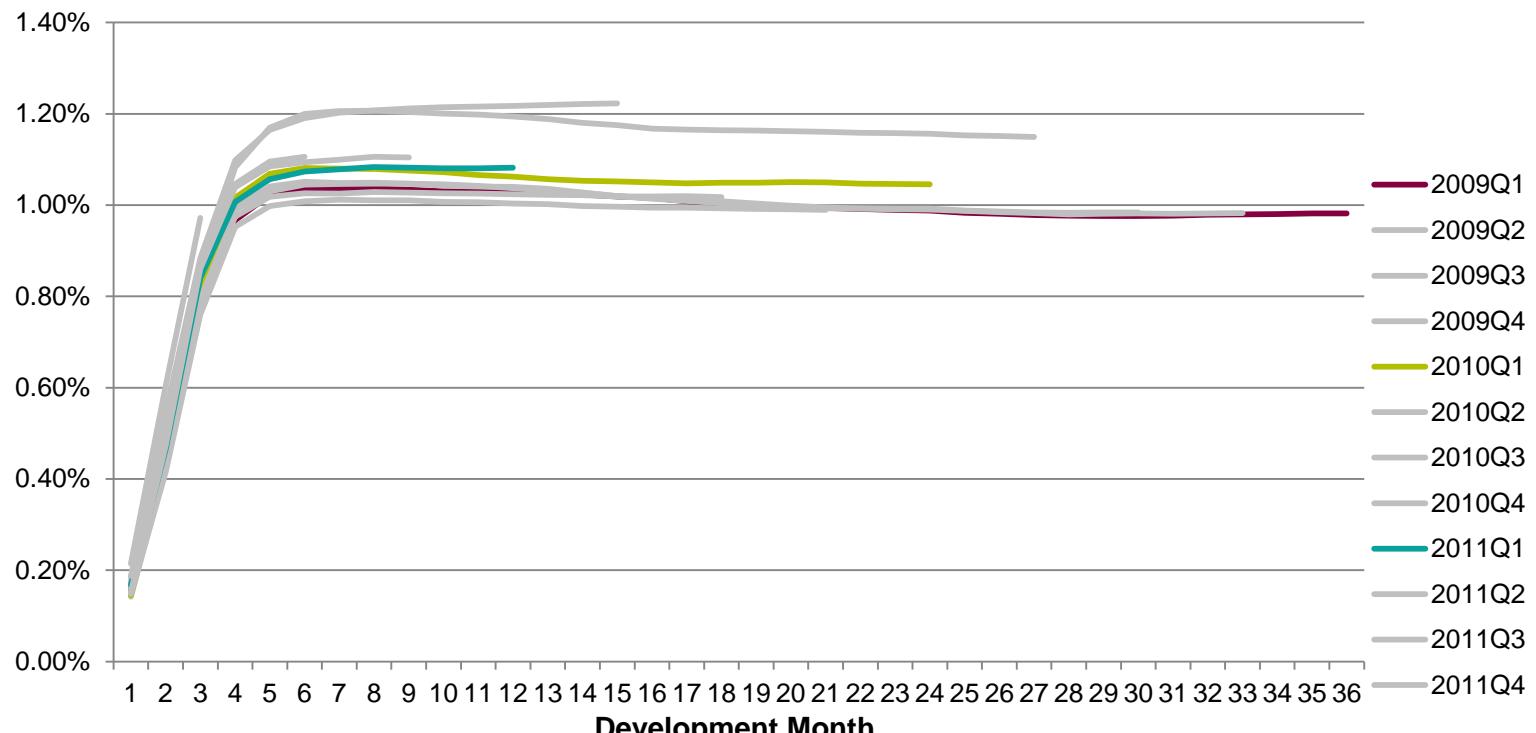


Transactional Analysis – 1k-10k Layer

Data trends



Reported Claim Frequency

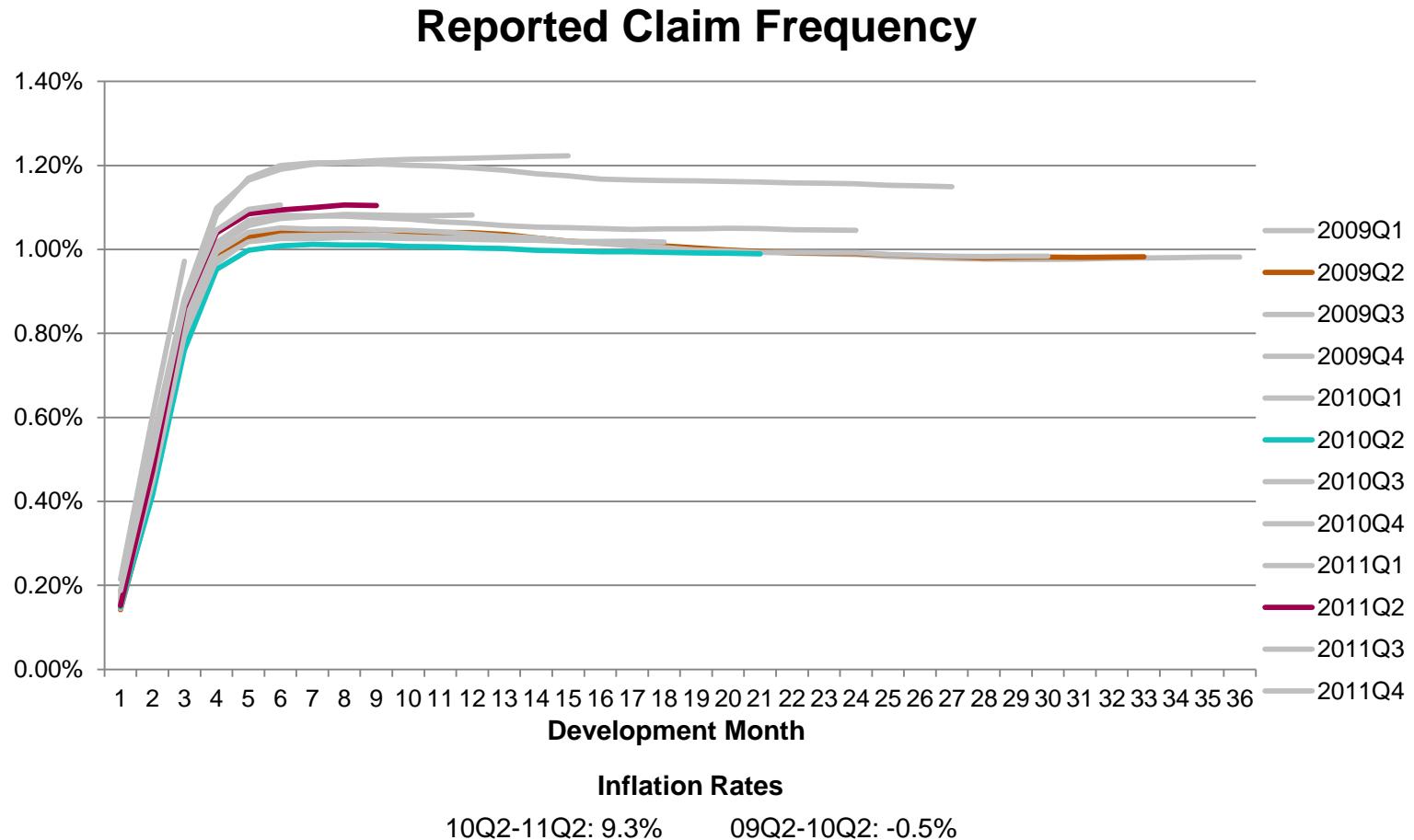
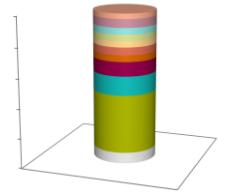


Inflation Rates

10Q1-11Q1: 1.9% 09Q1-10Q1: 5.8%

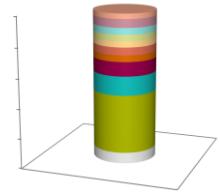
Transactional Analysis – 1k-10k Layer

Data trends

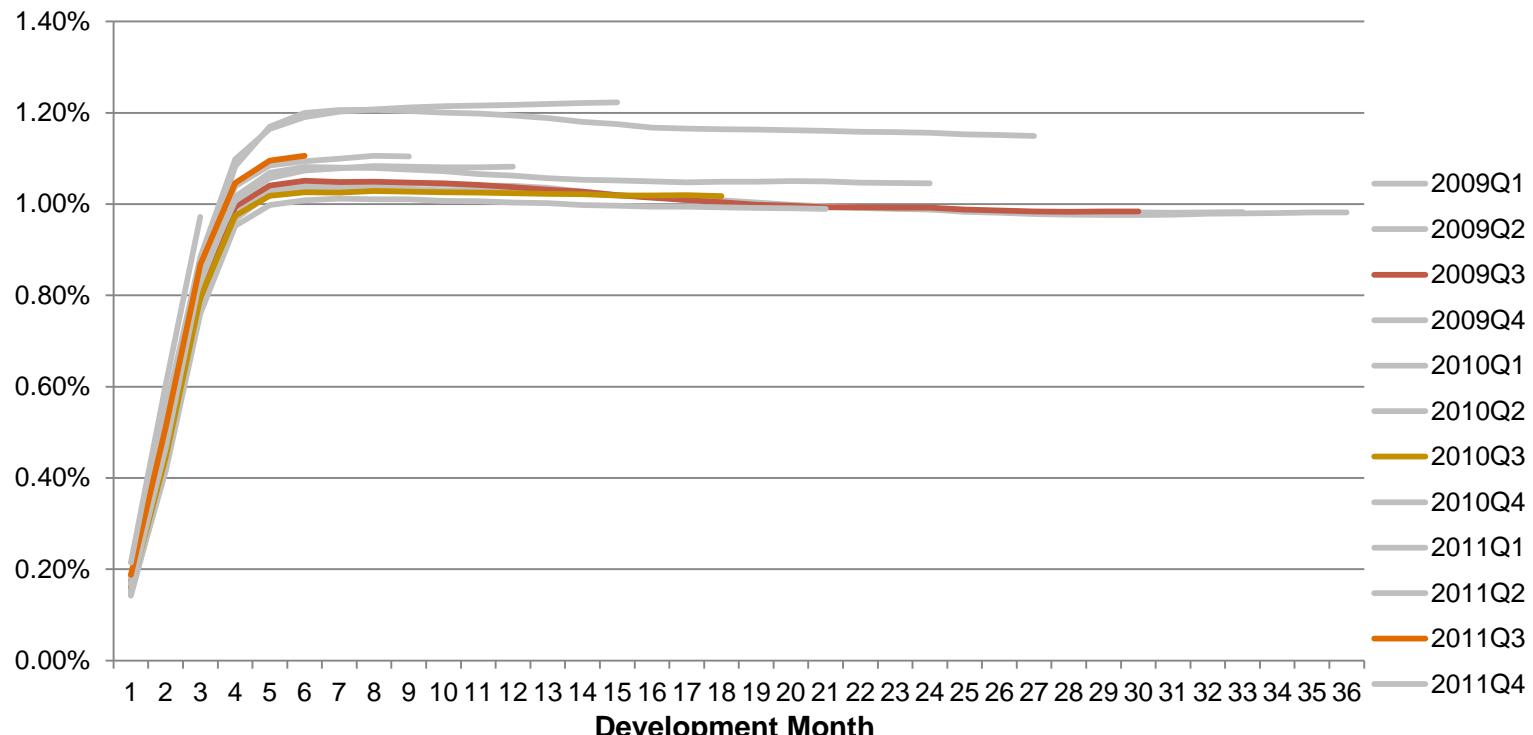


Transactional Analysis – 1k-10k Layer

Data trends



Reported Claim Frequency

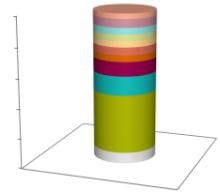


Inflation Rates

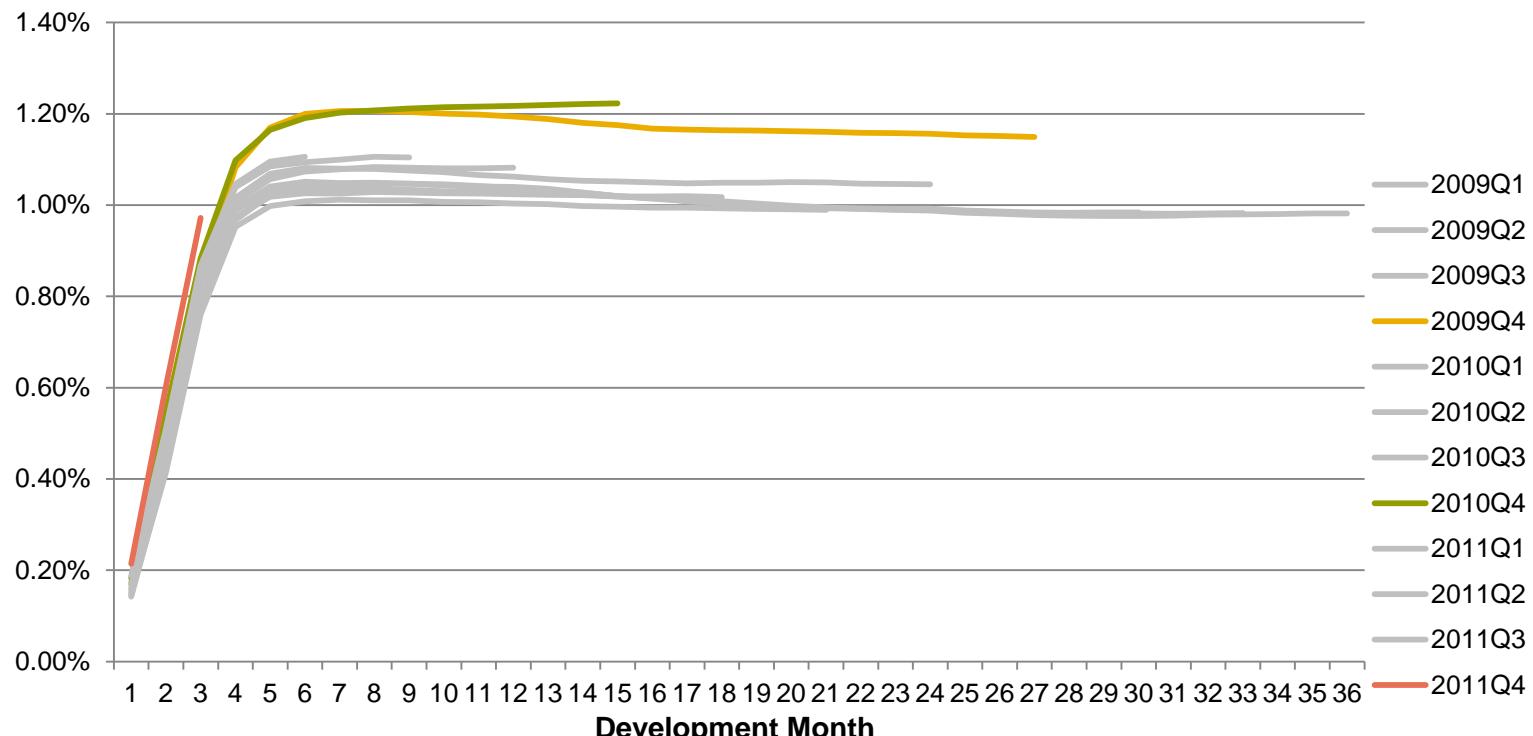
10Q3-11Q3: 7.7% 09Q3-10Q3: 1.4%

Transactional Analysis – 1k-10k Layer

Data trends



Reported Claim Frequency

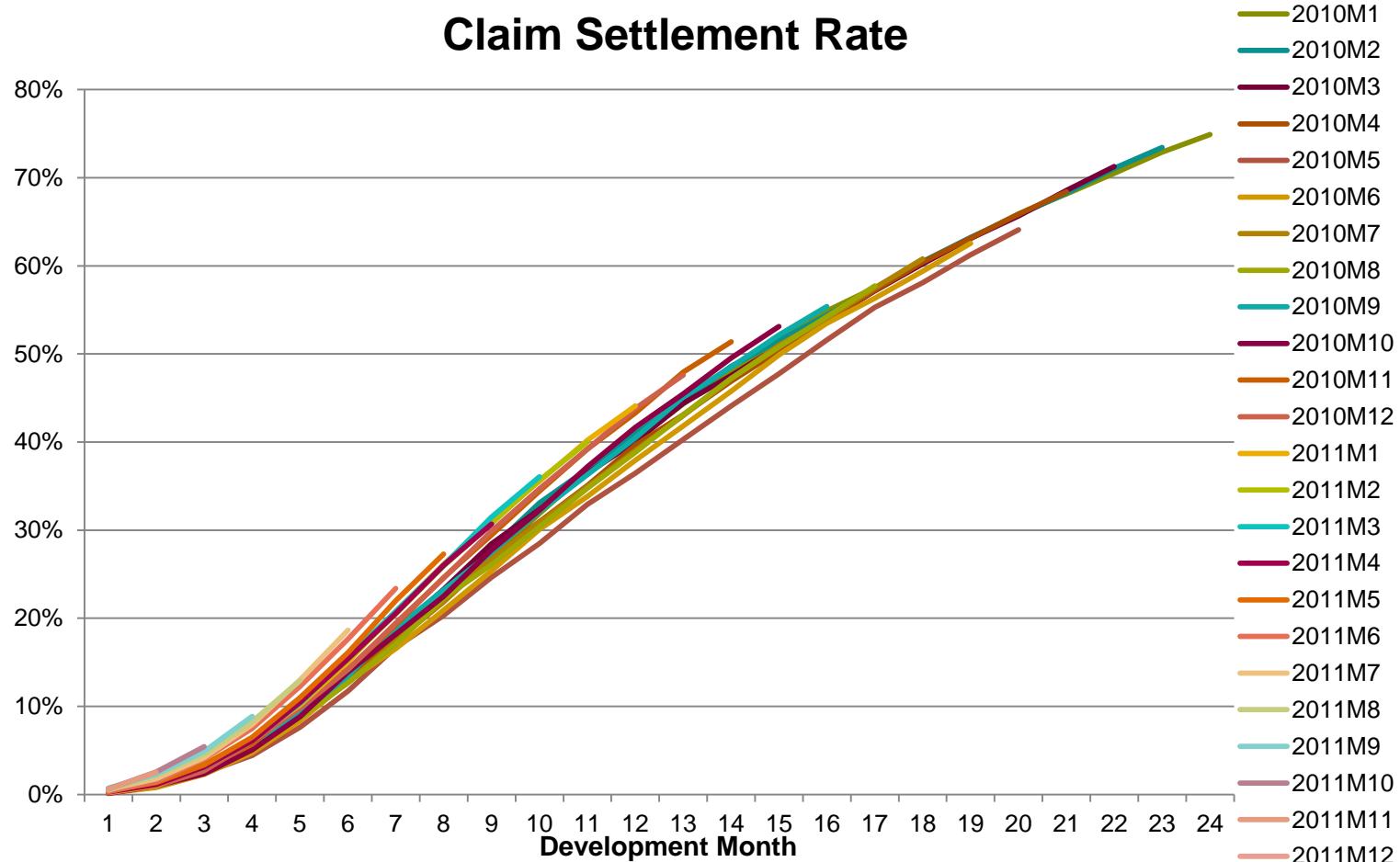
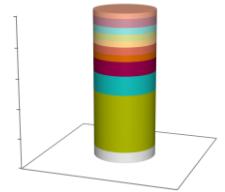


Inflation Rates

10Q4-11Q4: 10% 09Q4-10Q4: 4.1%

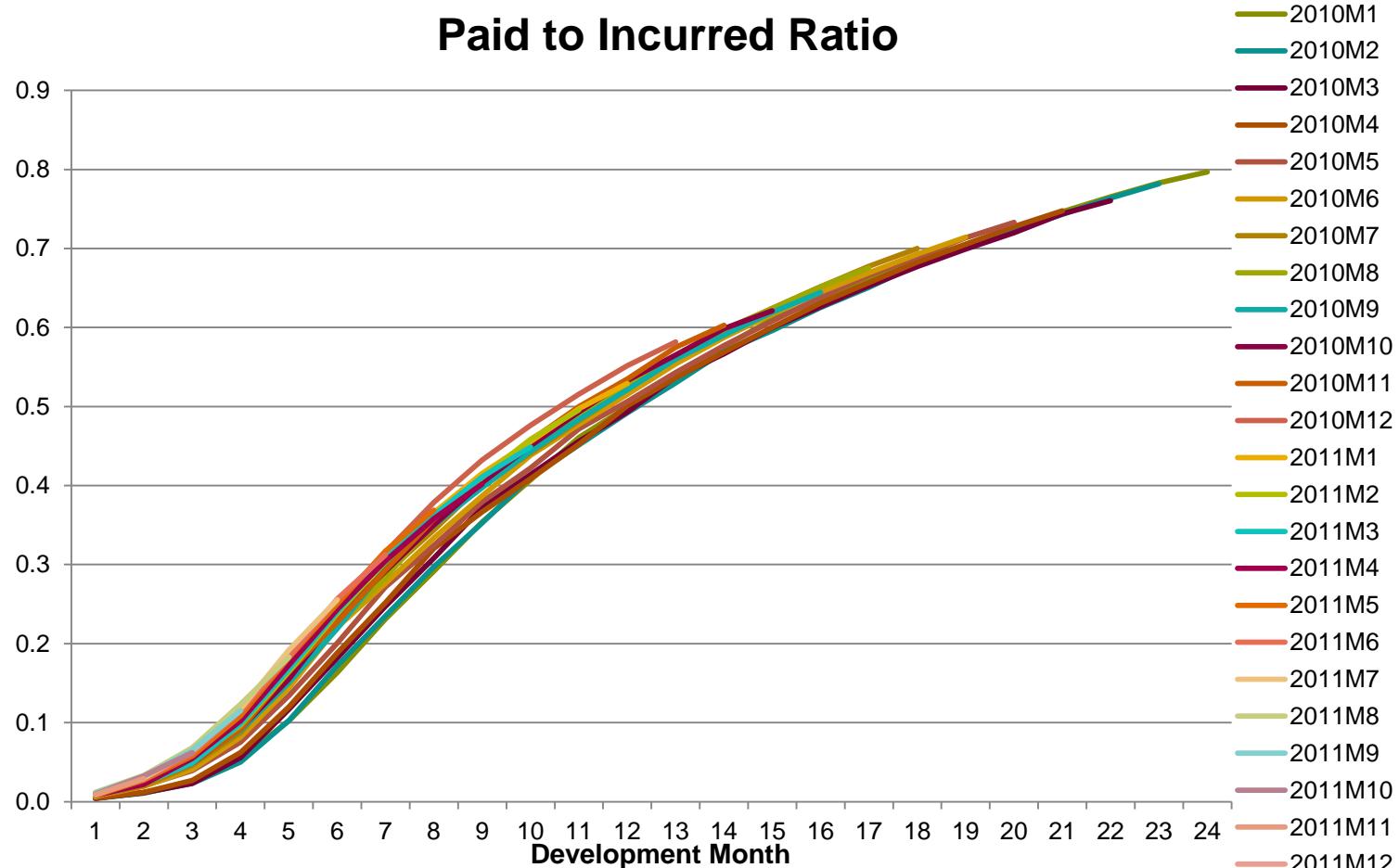
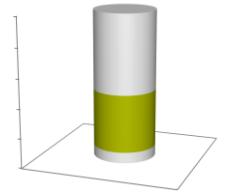
Transactional Analysis – 1k-10k Layer

Data trends



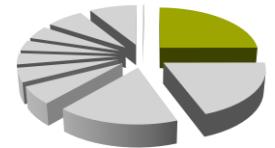
Transactional Analysis – 1k-10k Layer

Data trends



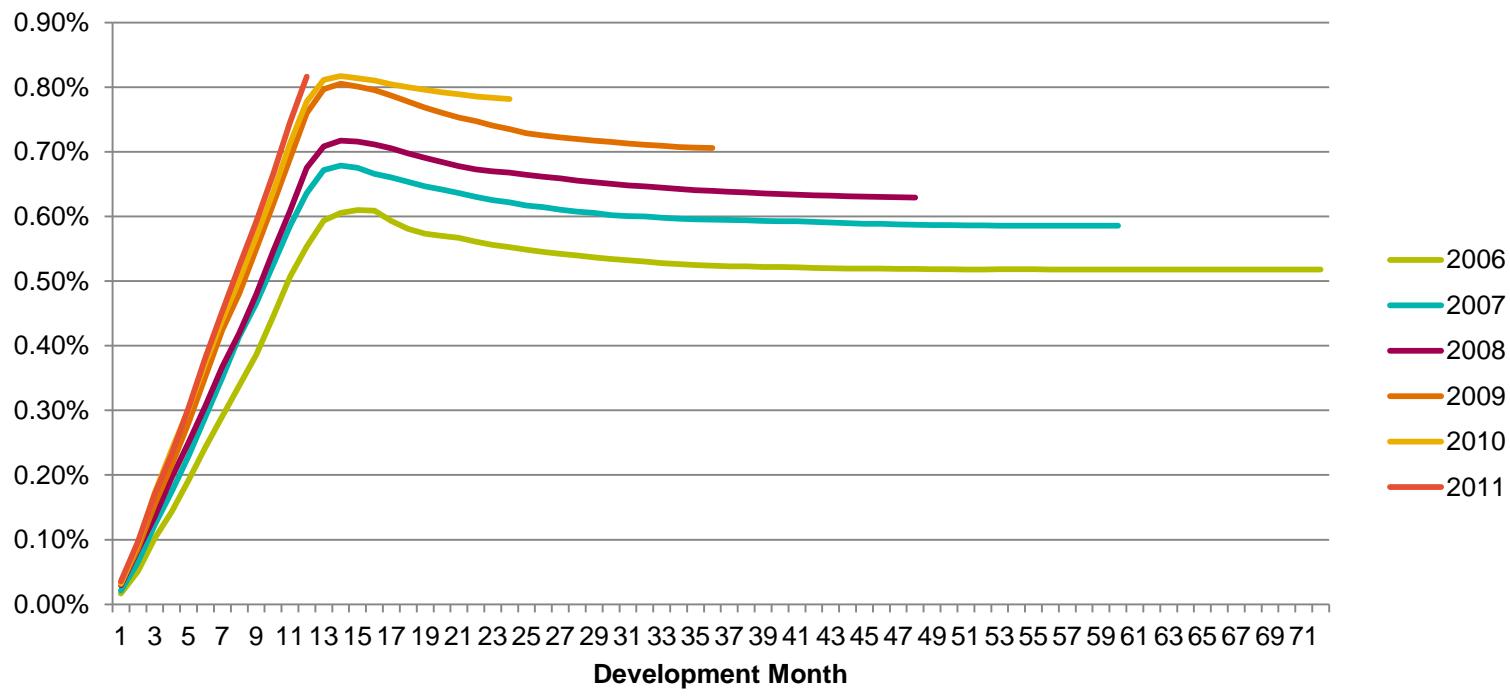
Transactional Analysis – 1k-10k Layer

Data trends



Frequency of Claims in Layer

Layer 2: 1k to 10k

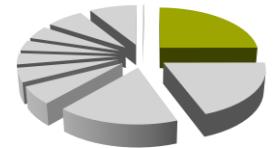


Inflation Rates

10-11: 5% 09-10: 6.3% 08-09: 10.3% 07-08: 7.2% 06-07: 13.1%

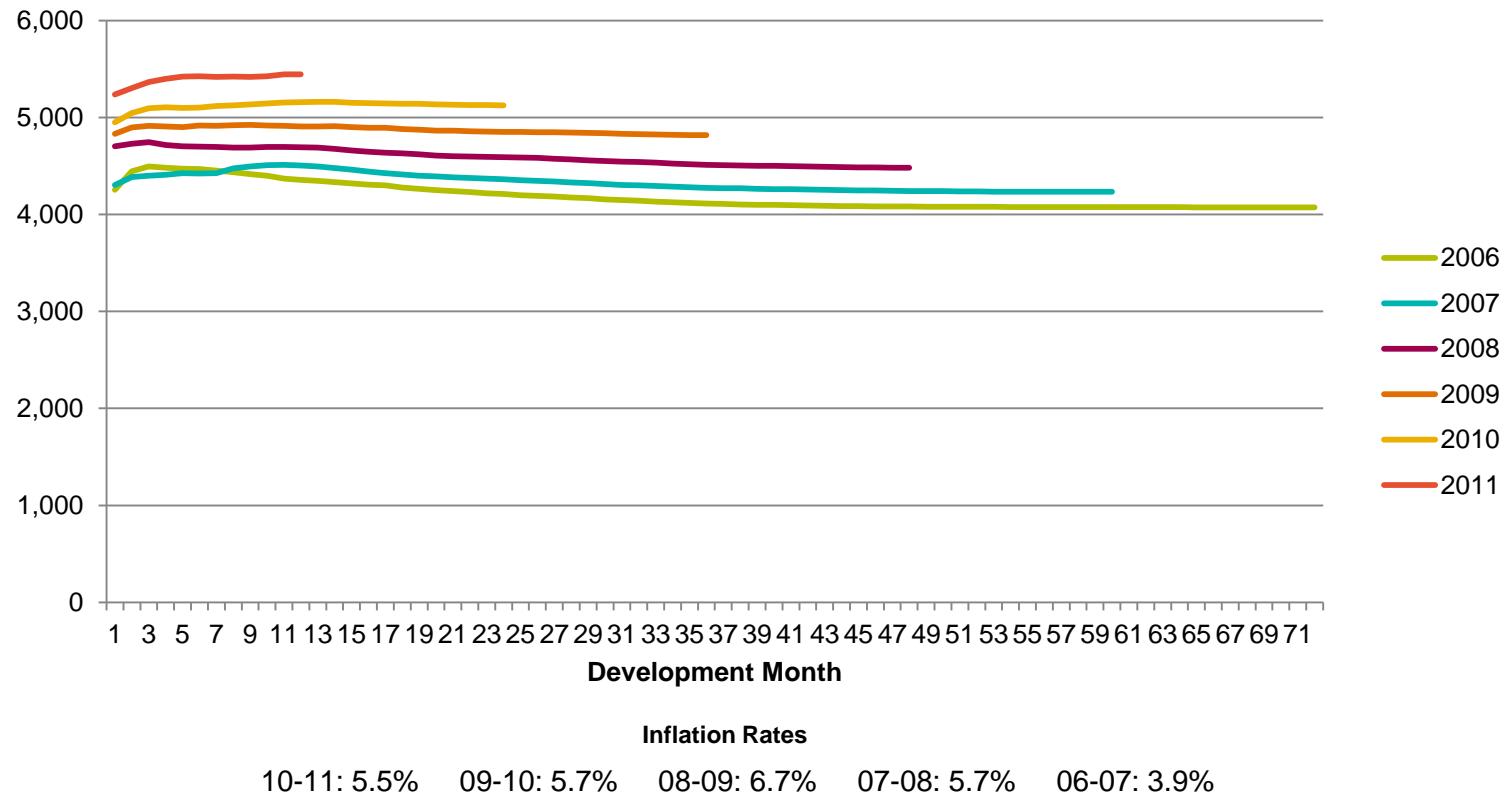
Transactional Analysis – 1k-10k Layer

Data trends



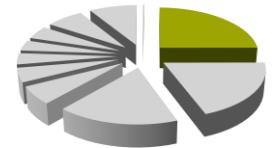
FGU Incurred Average Cost of Claims in Layer

Layer 2: 1k to 10k

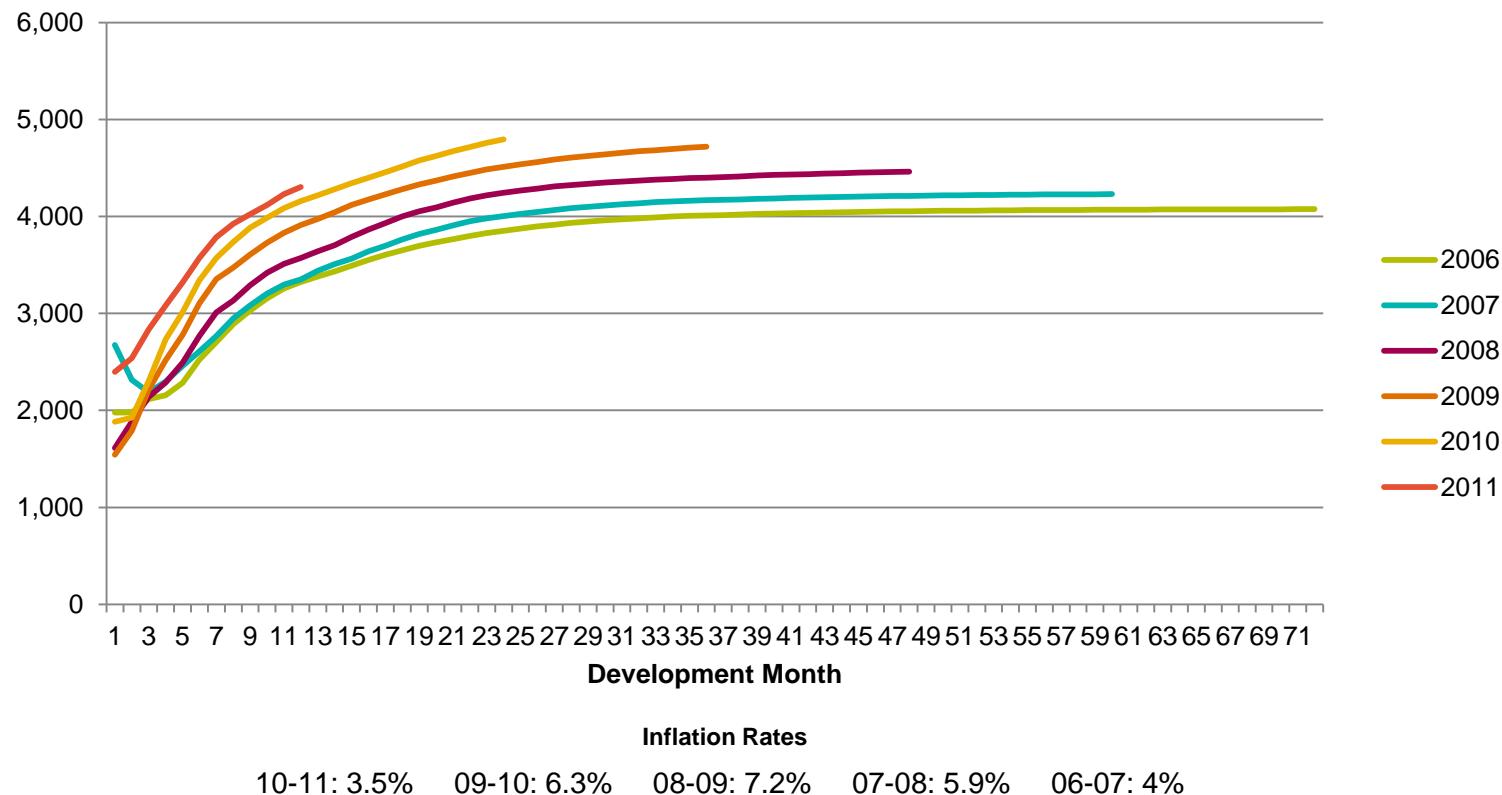


Transactional Analysis – 1k-10k Layer

Data trends

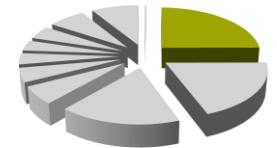


FGU Average Cost of Claims Settling in Layer
Layer 2: 1k to 10k

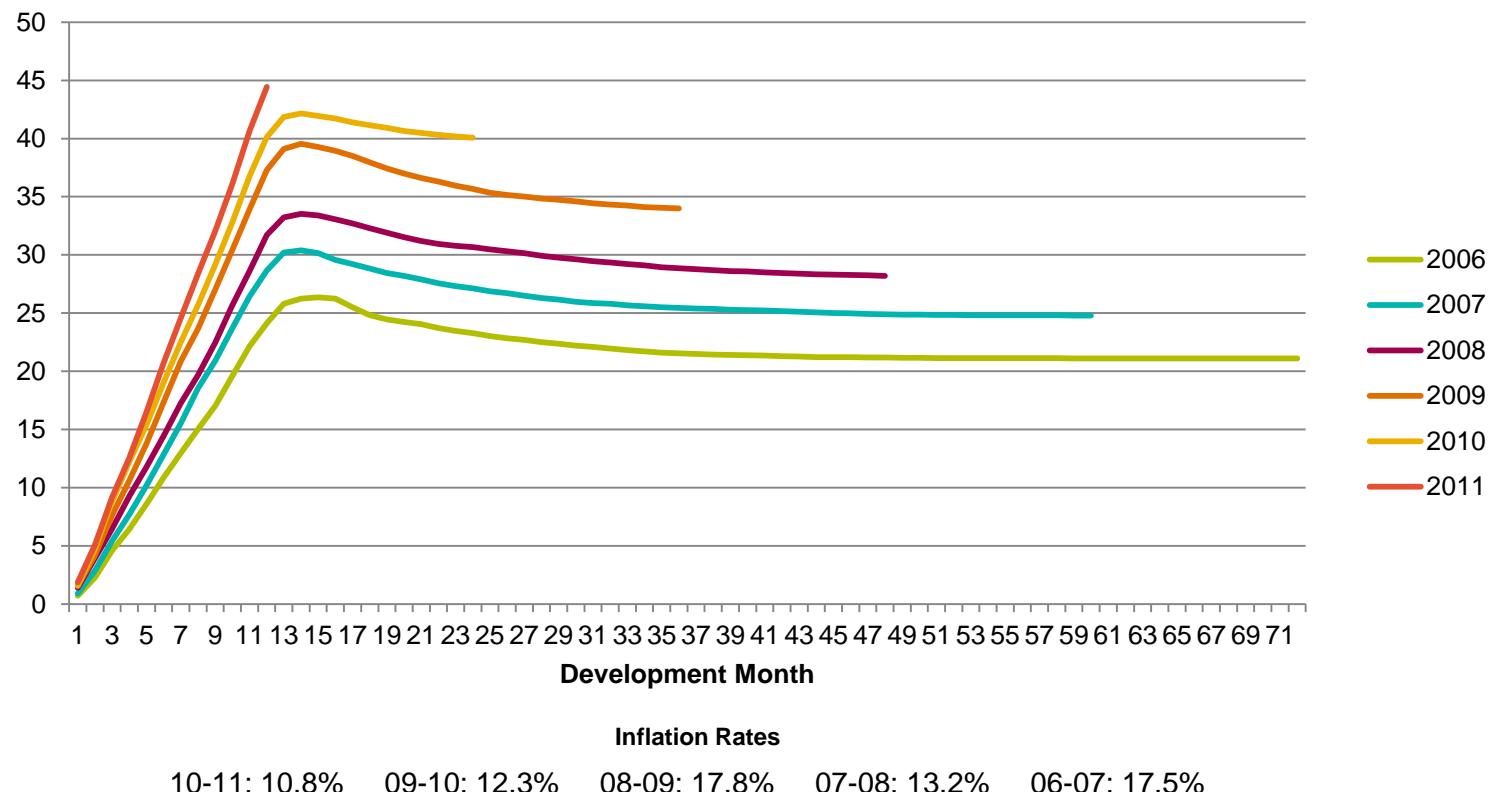


Transactional Analysis – 1k-10k Layer

Data trends

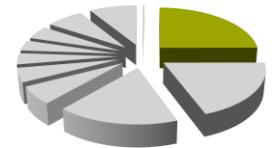


FGU Incurred Burning Cost
Layer 2: 1k to 10k

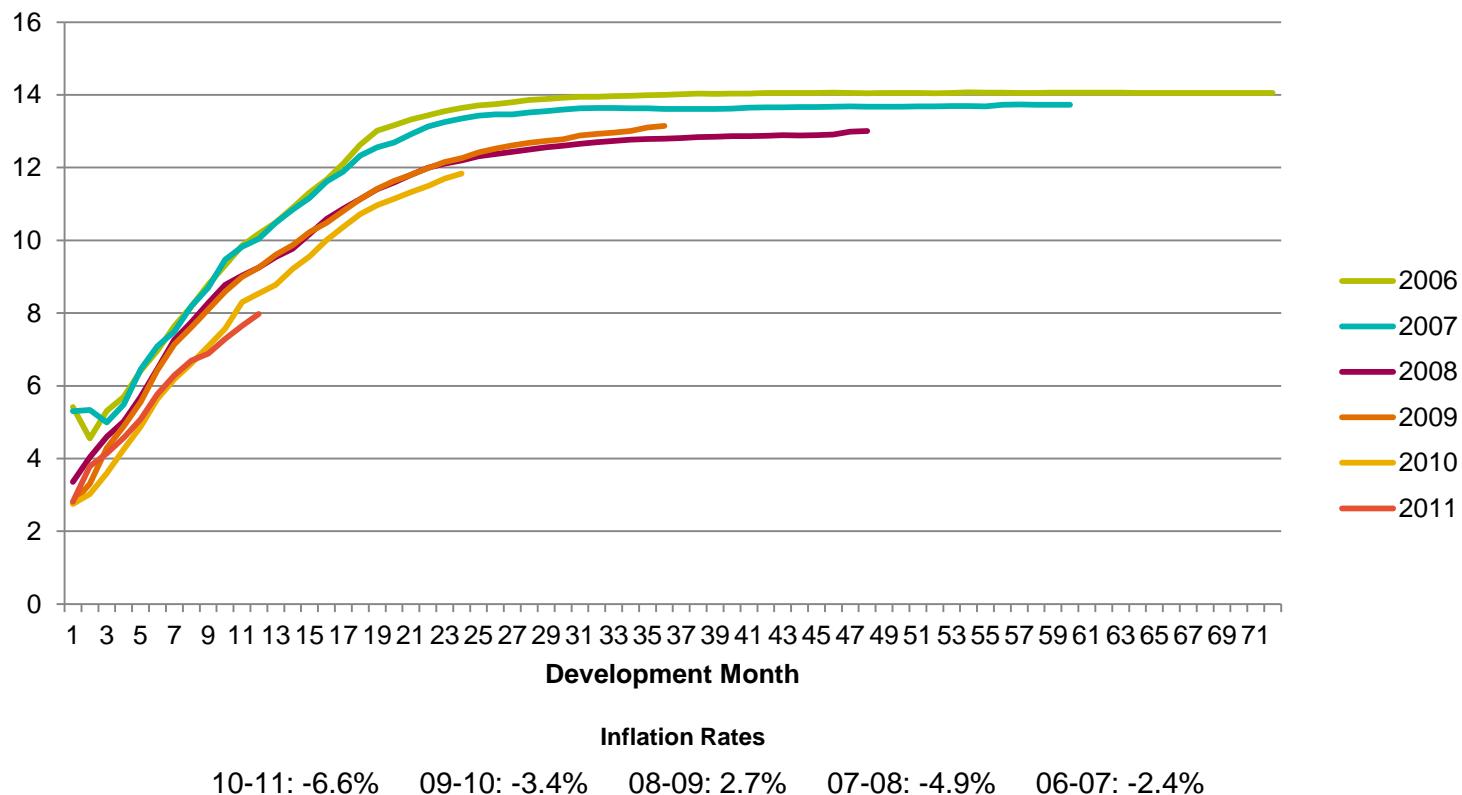


Transactional Analysis – 1k-10k Layer

Data trends

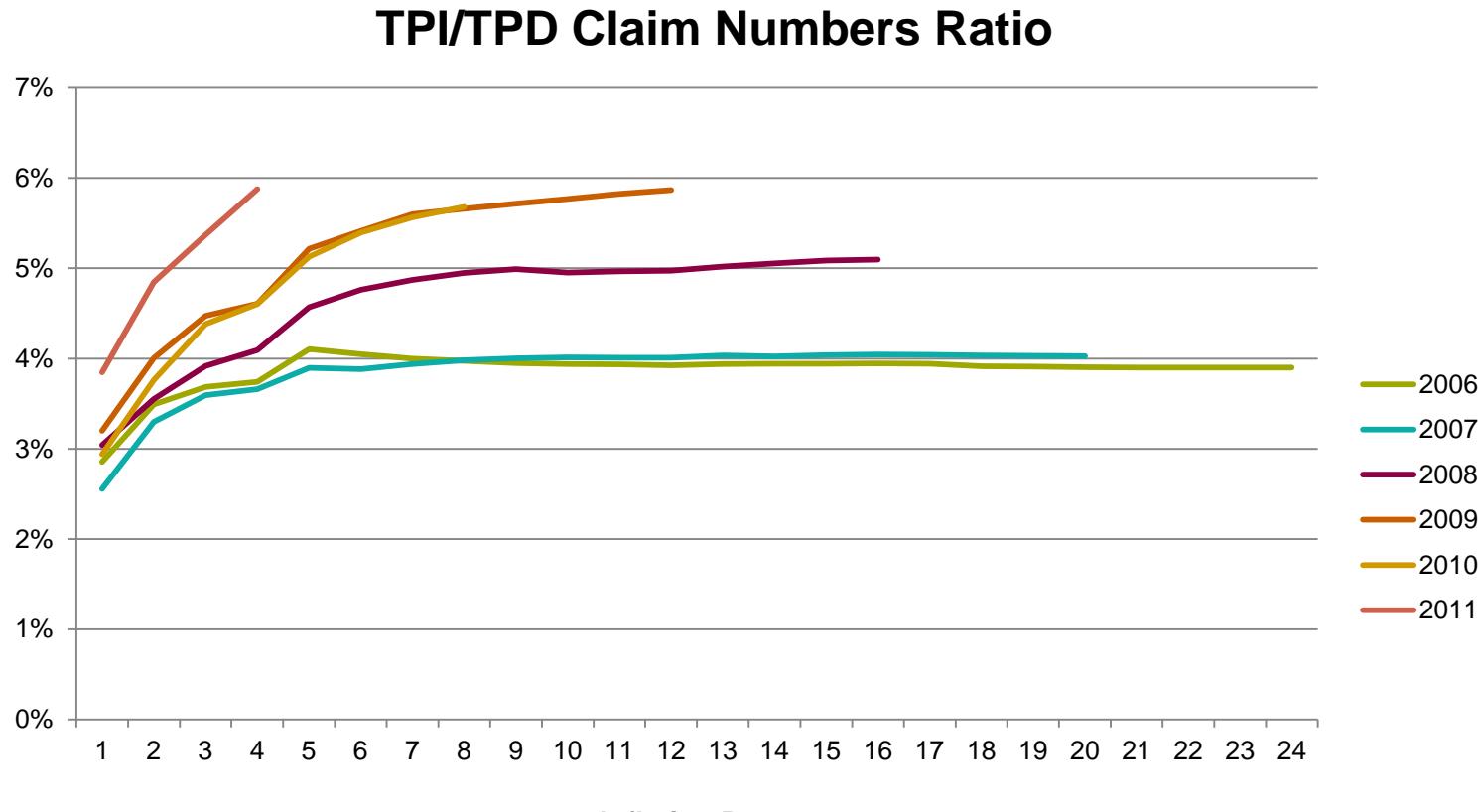
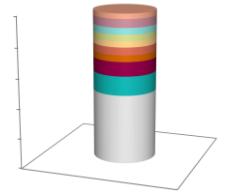


**FGU Average Cost of Claims Settling in Layer 2 over
FGU Average Cost of Claims Settling in Layer 1 (excl nils)**



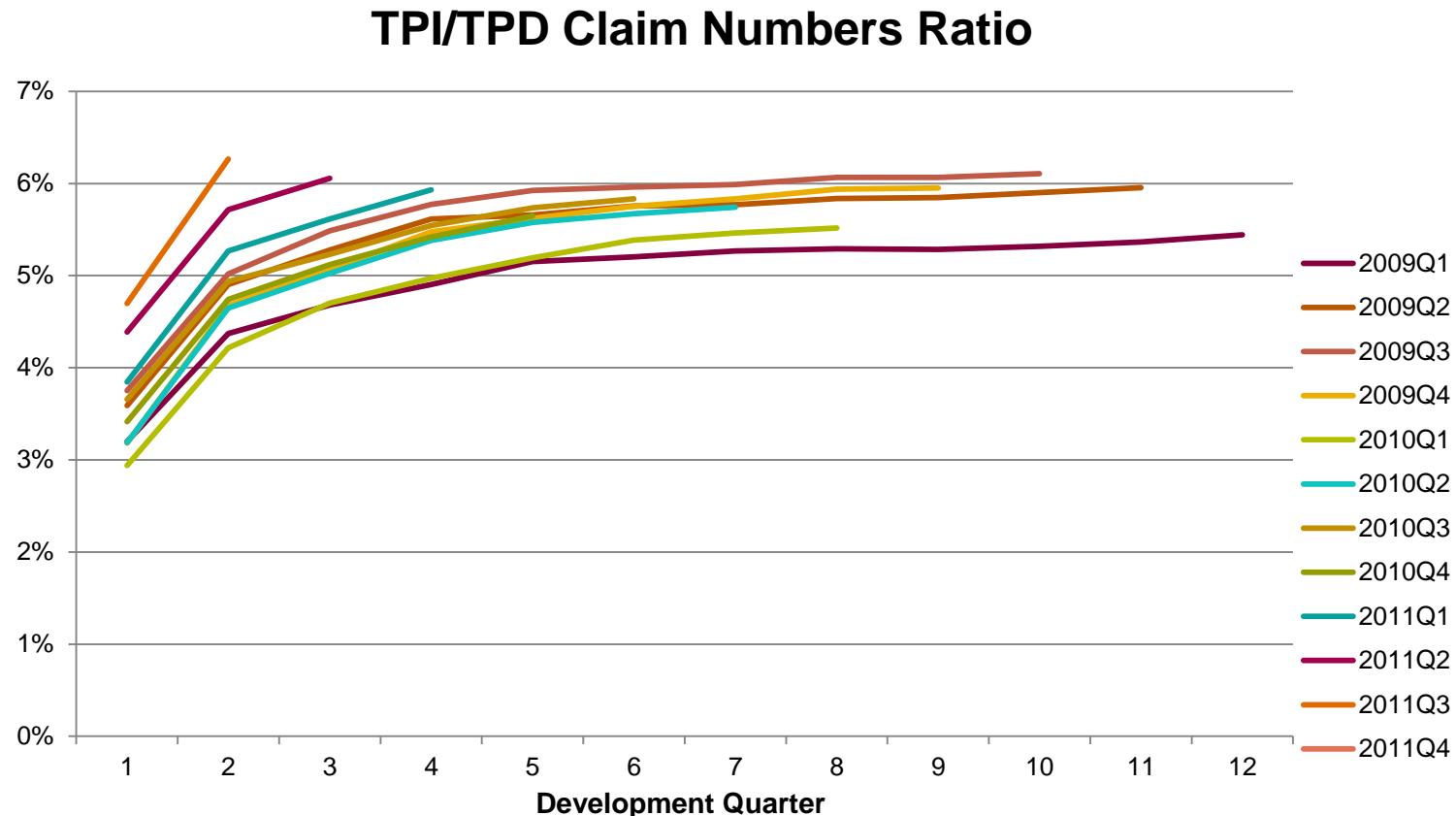
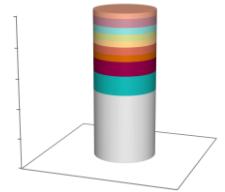
Transactional Analysis – 10k-20k Layer

Data trends



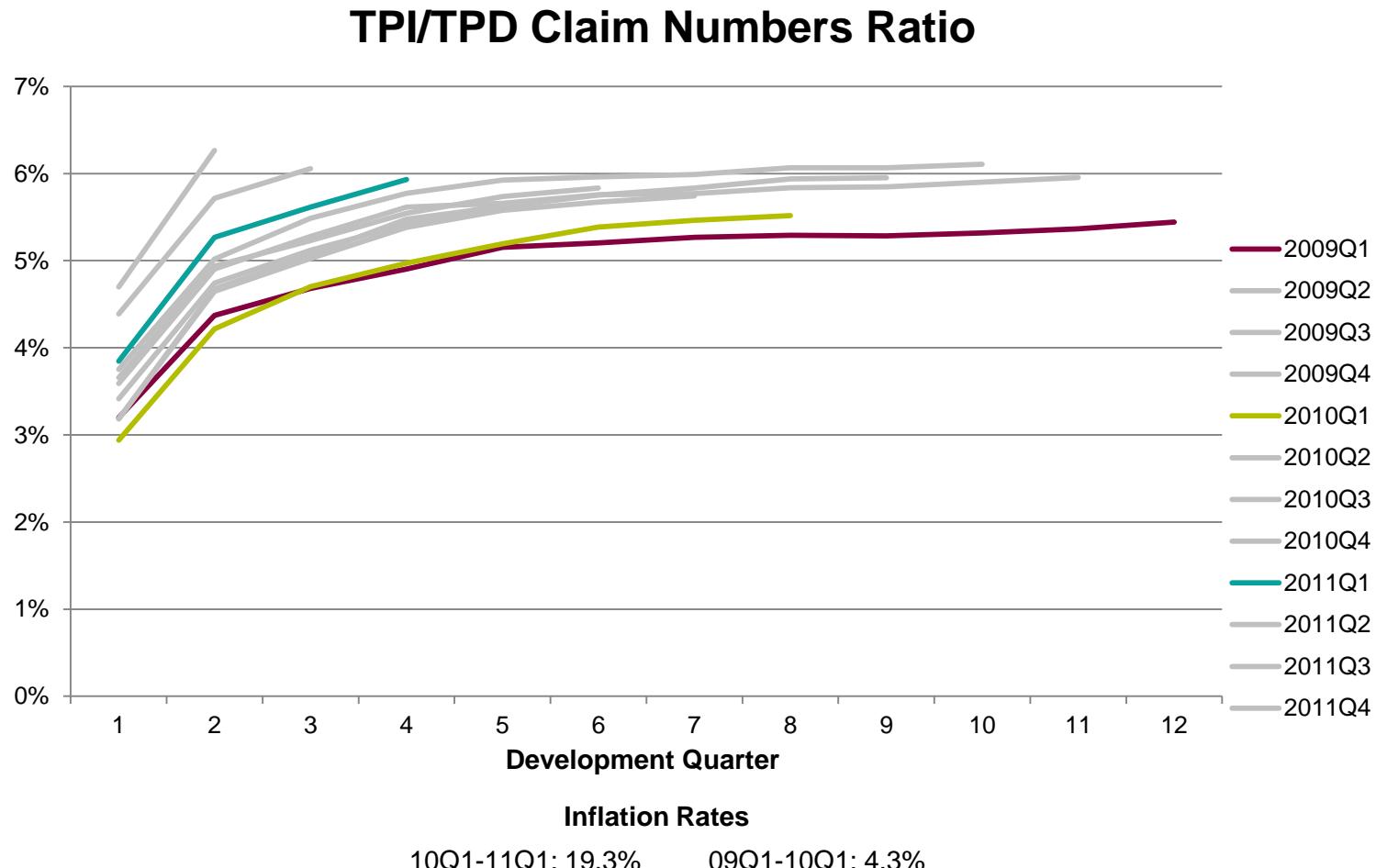
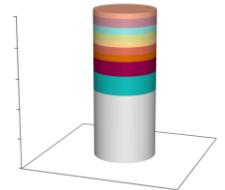
Transactional Analysis – 10k-20k Layer

Data trends



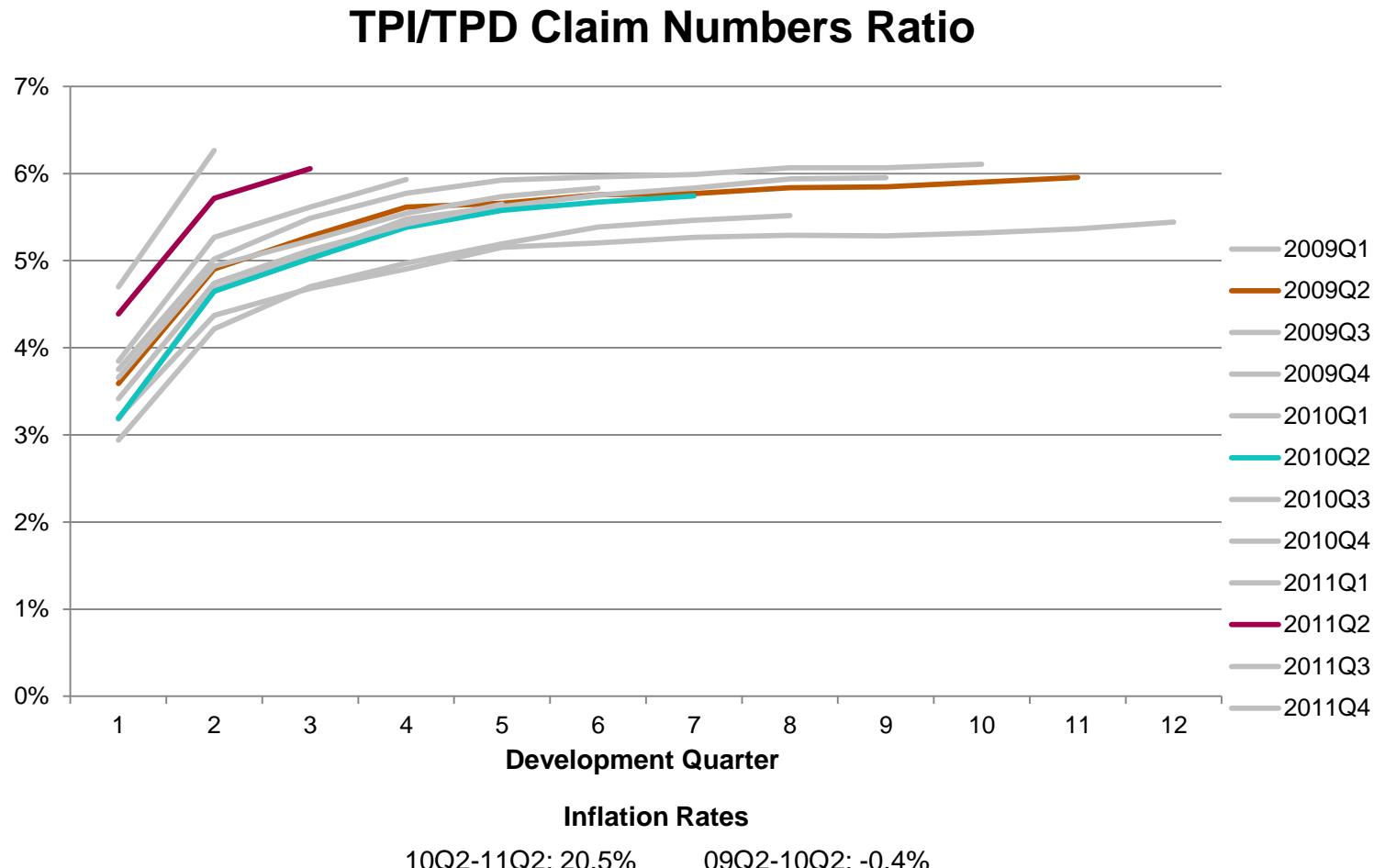
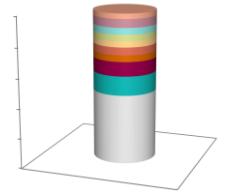
Transactional Analysis – 10k-20k Layer

Data trends



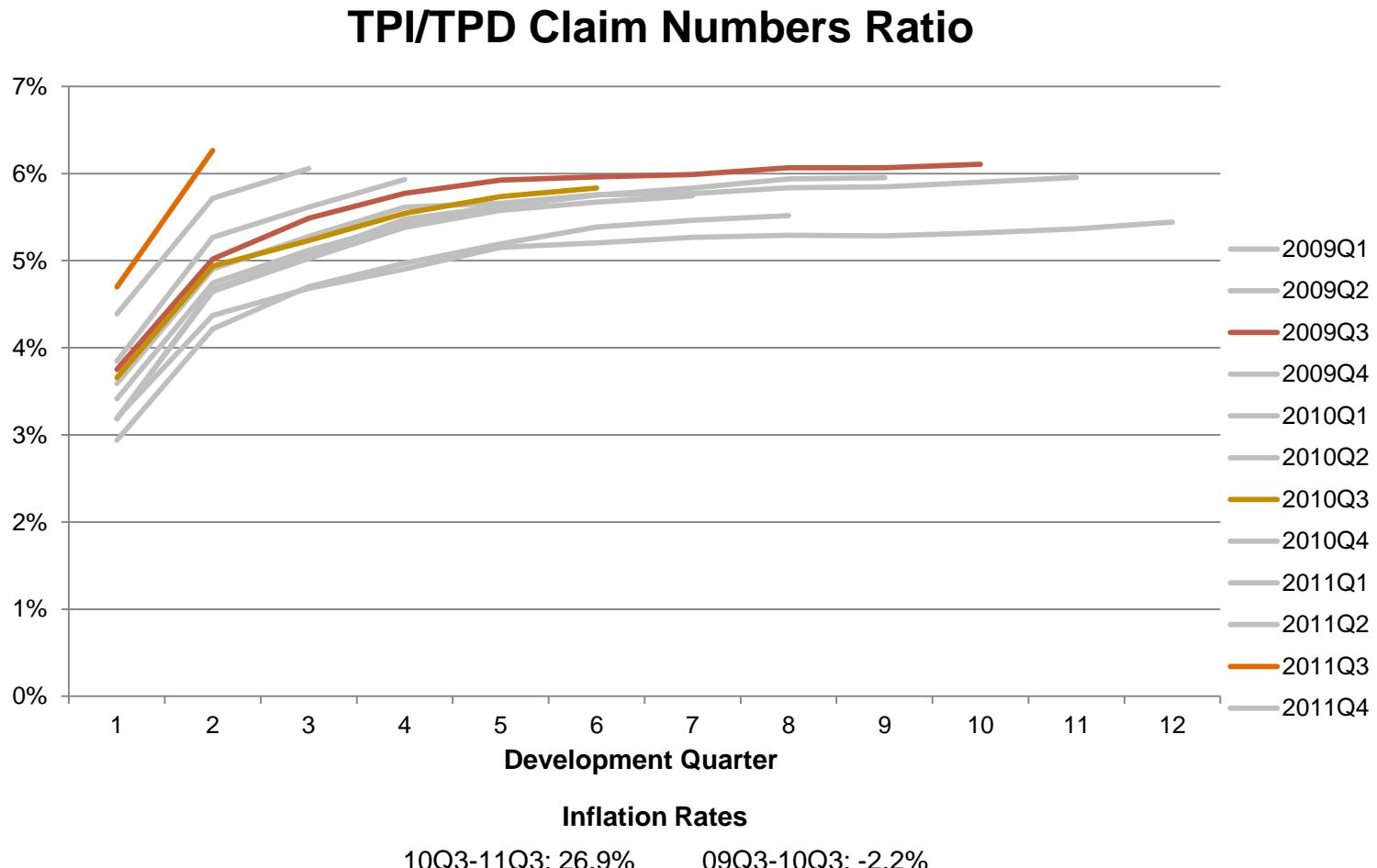
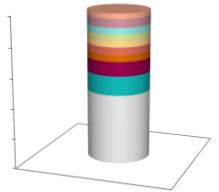
Transactional Analysis – 10k-20k Layer

Data trends



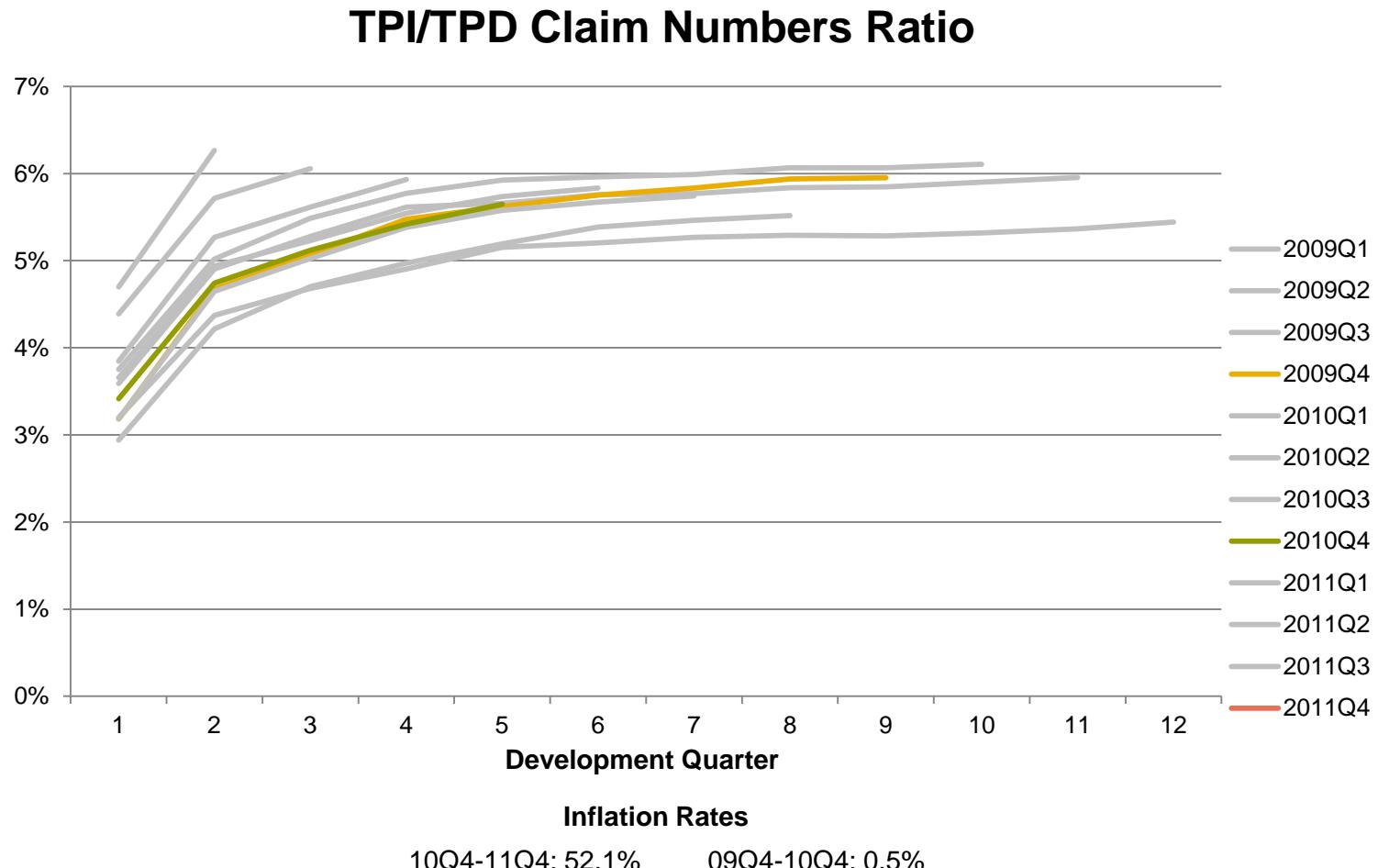
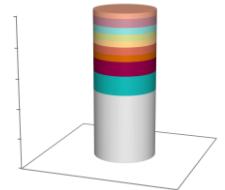
Transactional Analysis – 10k-20k Layer

Data trends



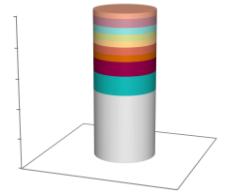
Transactional Analysis – 10k-20k Layer

Data trends

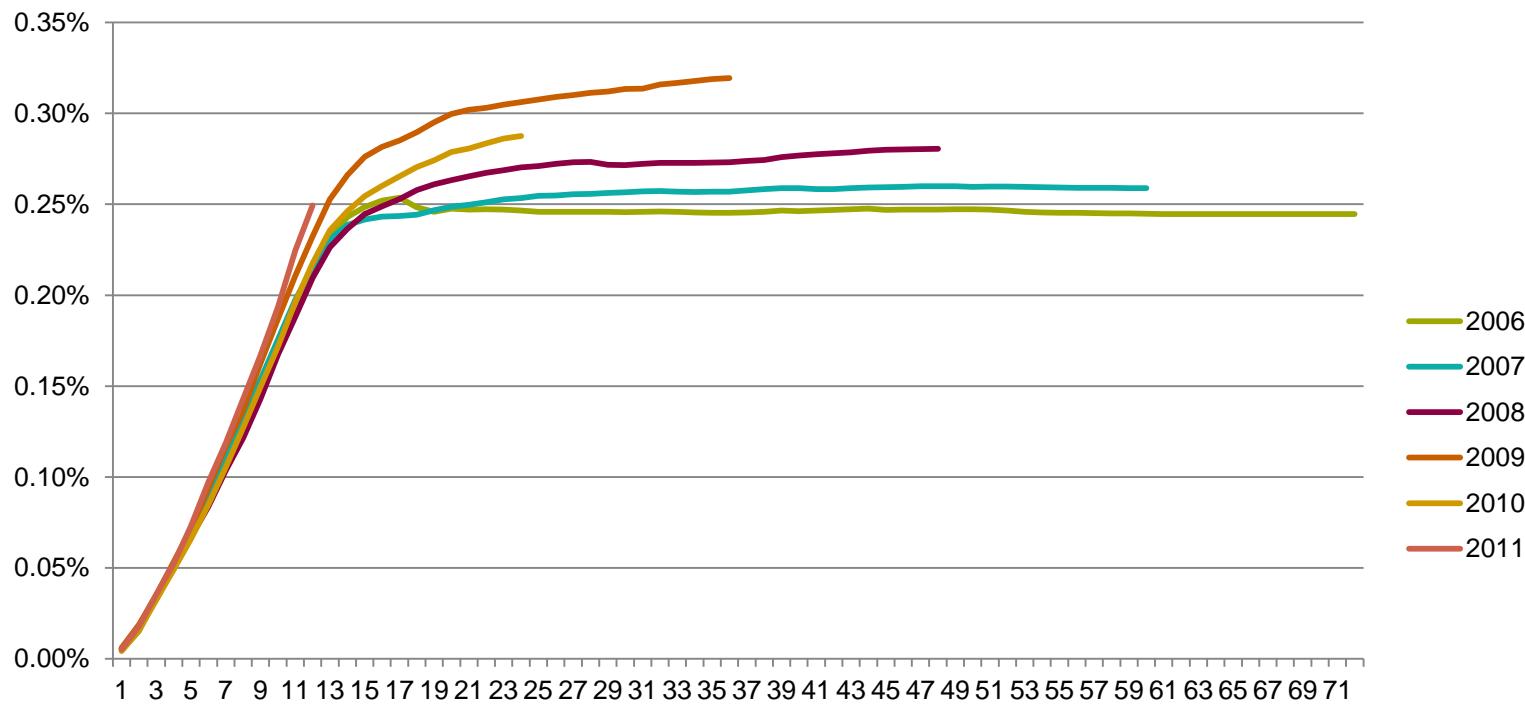


Transactional Analysis – 10k-20k Layer

Data trends



Reported Claim Frequency

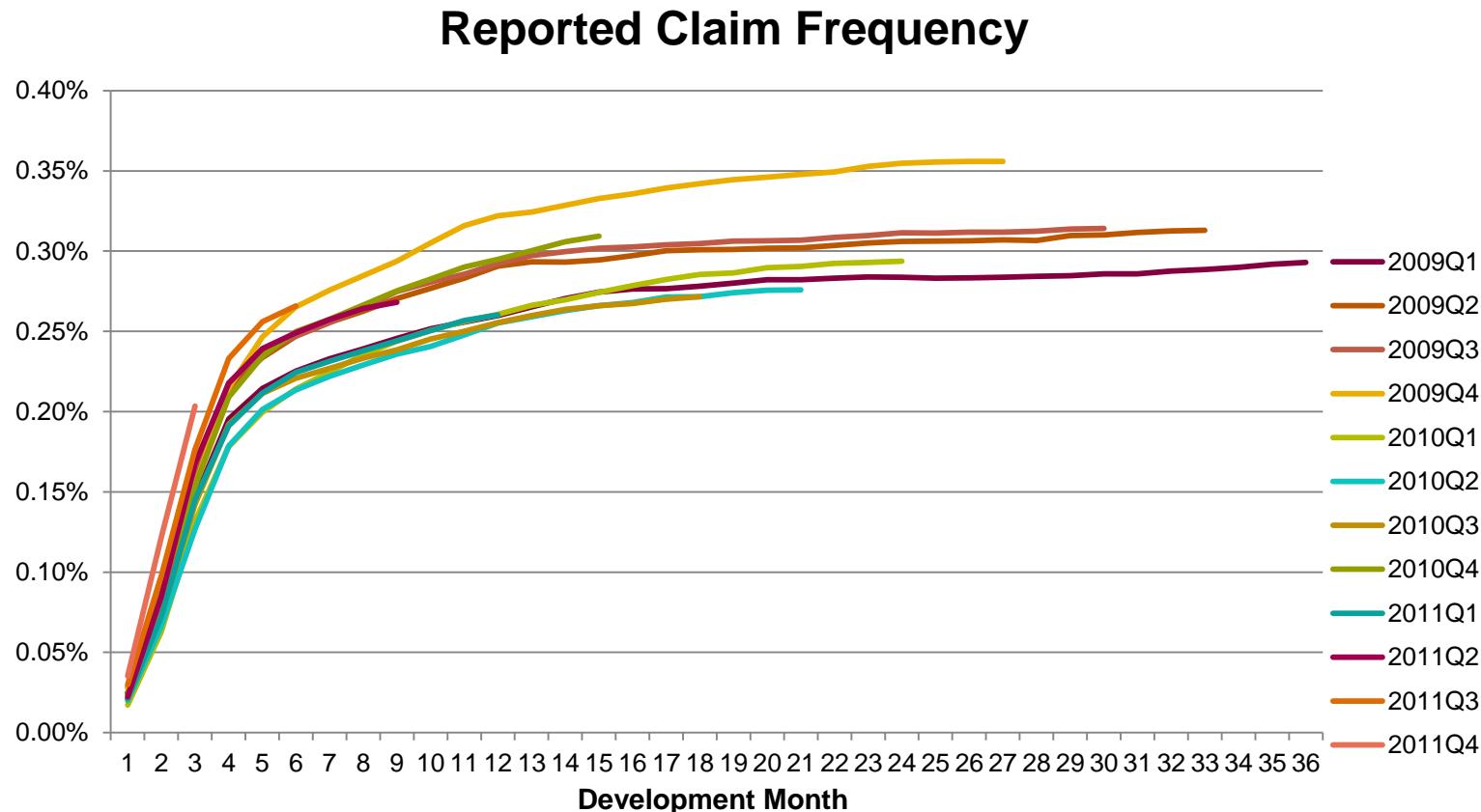
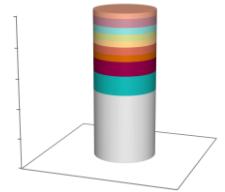


Inflation Rates

10-11: 14.7% 09-10: -6.4% 08-09: 13.3% 07-08: 6.3% 06-07: 5.2%

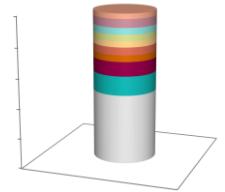
Transactional Analysis – 10k-20k Layer

Data trends

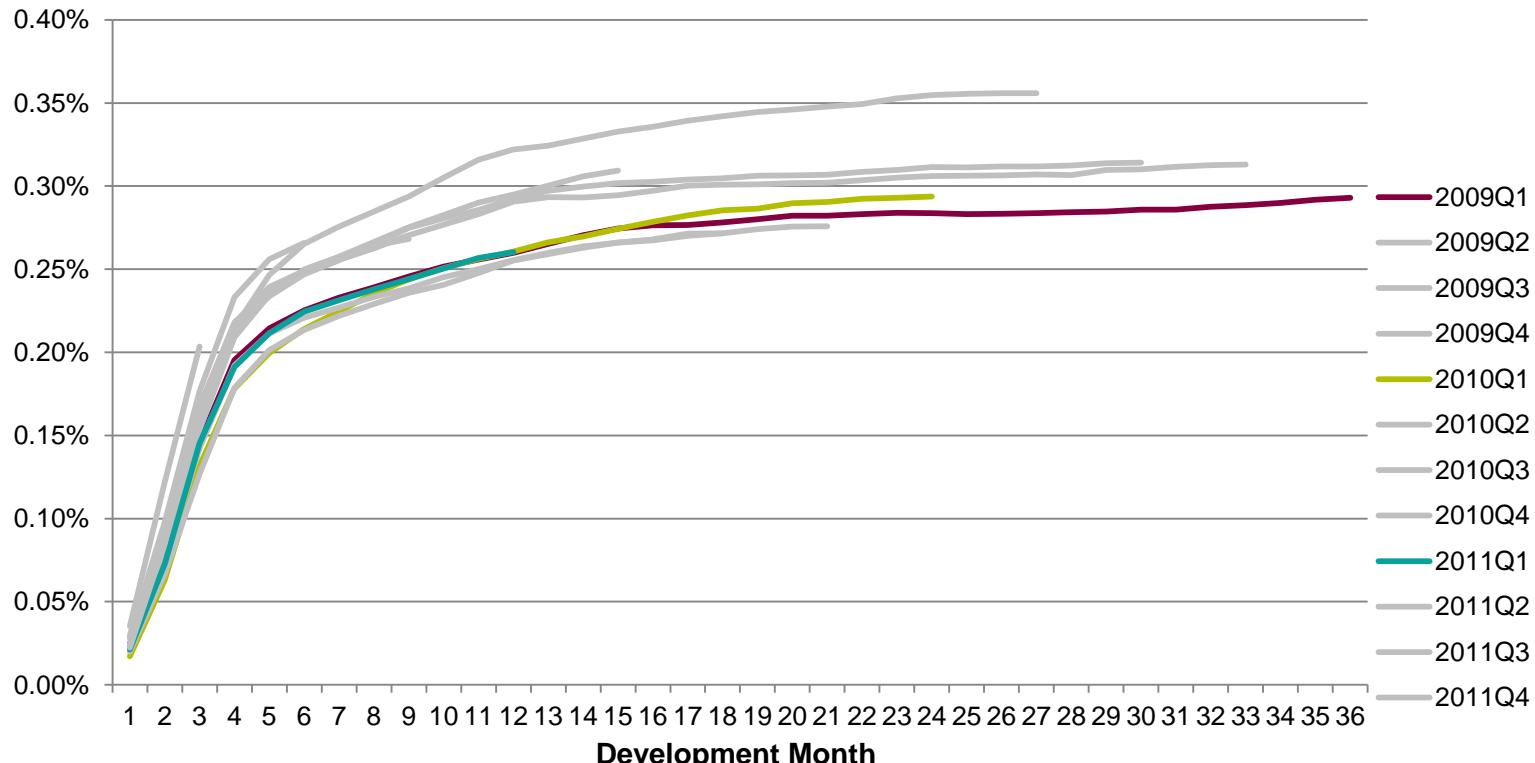


Transactional Analysis – 10k-20k Layer

Data trends



Reported Claim Frequency

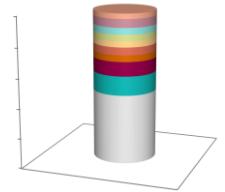


Inflation Rates

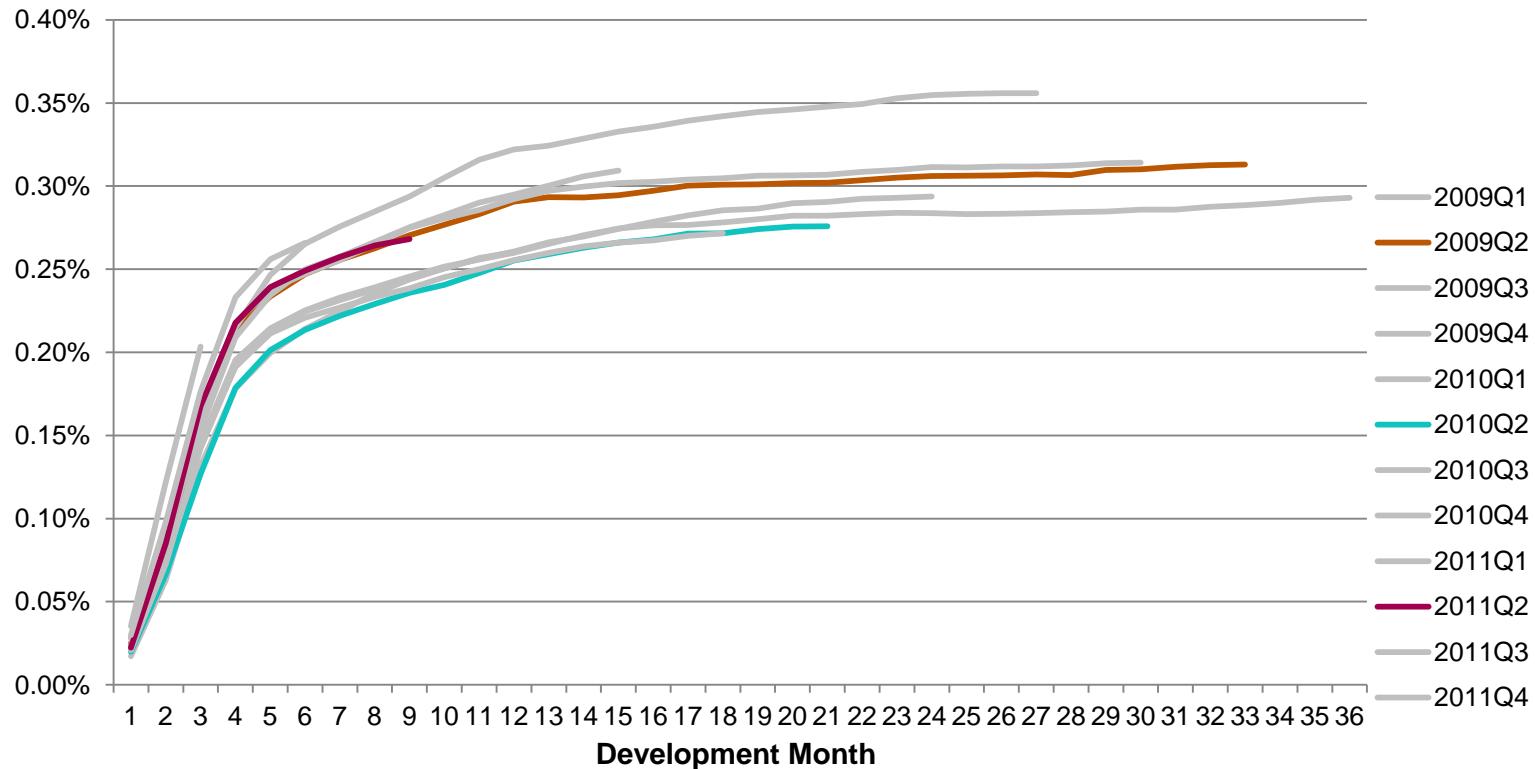
10Q1-11Q1: -0.1% 09Q1-10Q1: 3.5%

Transactional Analysis – 10k-20k Layer

Data trends



Reported Claim Frequency

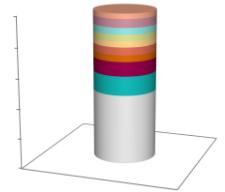


Inflation Rates

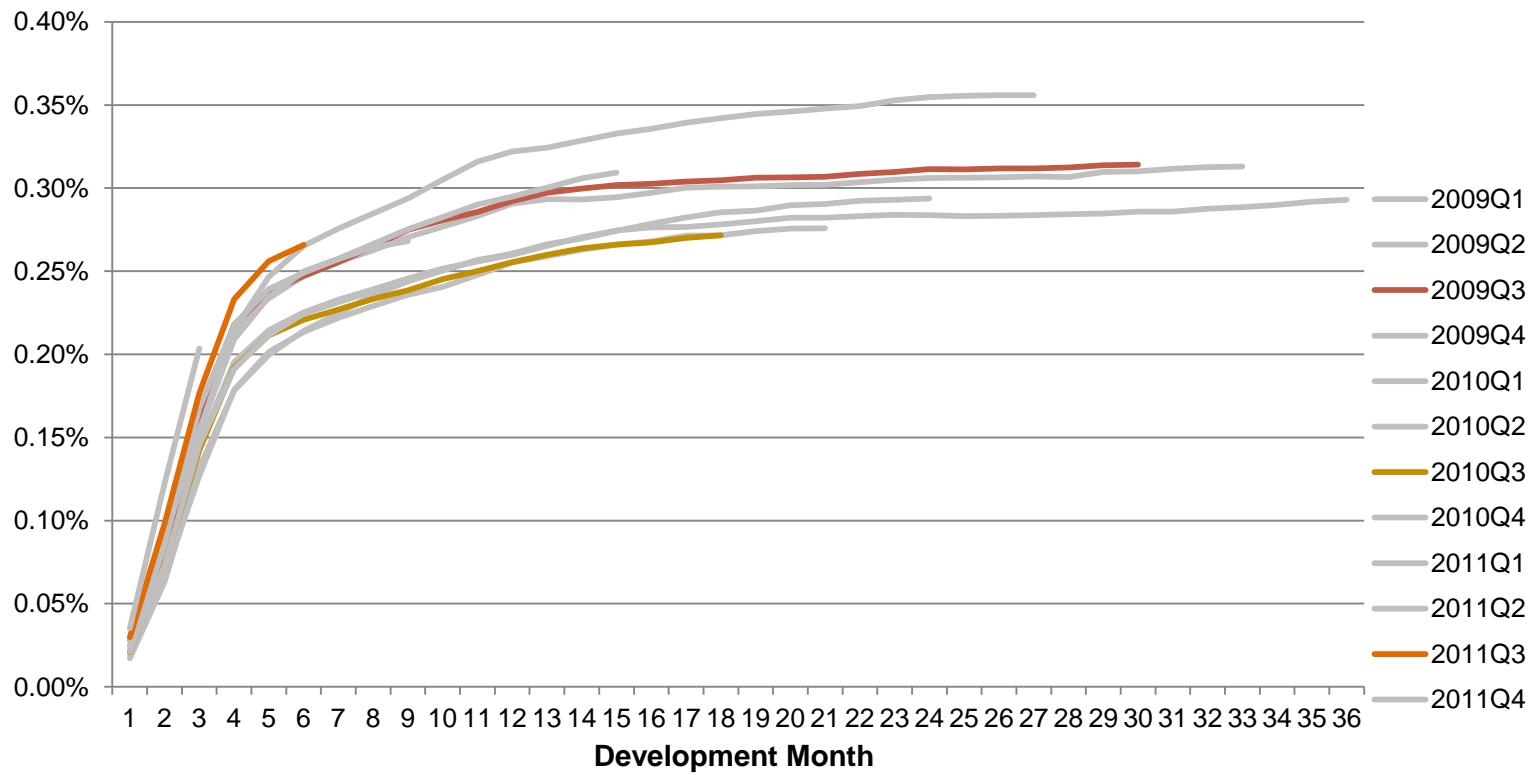
10Q2-11Q2: 13.8% 09Q2-10Q2: -8.6%

Transactional Analysis – 10k-20k Layer

Data trends



Reported Claim Frequency

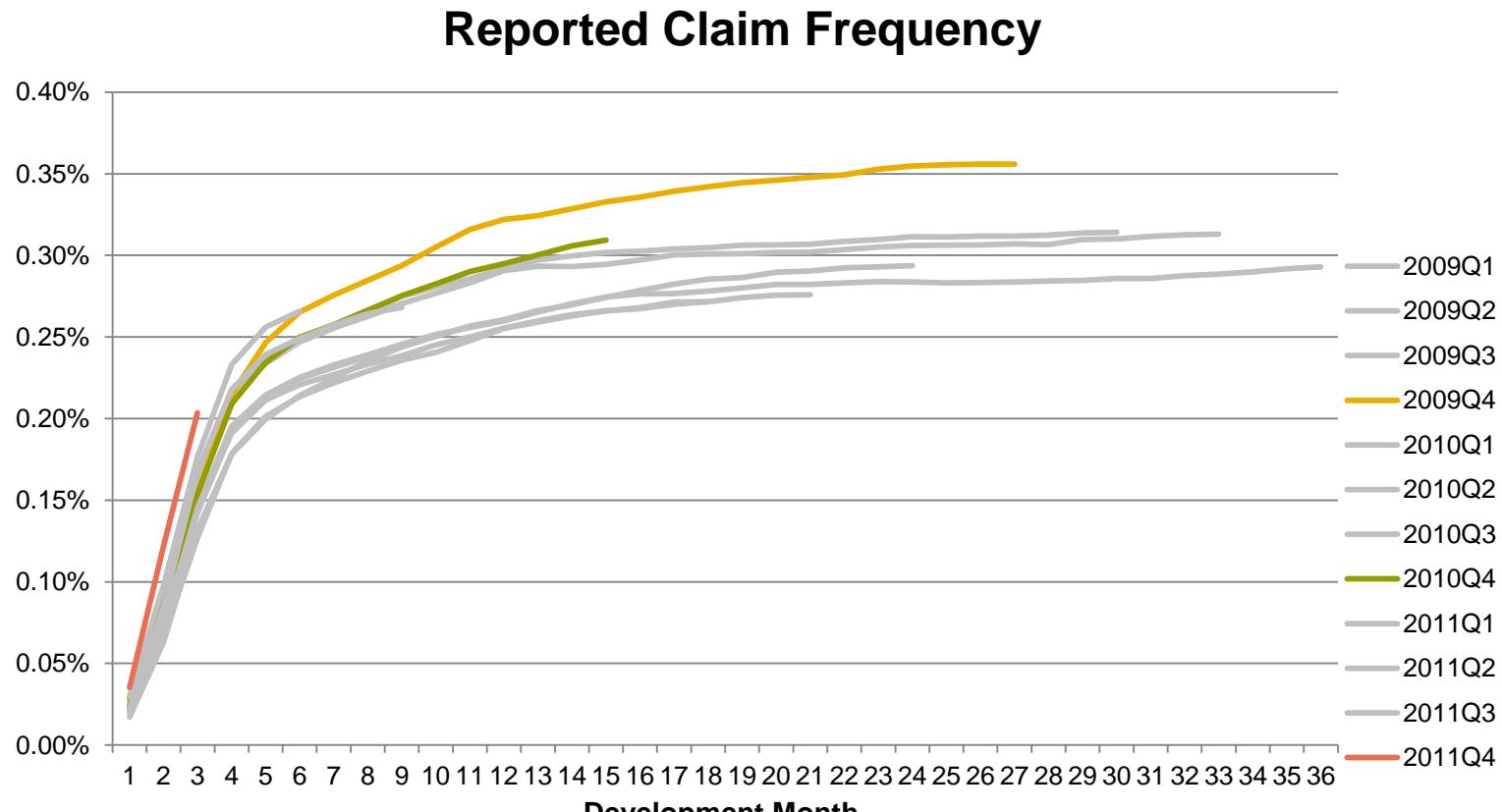
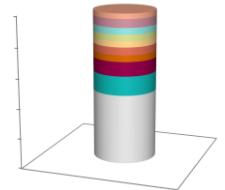


Inflation Rates

10Q3-11Q3: 20.5% 09Q3-10Q3: -10.9%

Transactional Analysis – 10k-20k Layer

Data trends

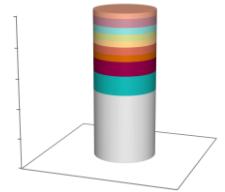


Inflation Rates

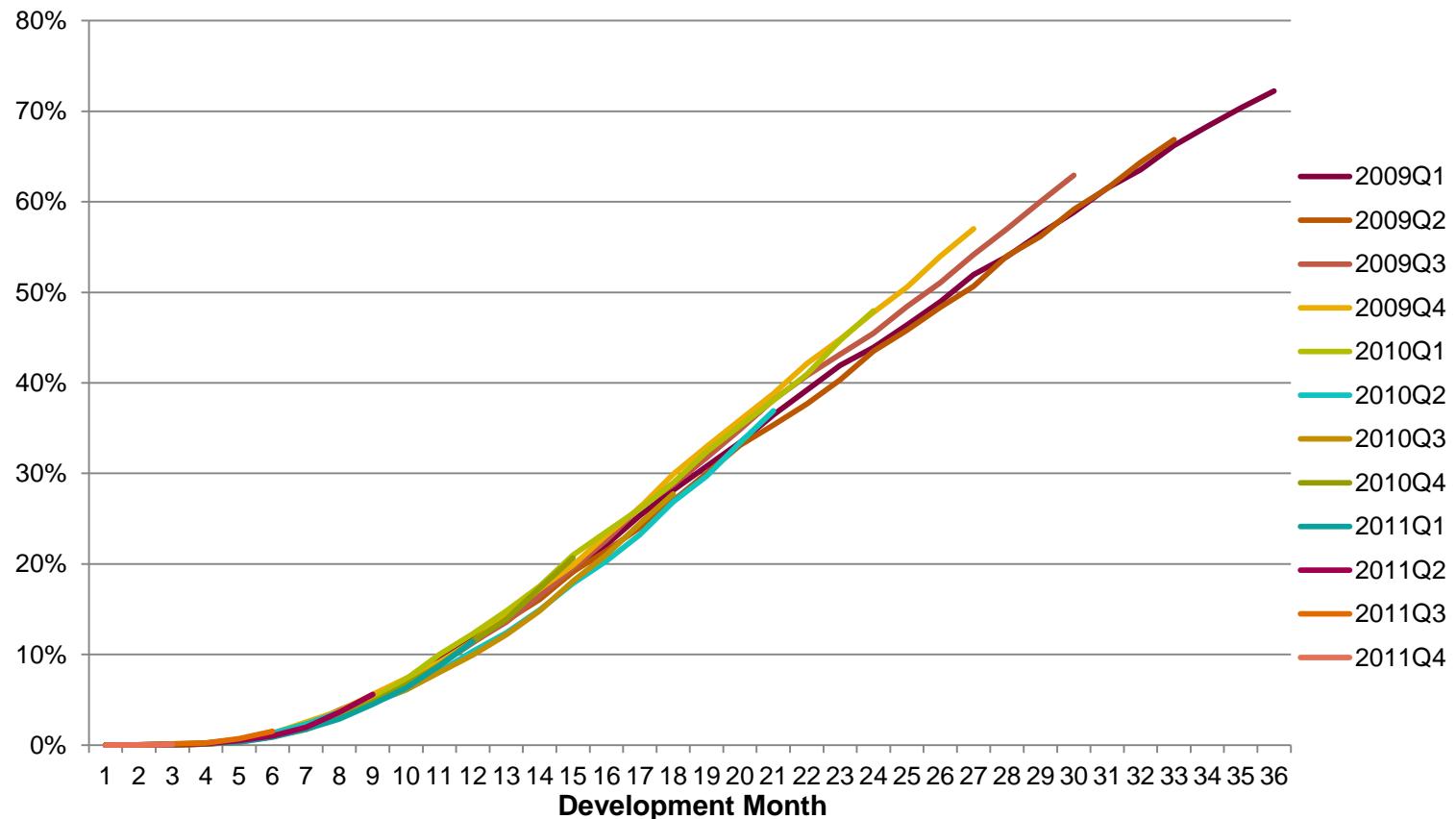
10Q4-11Q4: 32.5% 09Q4-10Q4: -7.1%

Transactional Analysis – 10k-20k Layer

Data trends

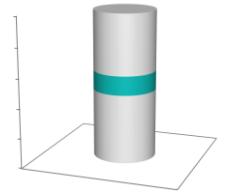


Claim Settlement Rate

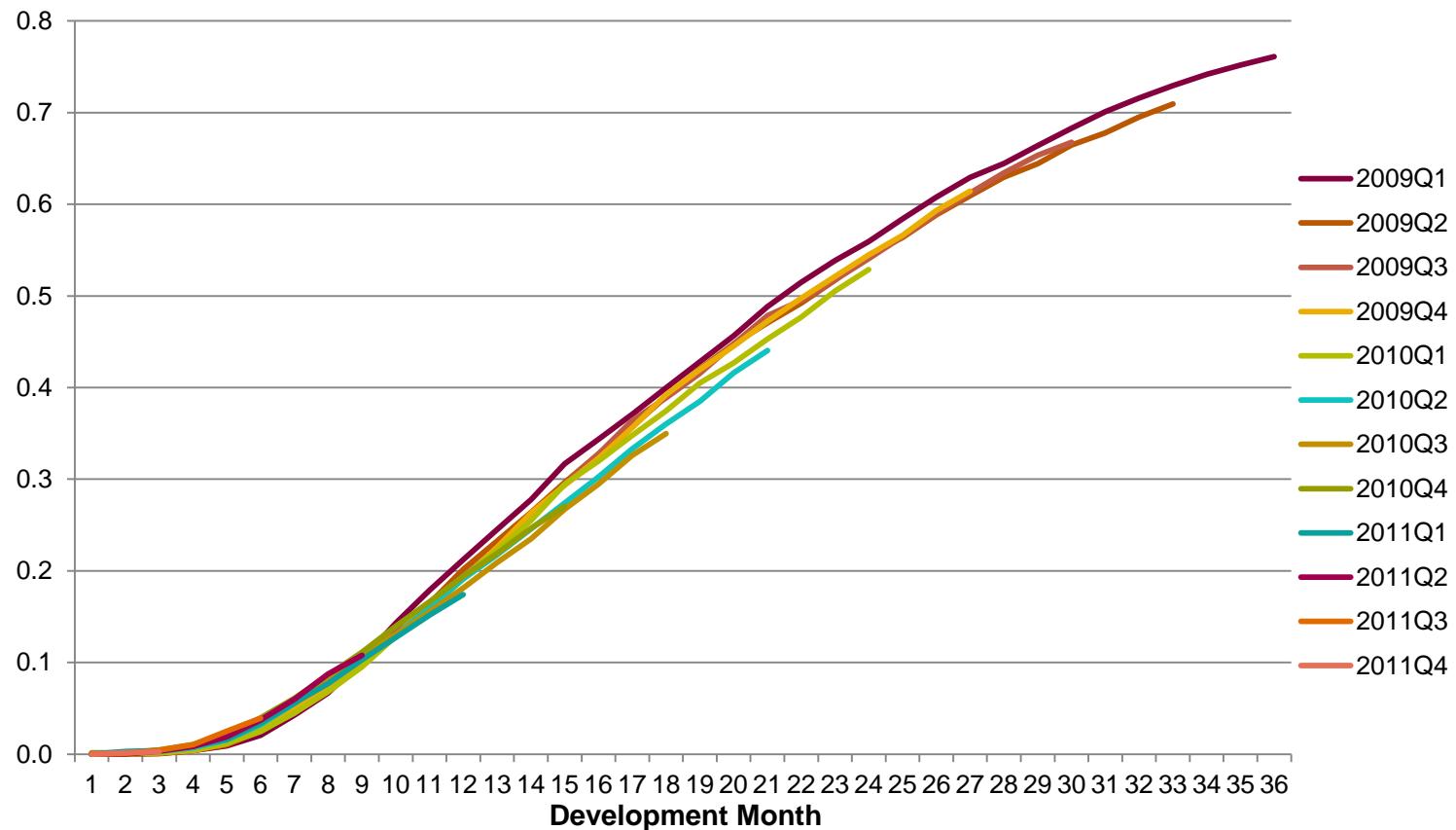


Transactional Analysis – 10k-20k Layer

Data trends



Paid to Incurred Ratio



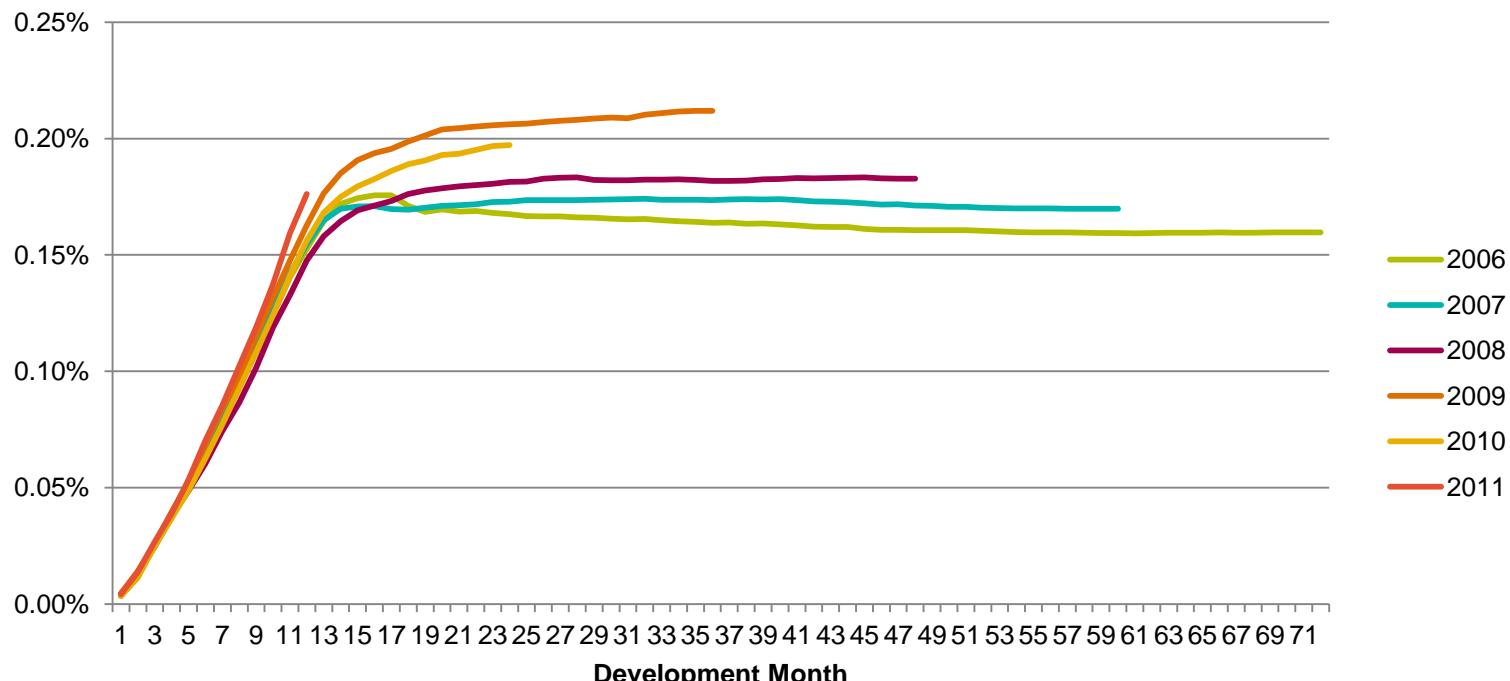
Transactional Analysis – 10k-20k Layer

Data trends



Frequency of Claims in Layer

Layer 3: 10k to 20k

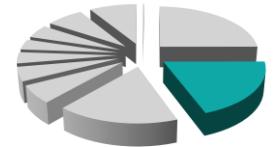


Inflation Rates

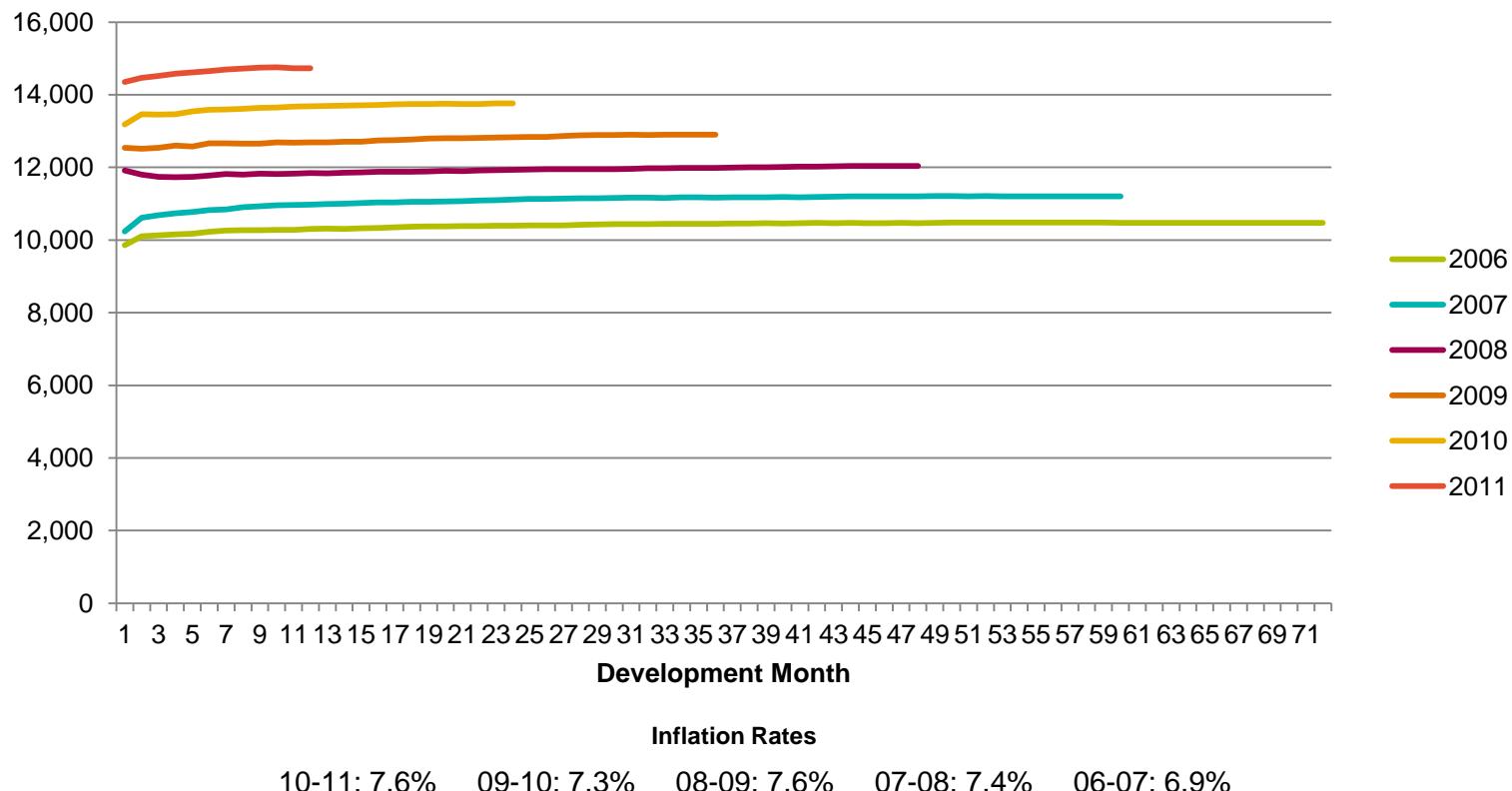
10-11: 12.9% 09-10: -4.3% 08-09: 16.6% 07-08: 6.7% 06-07: 6.6%

Transactional Analysis – 10k-20k Layer

Data trends

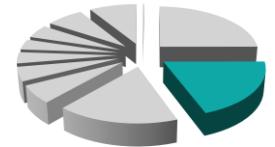


FGU Incurred Average Cost of Claims in Layer
Layer 3: 10k to 20k

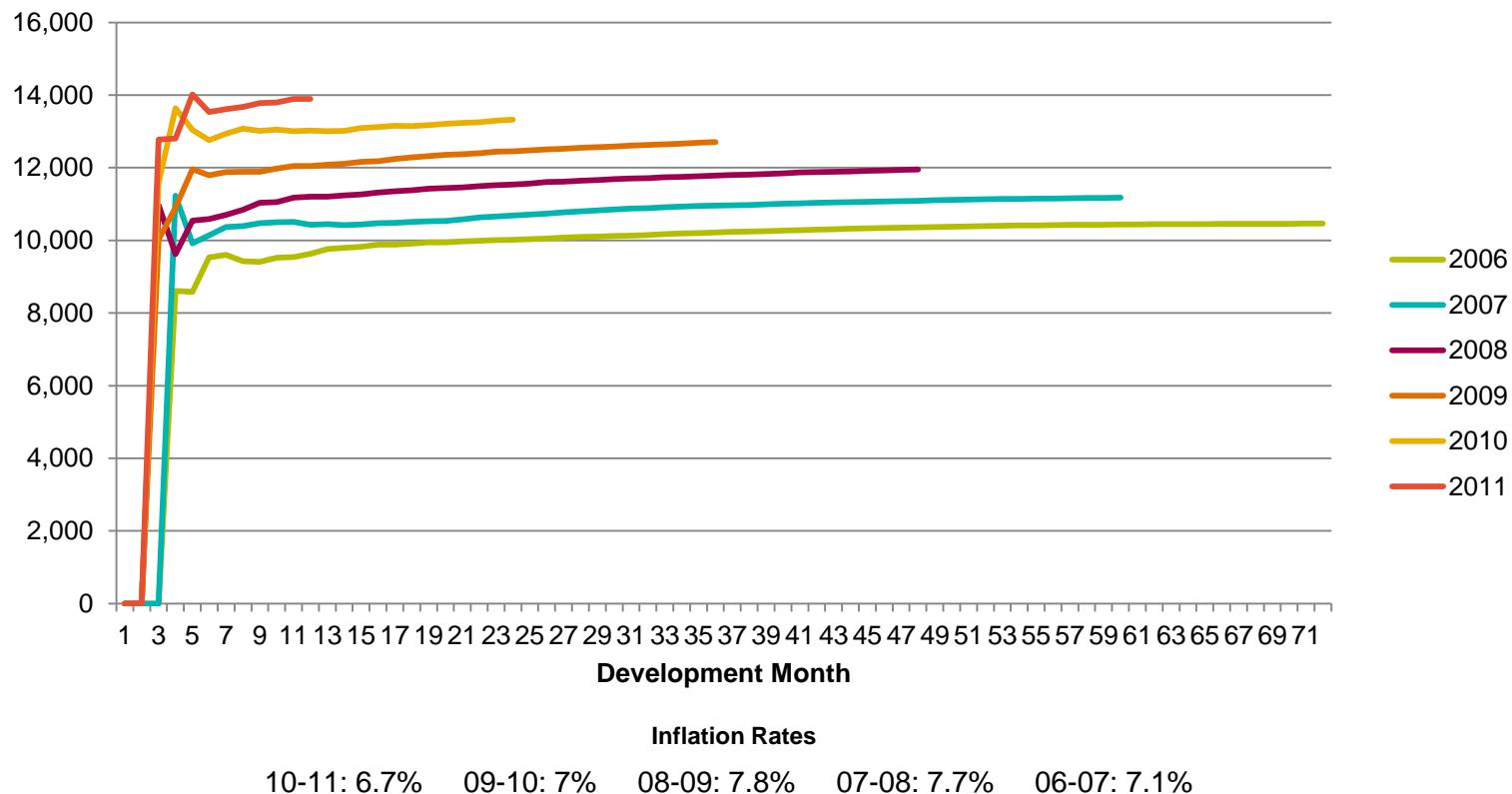


Transactional Analysis – 10k-20k Layer

Data trends

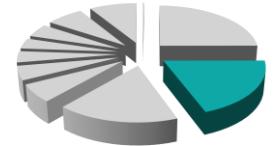


FGU Average Cost of Claims Settling in Layer
Layer 3: 10k to 20k

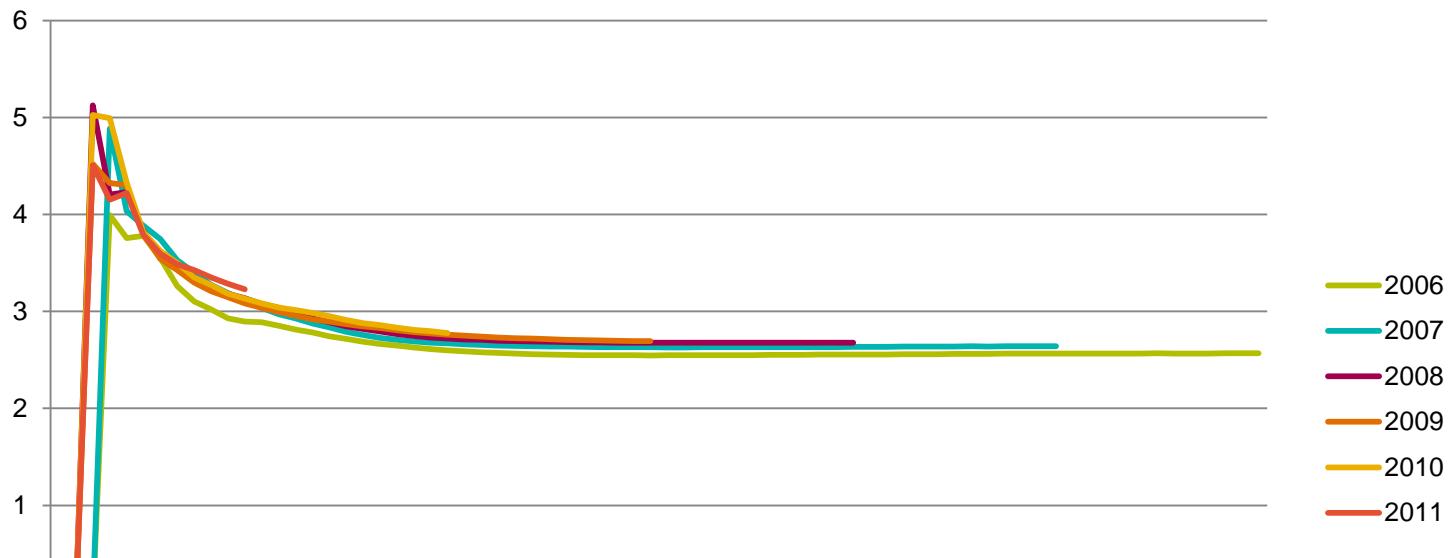


Transactional Analysis – 10k-20k Layer

Data trends



**FGU Average Cost of Claims Settling in Layer 3 over
FGU Average Cost of Claims Settling in Layer 2**



Inflation Rates

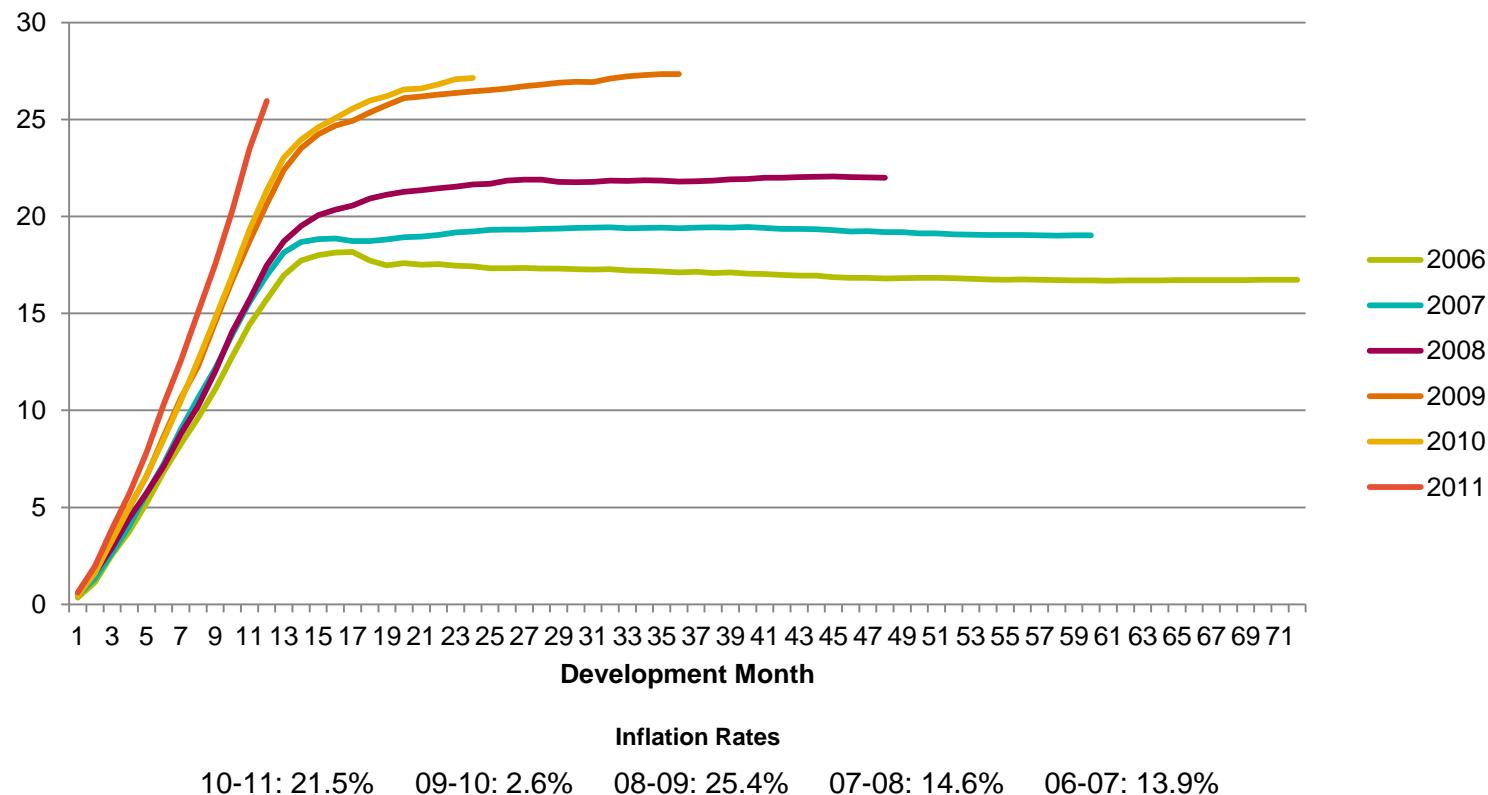
10-11: 3.1% 09-10: 0.6% 08-09: 0.5% 07-08: 1.7% 06-07: 3%

Transactional Analysis – 10k-20k Layer

Data trends

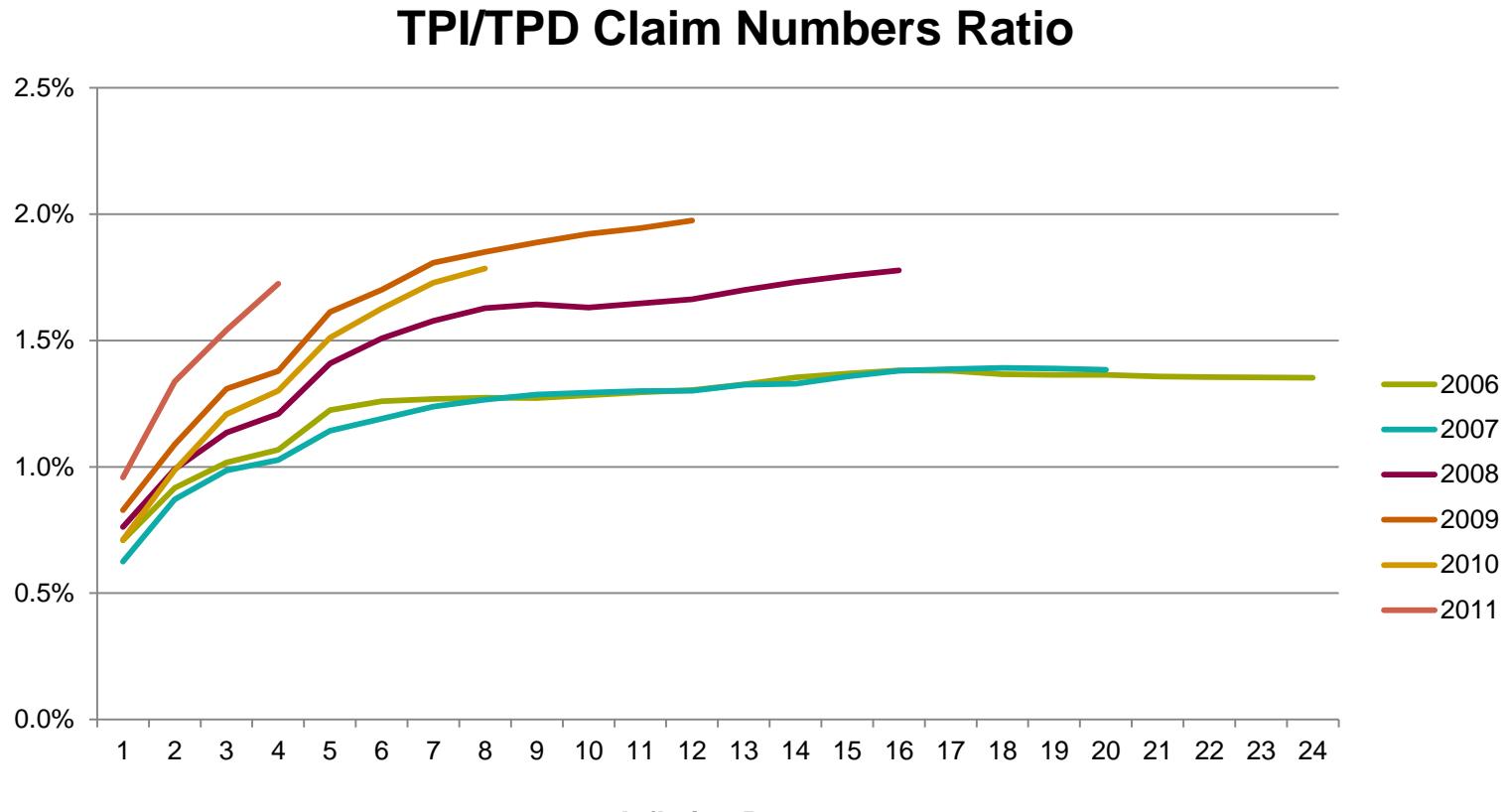
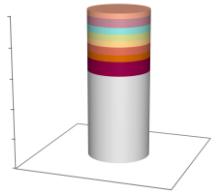


FGU Incurred Burning Cost
Layer 3: 10k to 20k



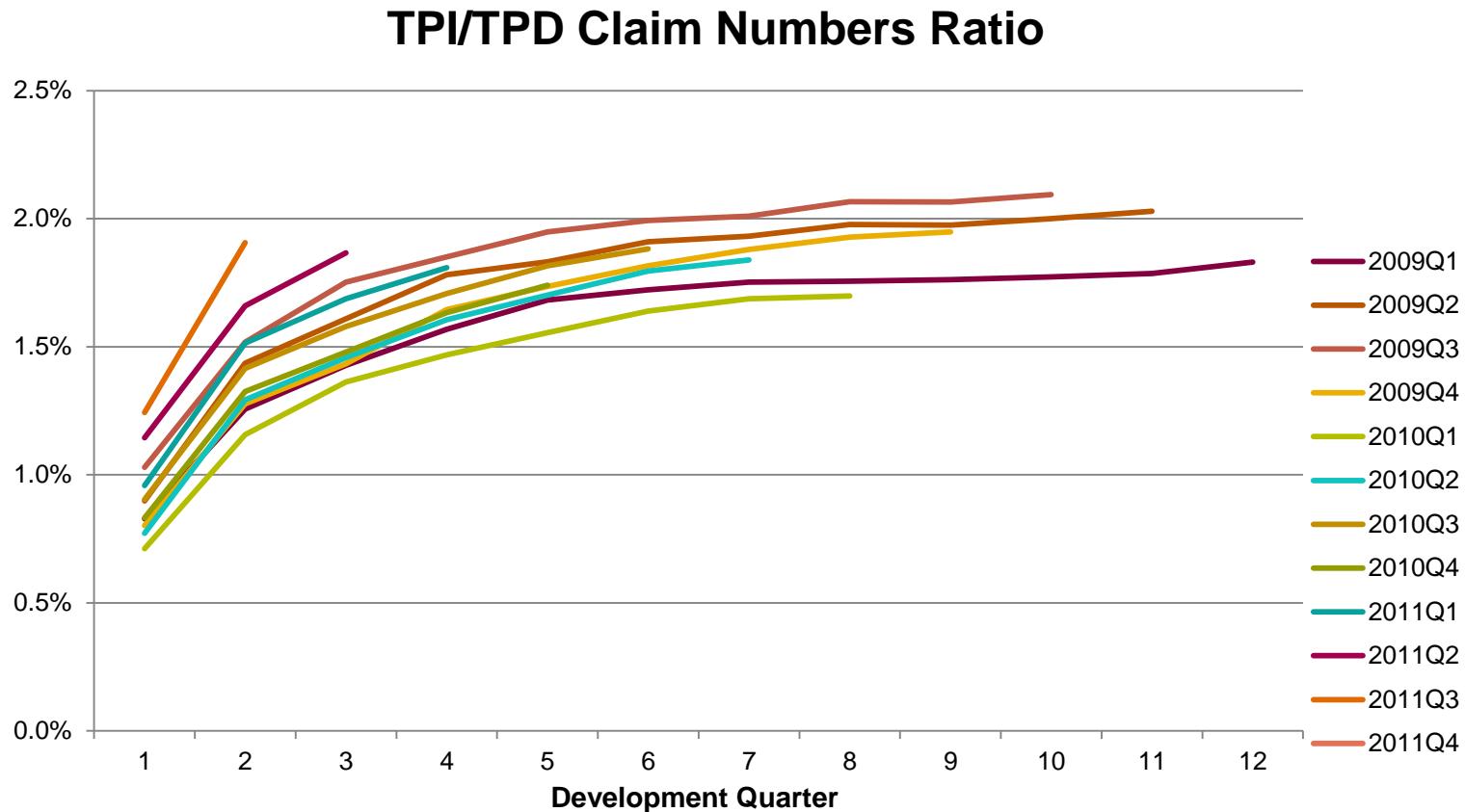
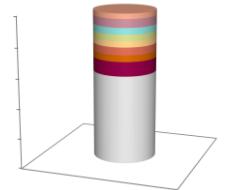
Transactional Analysis – 20k-50k Layer

Data trends



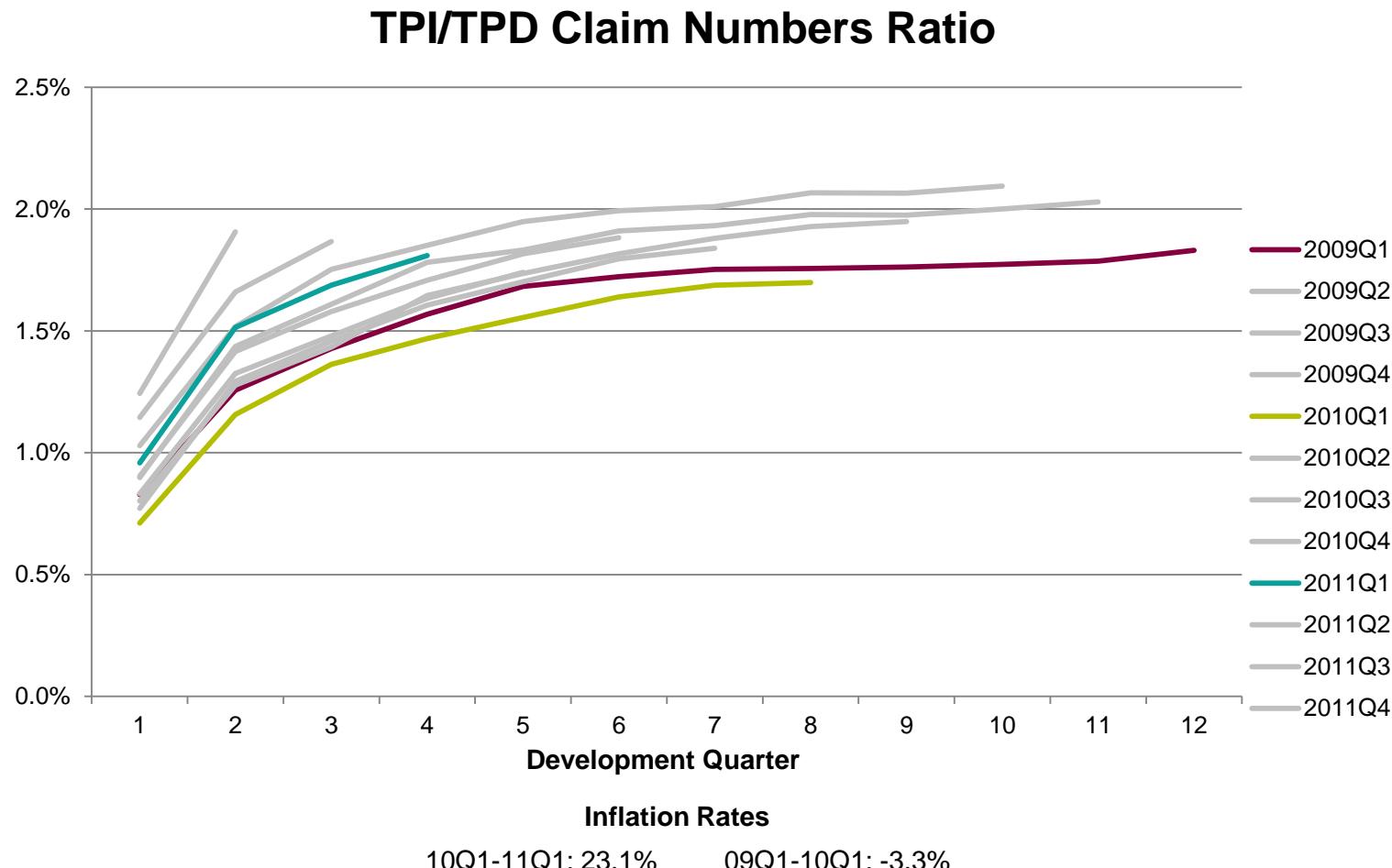
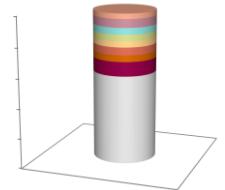
Transactional Analysis – 20k-50k Layer

Data trends



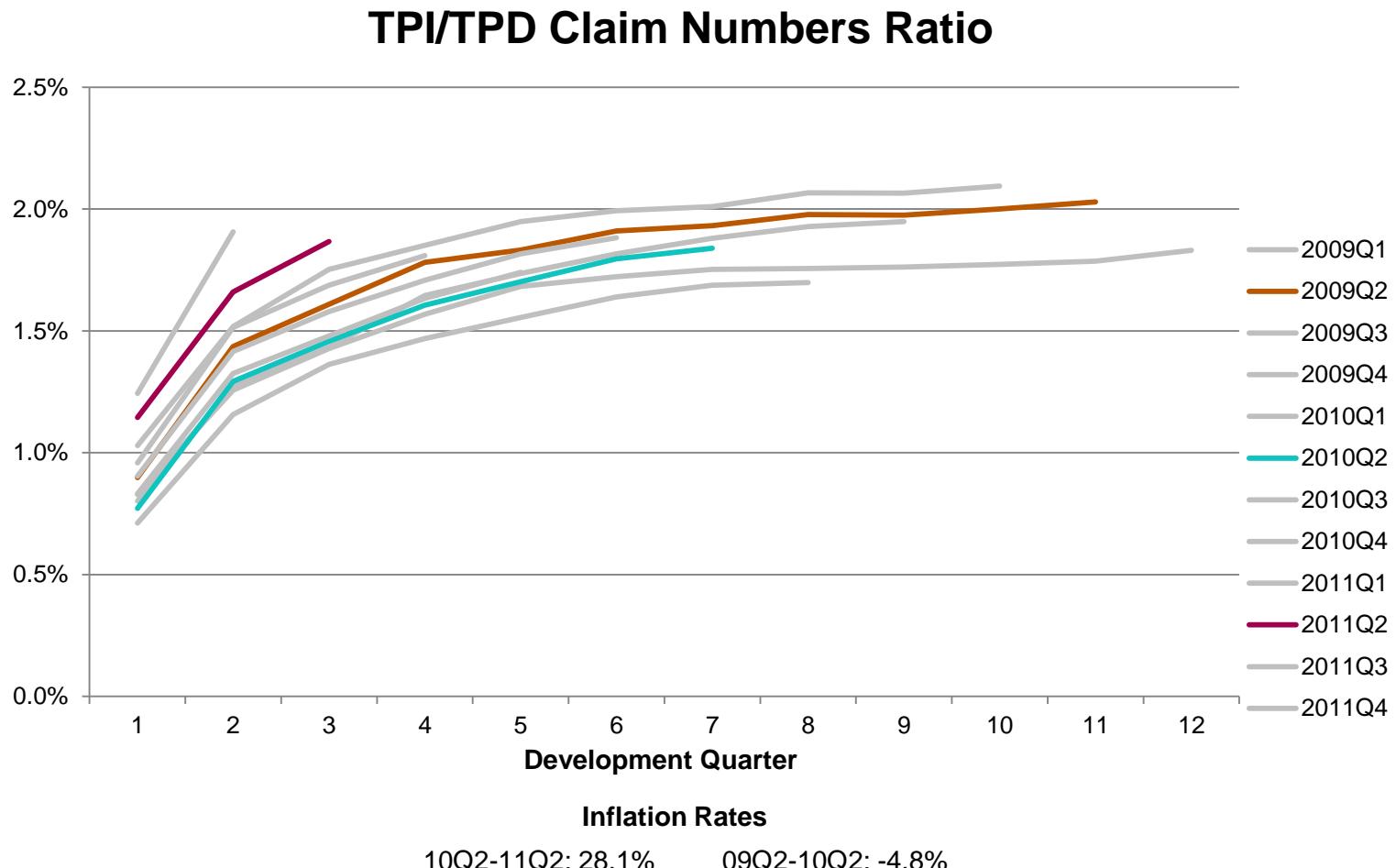
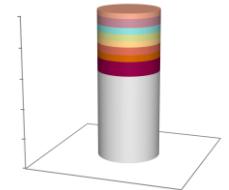
Transactional Analysis – 20k-50k Layer

Data trends



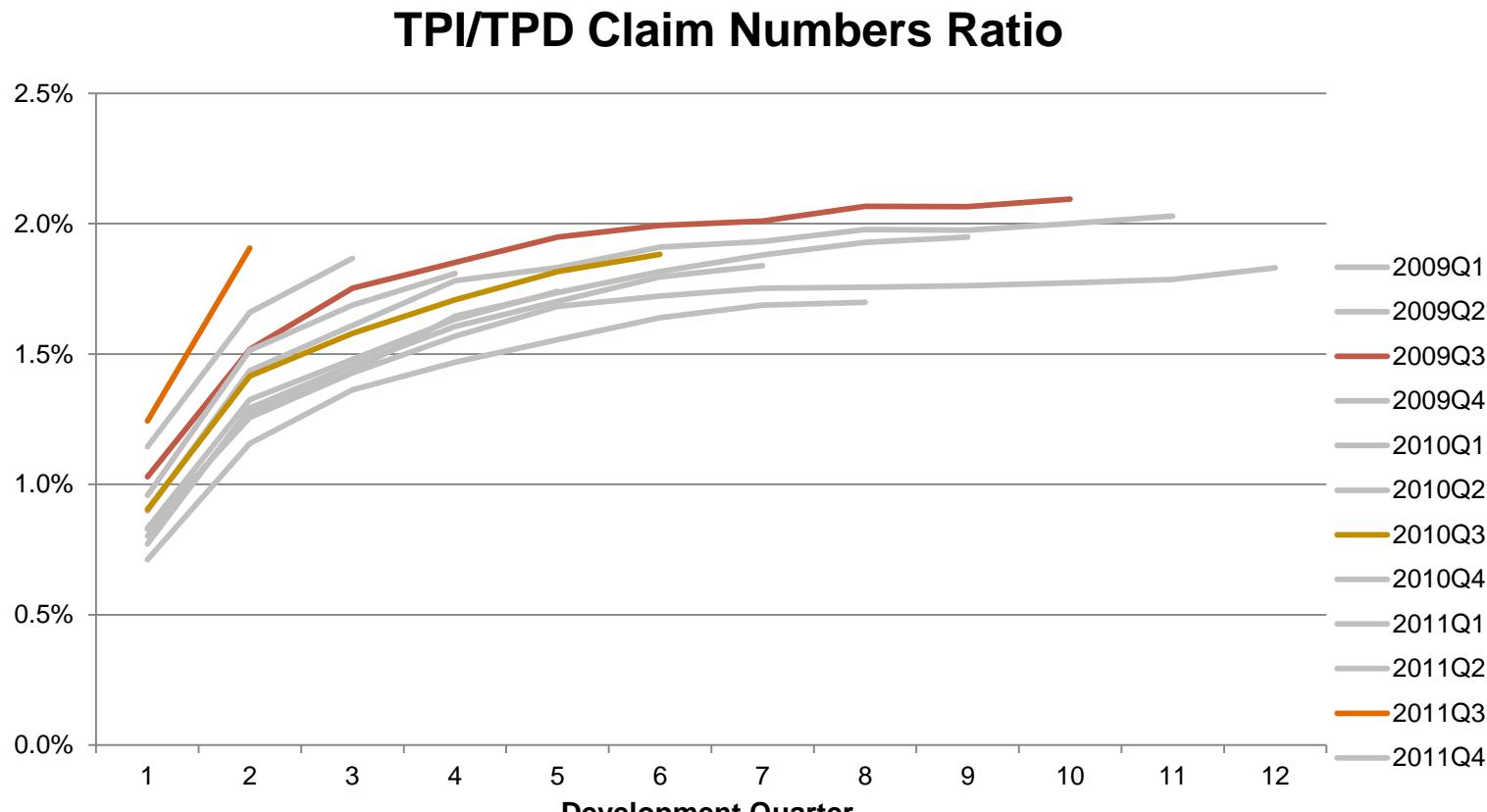
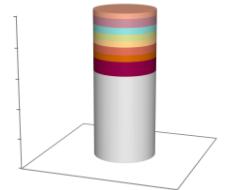
Transactional Analysis – 20k-50k Layer

Data trends



Transactional Analysis – 20k-50k Layer

Data trends

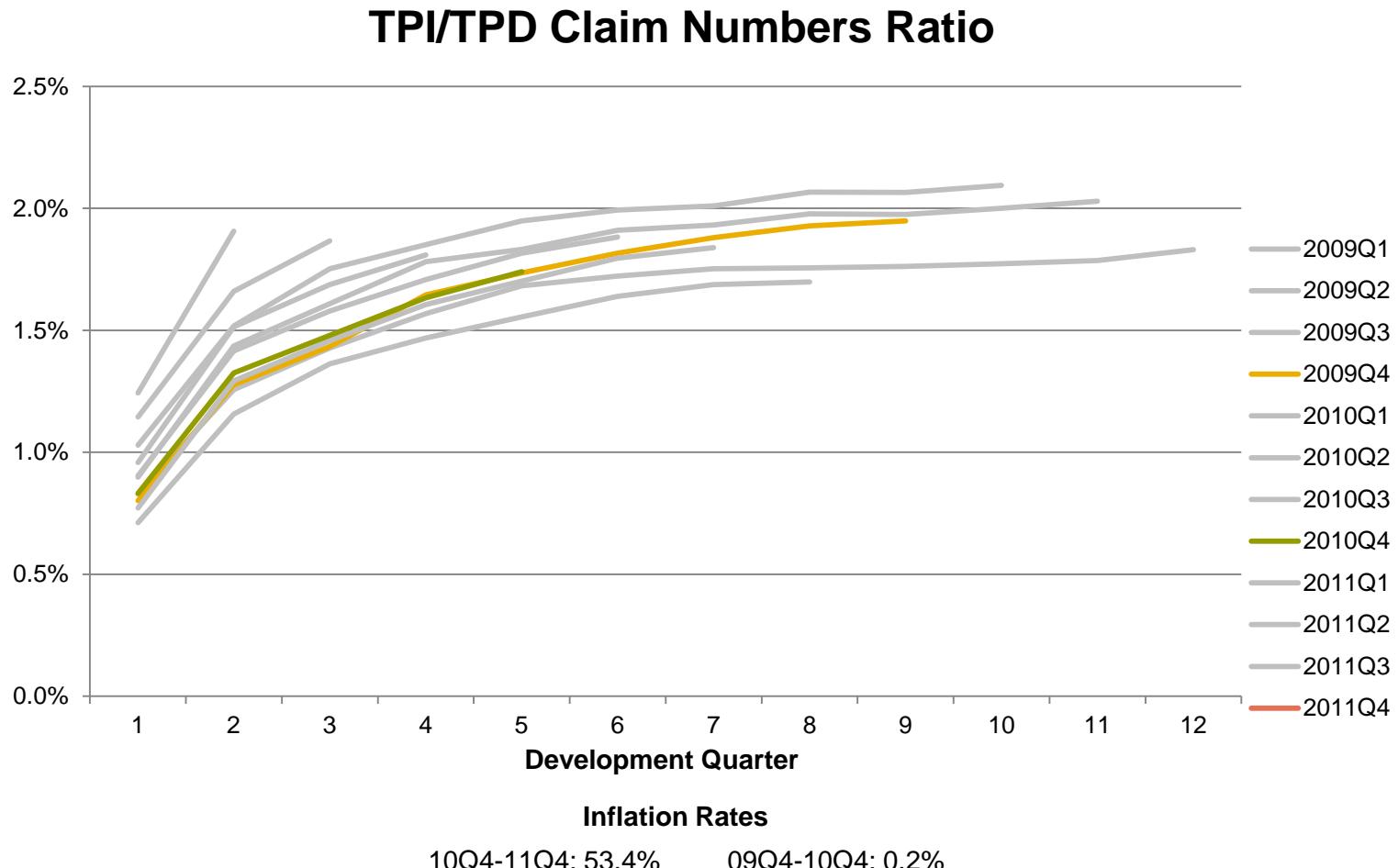
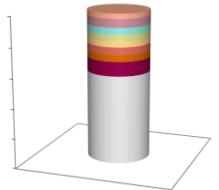


Inflation Rates

10Q3-11Q3: 34.8% 09Q3-10Q3: -5.5%

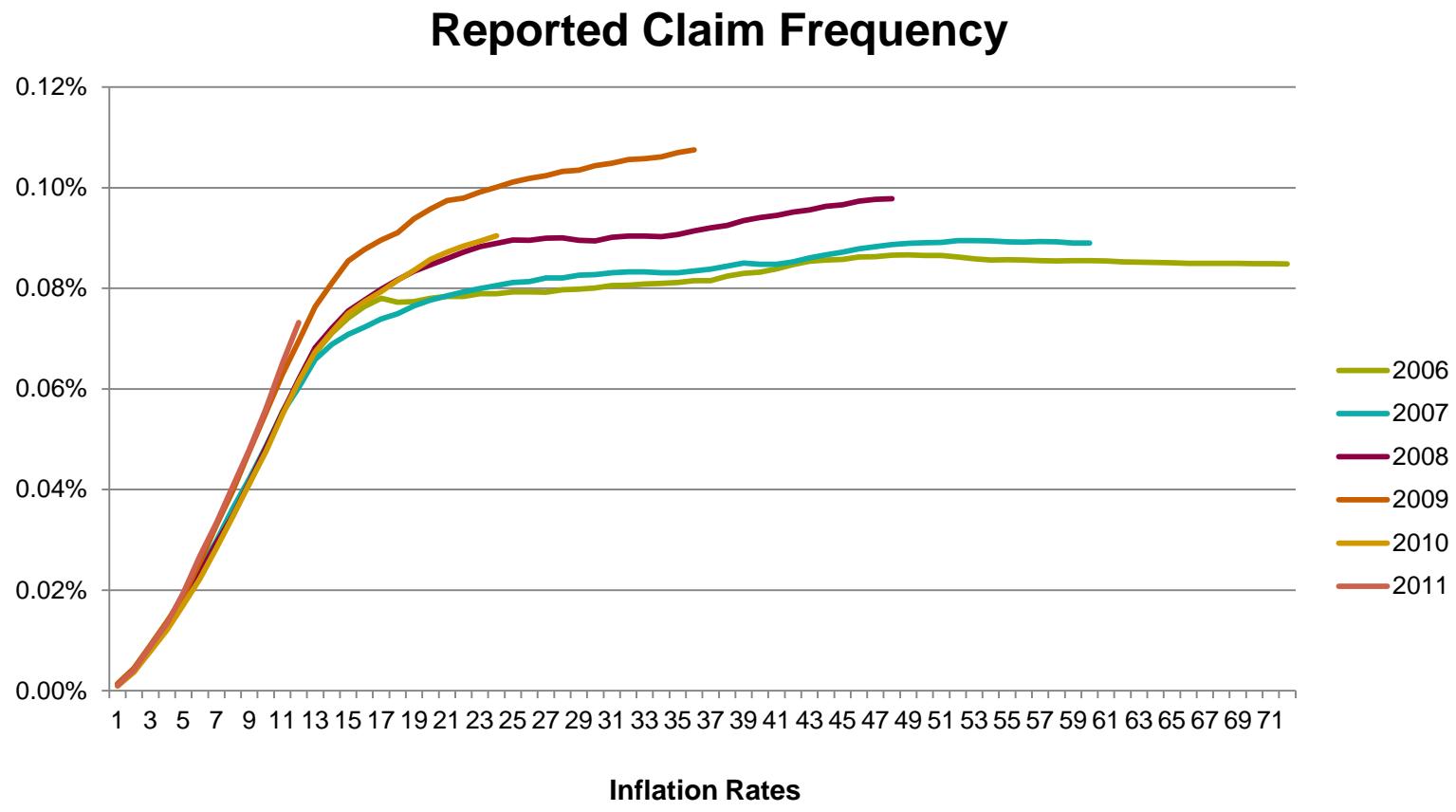
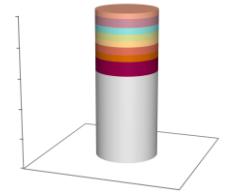
Transactional Analysis – 20k-50k Layer

Data trends



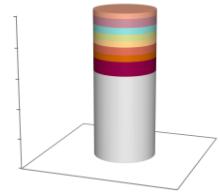
Transactional Analysis – 20k-50k Layer

Data trends

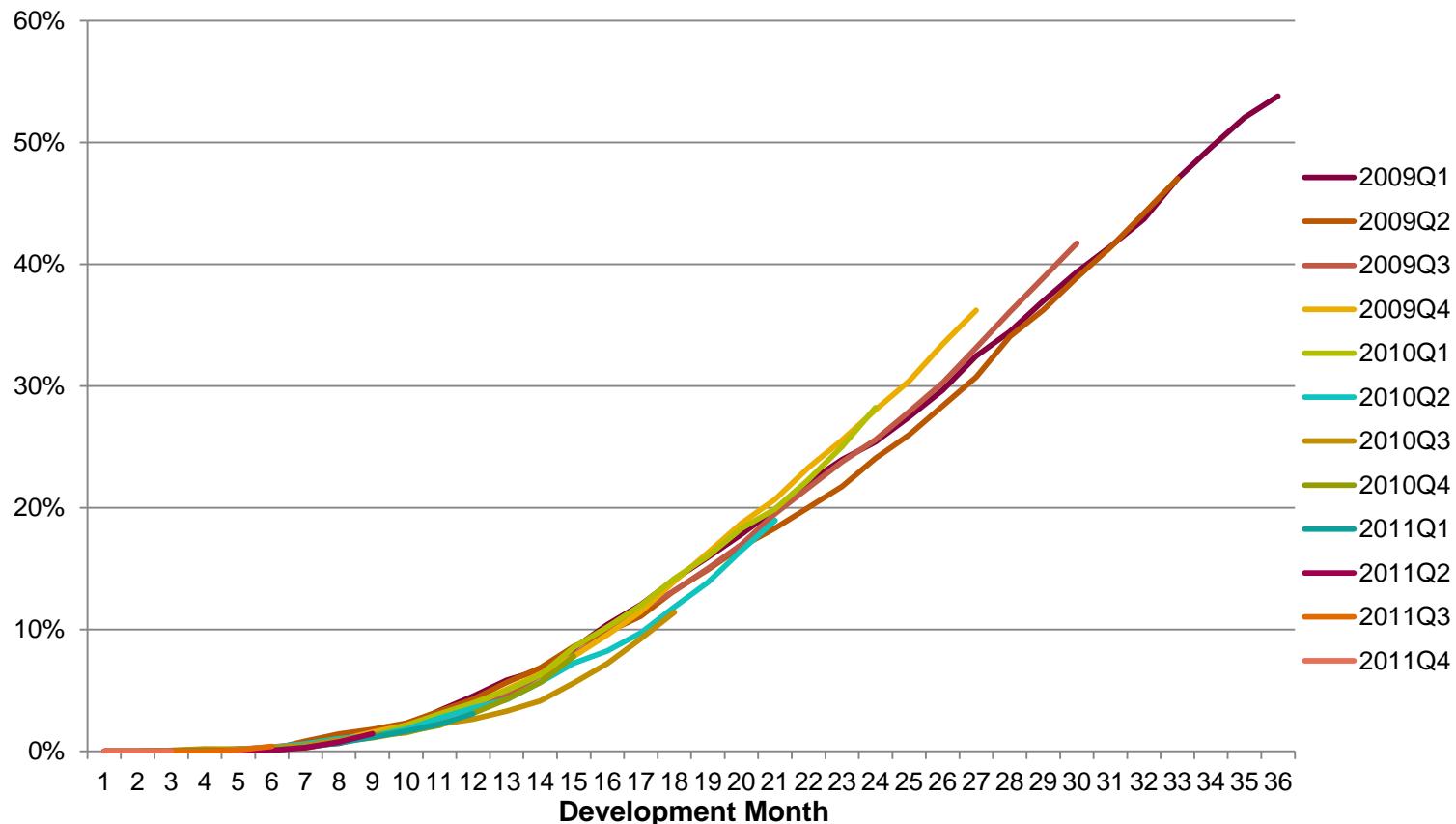


Transactional Analysis – 20k-50k Layer

Data trends

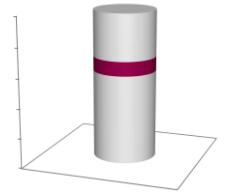


Claim Settlement Rate

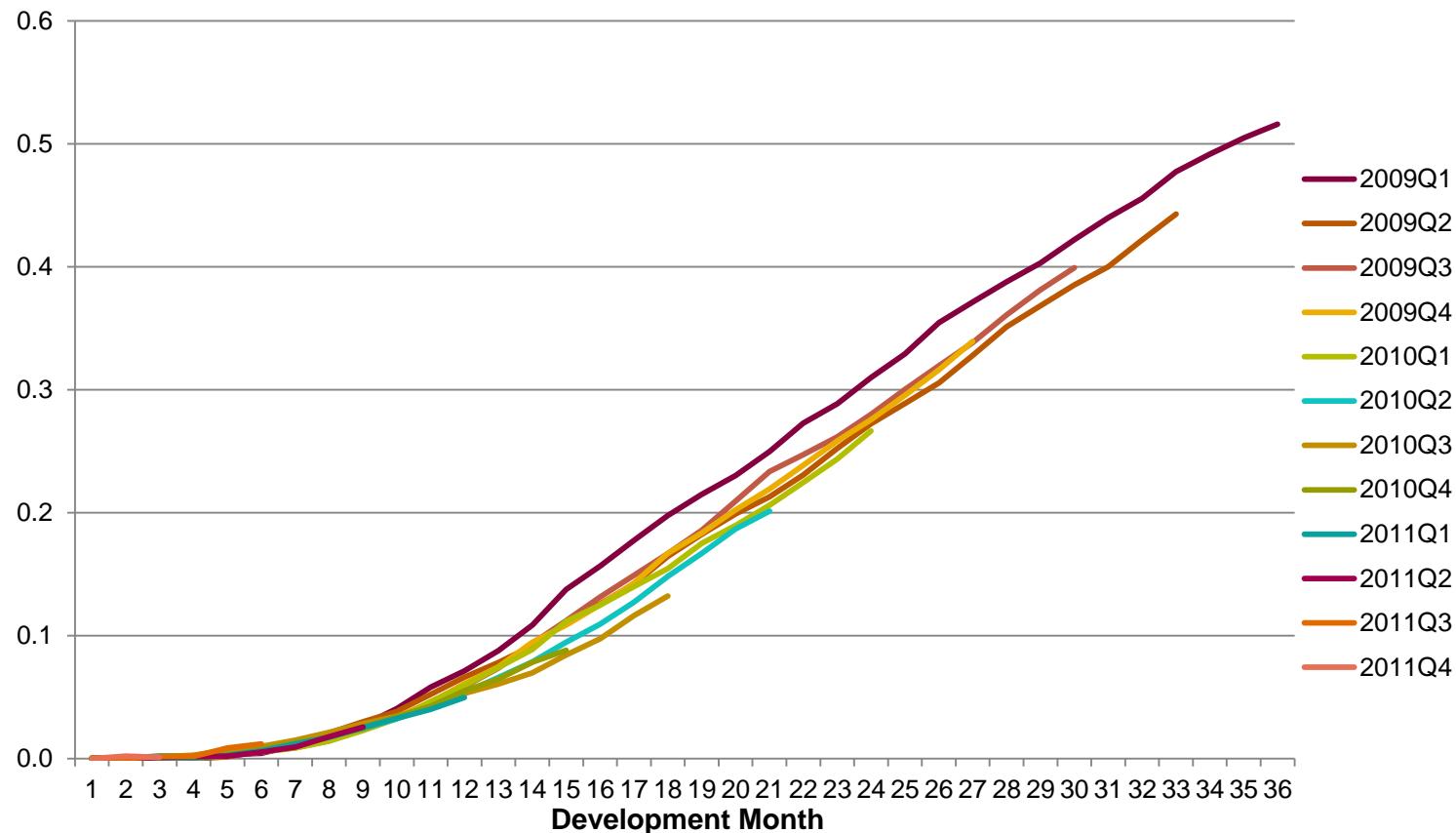


Transactional Analysis – 20k-50k Layer

Data trends

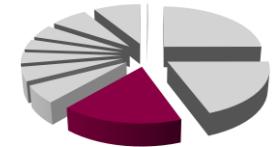


Paid to Incurred Ratio

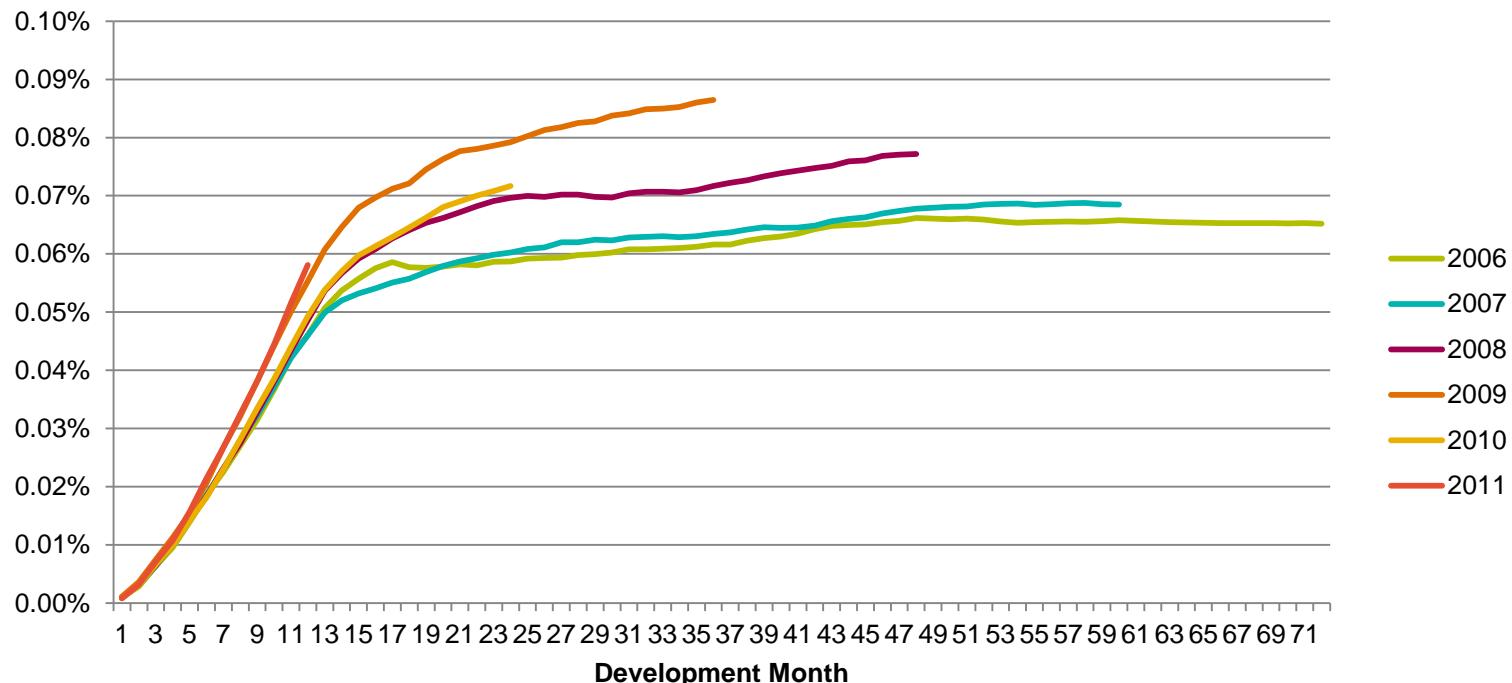


Transactional Analysis – 20k-50k Layer

Data trends



Frequency of Claims in Layer
Layer 4: 20k to 50k



Inflation Rates

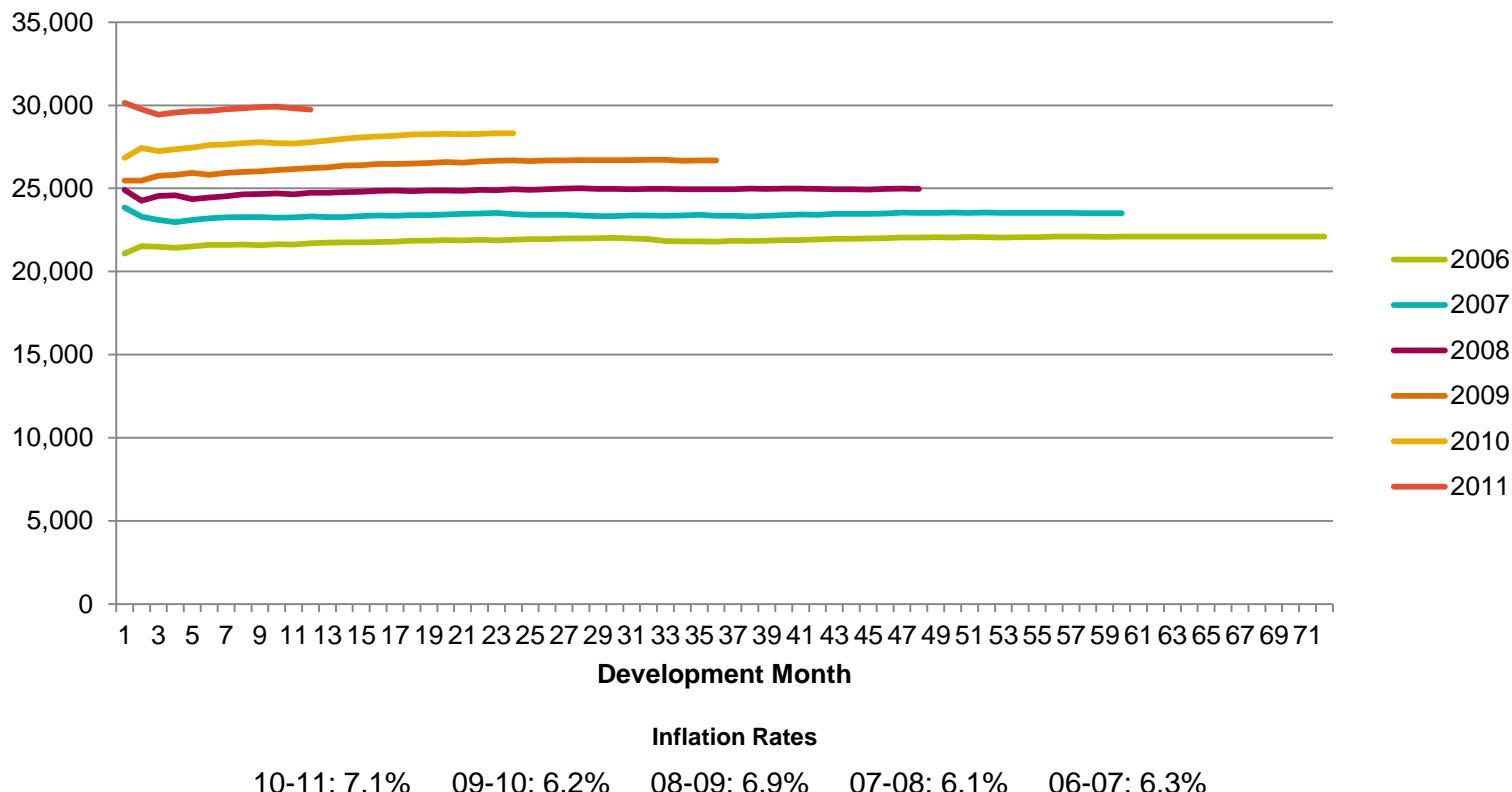
10-11: 18% 09-10: -9.6% 08-09: 20.6% 07-08: 13.8%

Transactional Analysis – 20k-50k Layer

Data trends

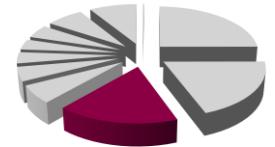


FGU Incurred Average Cost of Claims in Layer
Layer 4: 20k to 50k

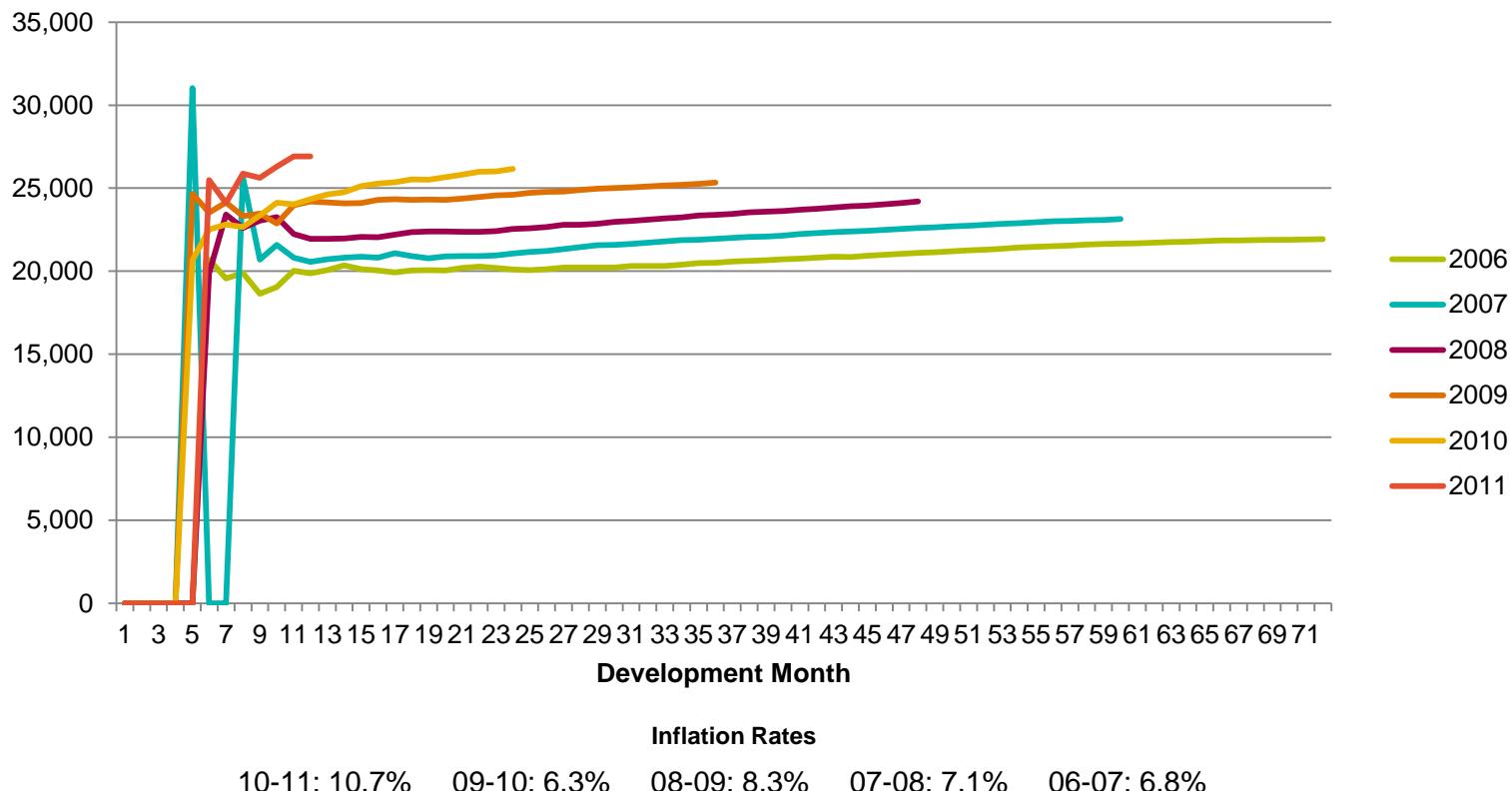


Transactional Analysis – 20k-50k Layer

Data trends

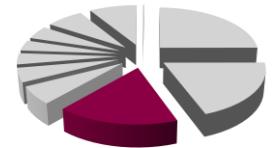


FGU Average Cost of Claims Settling in Layer
Layer 4: 20k to 50k

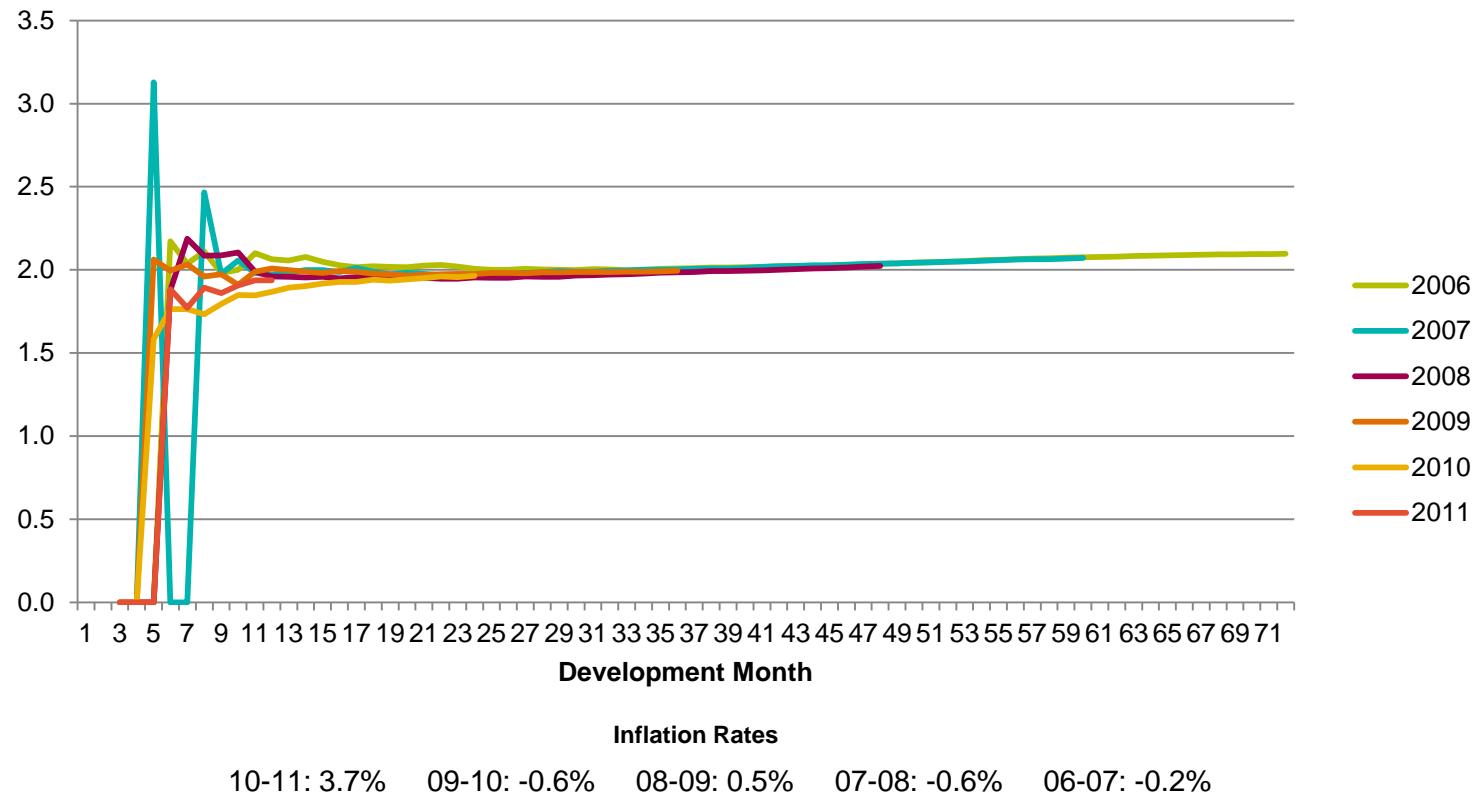


Transactional Analysis – 20k-50k Layer

Data trends

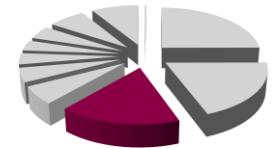


**FGU Average Cost of Claims Settling in Layer 4 over
FGU Average Cost of Claims Settling in Layer 3**

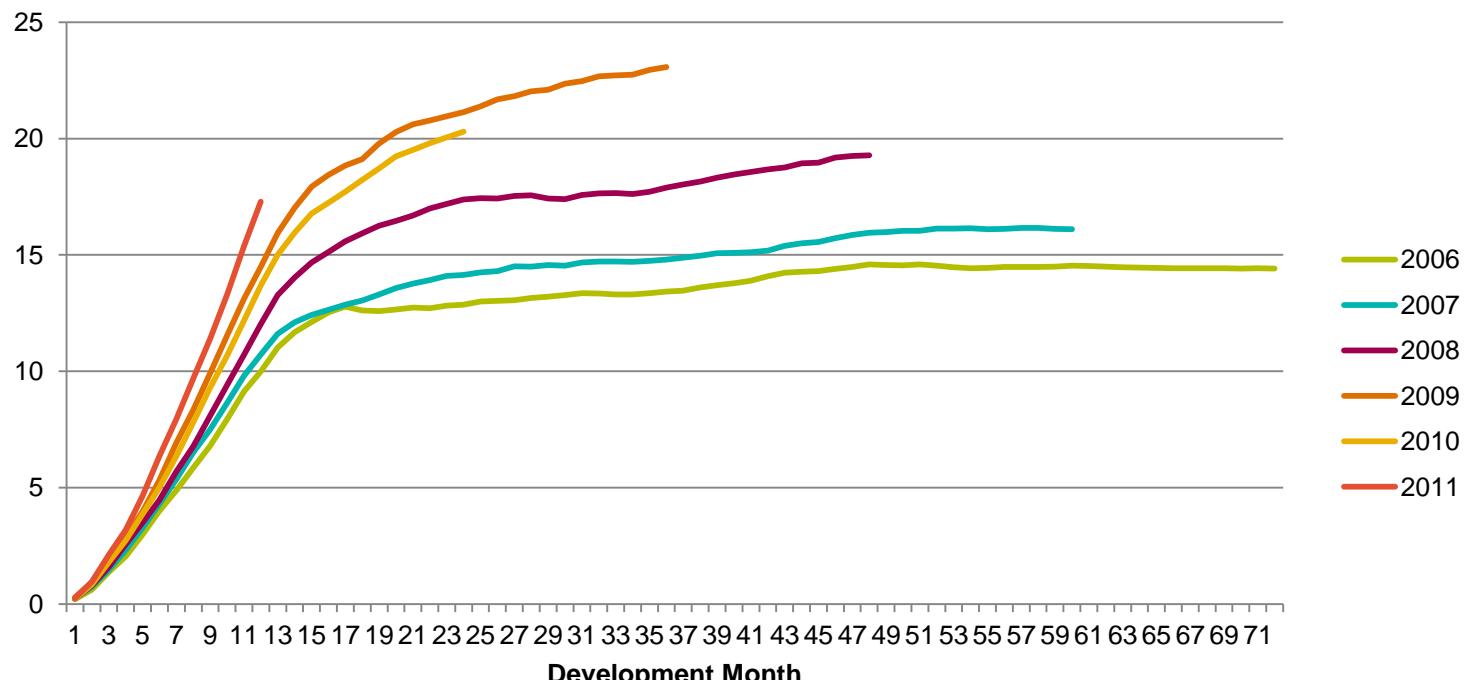


Transactional Analysis – 20k-50k Layer

Data trends



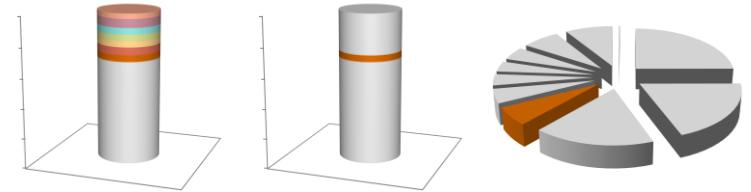
FGU Incurred Burning Cost
Layer 4: 20k to 50k



Inflation Rates

10-11: 26.3% 09-10: -4% 08-09: 29% 07-08: 20.8% 06-07: 10.7%

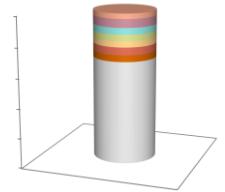
Transactional Analysis



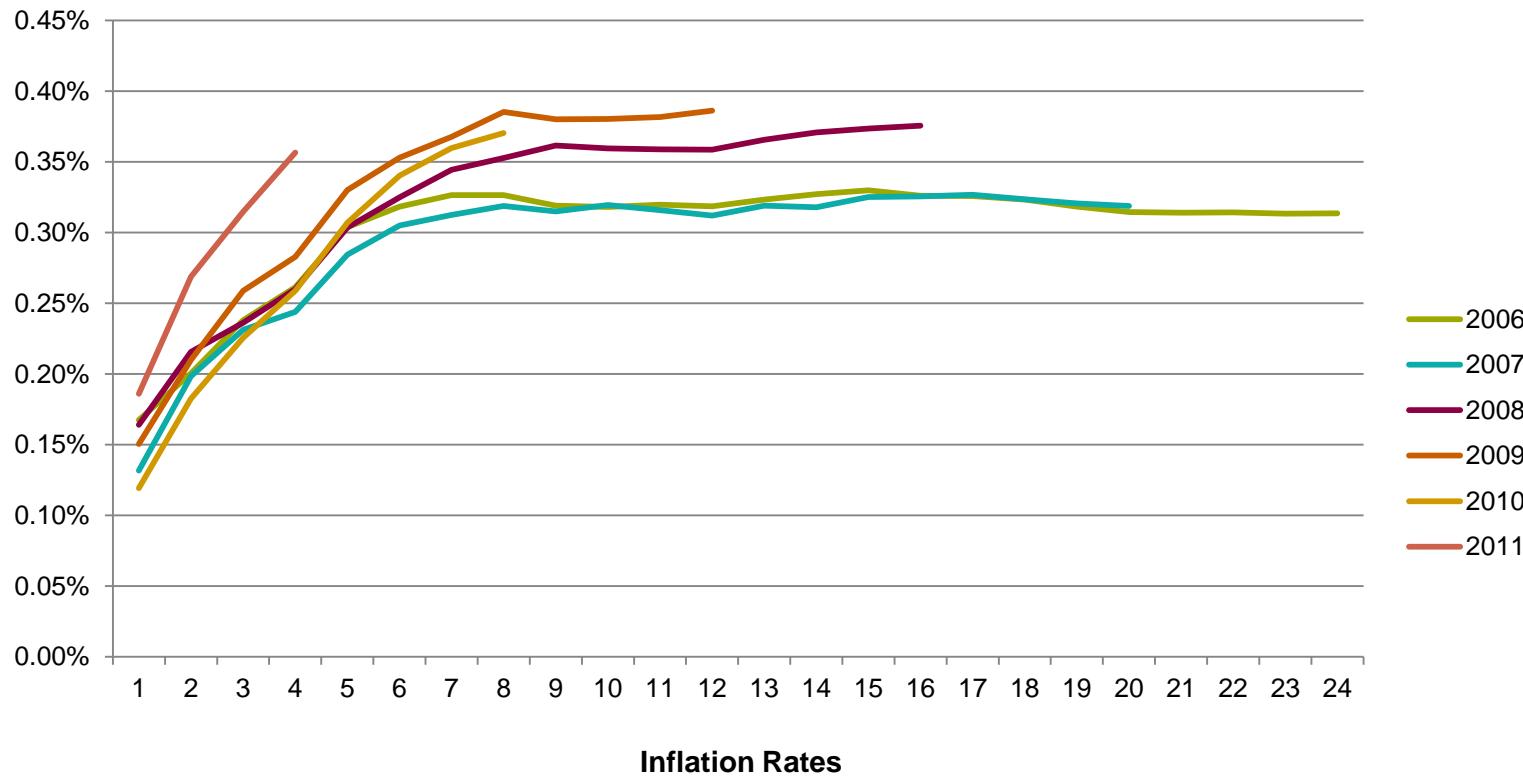
- 50k to 100k Layer

Transactional Analysis – 50k-100k Layer

Data trends



TPI/TPD Claim Numbers Ratio

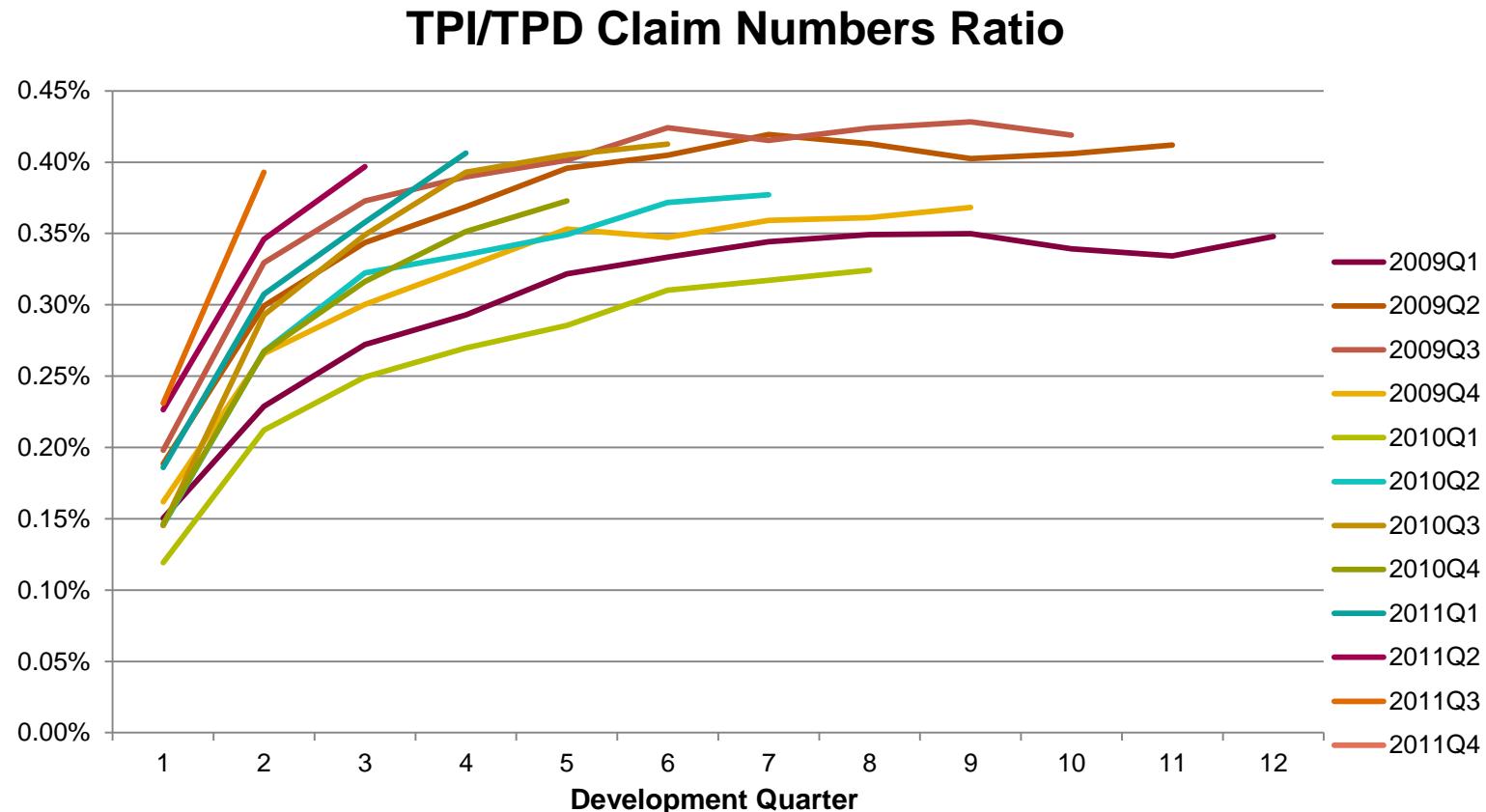
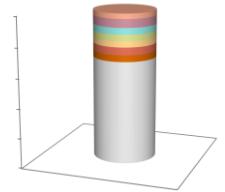


Inflation Rates

10-11: 37.8% 09-10: -3.8% 08-09: 7.7% 07-08: 15.3% 06-07: 1.3%

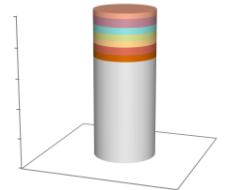
Transactional Analysis – 50k-100k Layer

Data trends

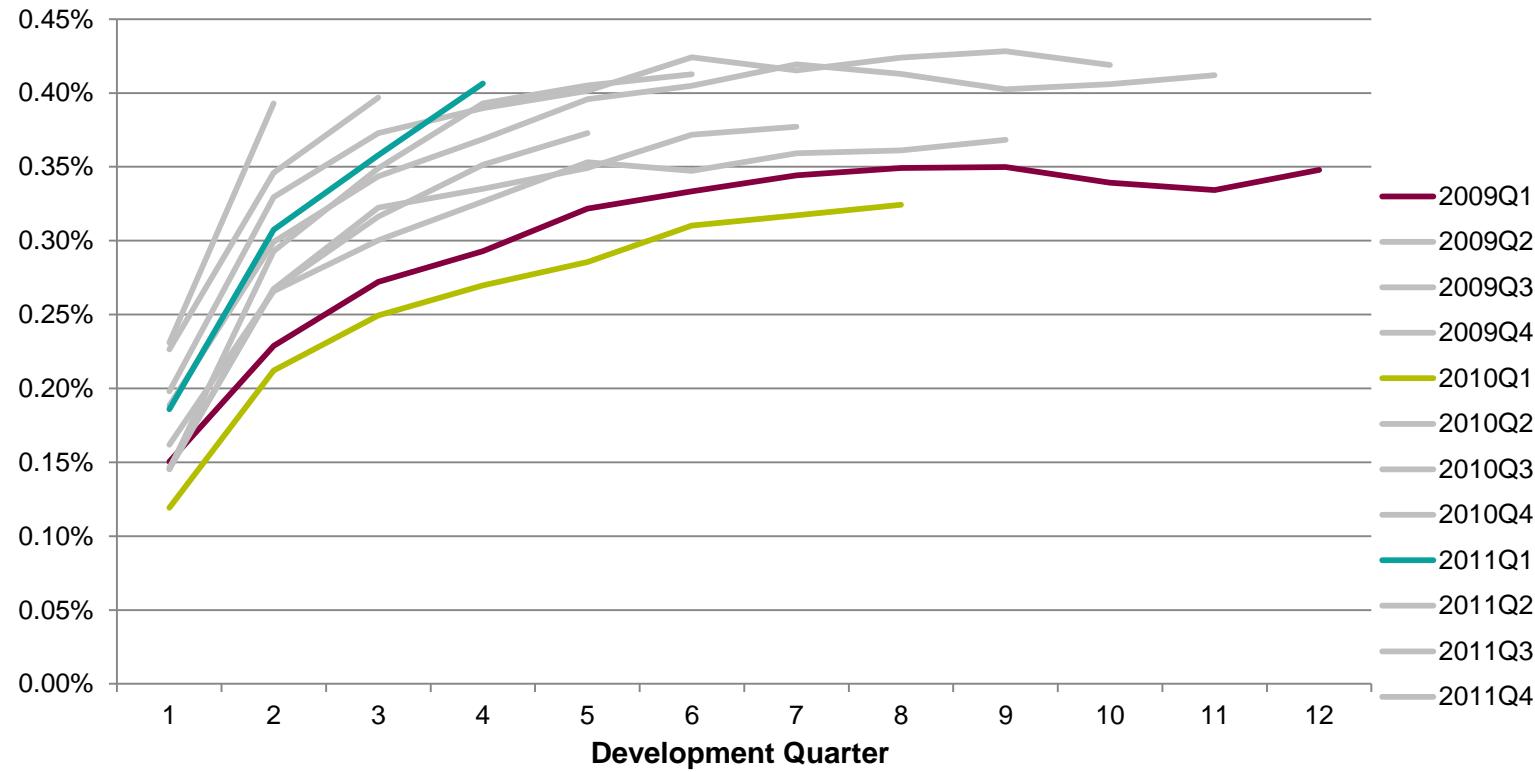


Transactional Analysis – 50k-100k Layer

Data trends



TPI/TPD Claim Numbers Ratio

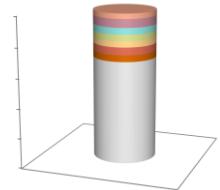


Inflation Rates

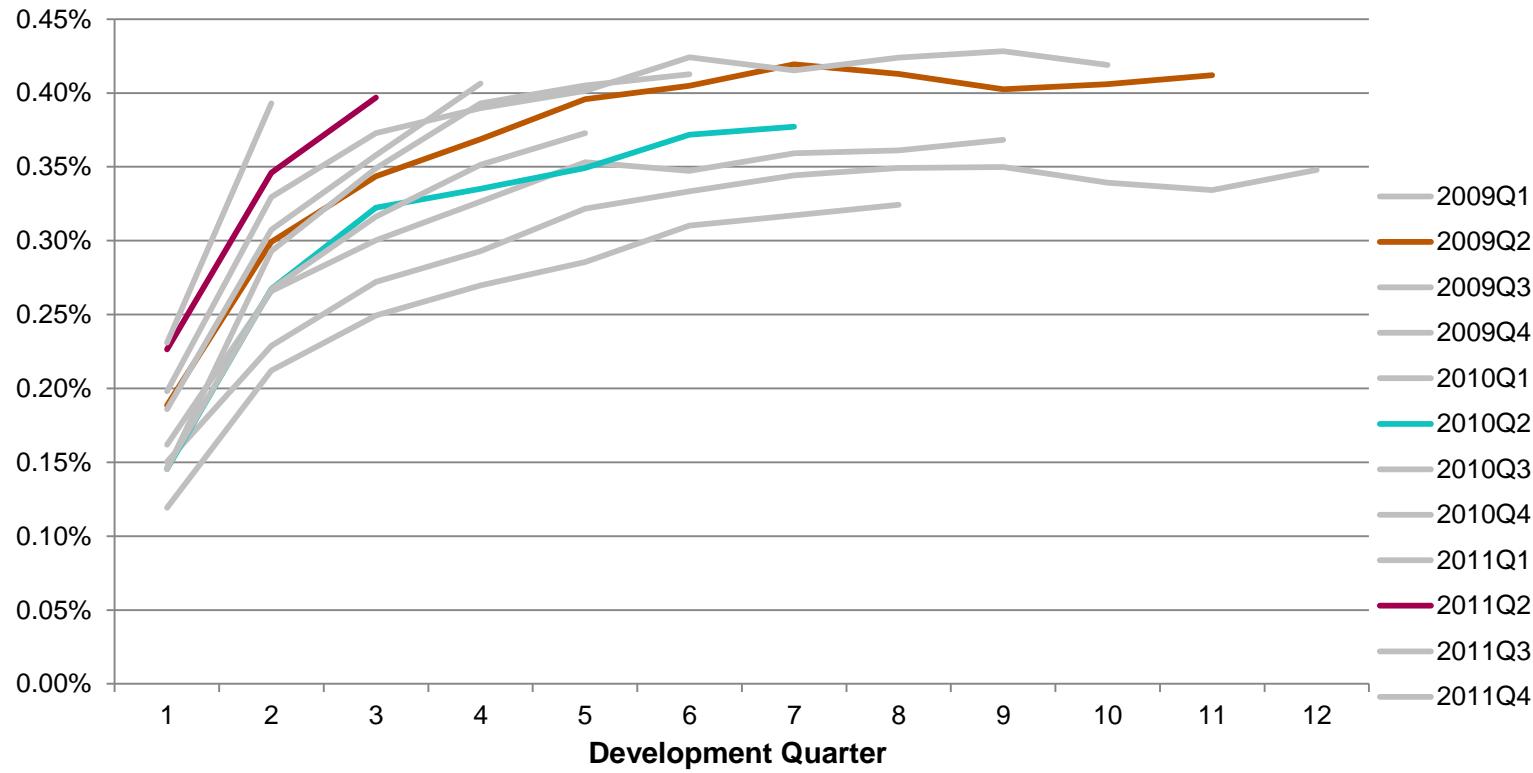
10Q1-11Q1: 50.7% 09Q1-10Q1: -7.2%

Transactional Analysis – 50k-100k Layer

Data trends



TPI/TPD Claim Numbers Ratio

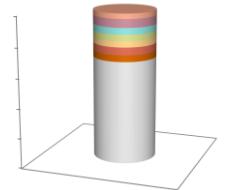


Inflation Rates

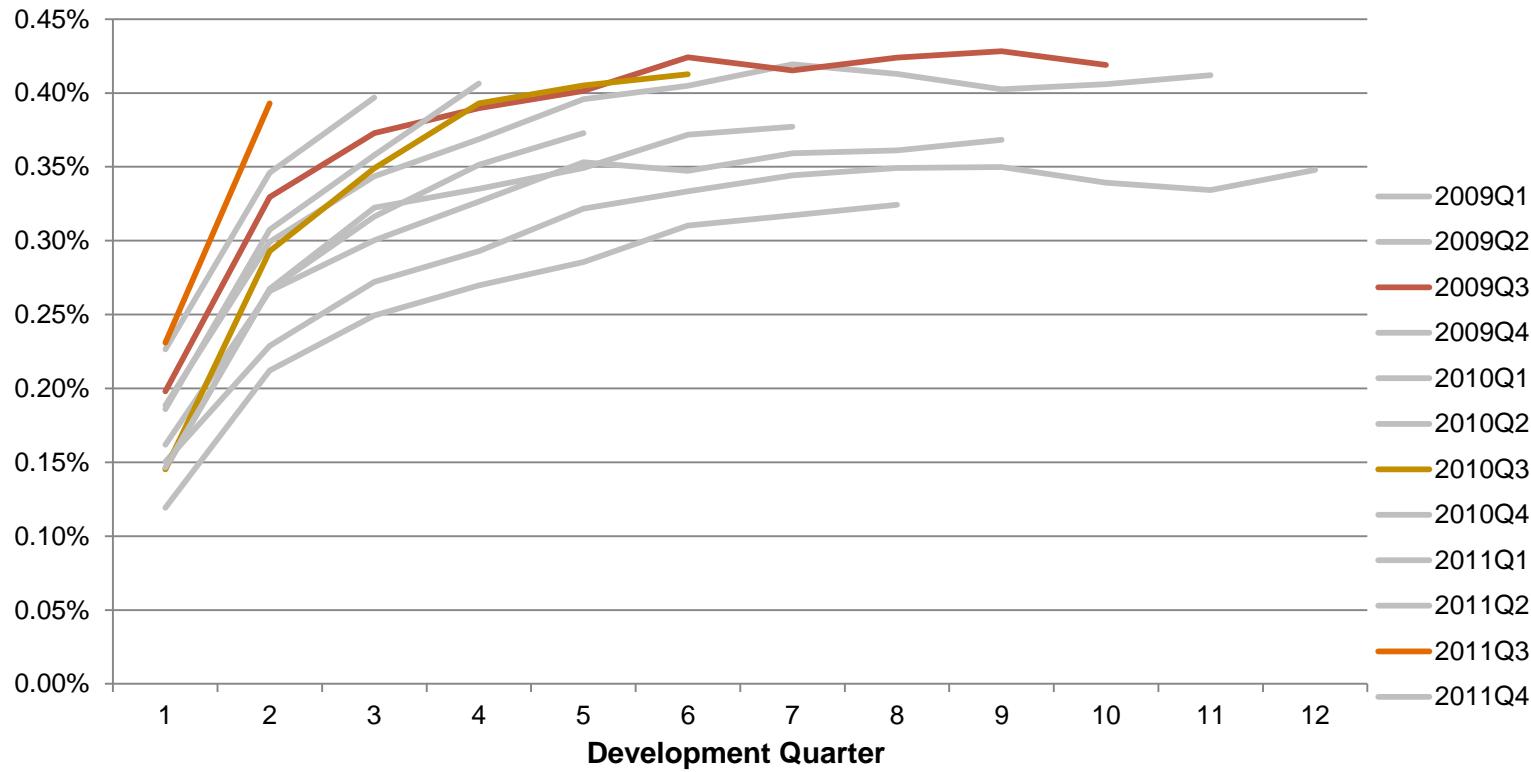
10Q2-11Q2: 23.2% 09Q2-10Q2: -10.1%

Transactional Analysis – 50k-100k Layer

Data trends



TPI/TPD Claim Numbers Ratio

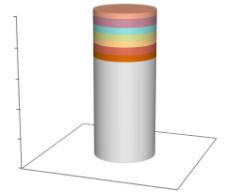


Inflation Rates

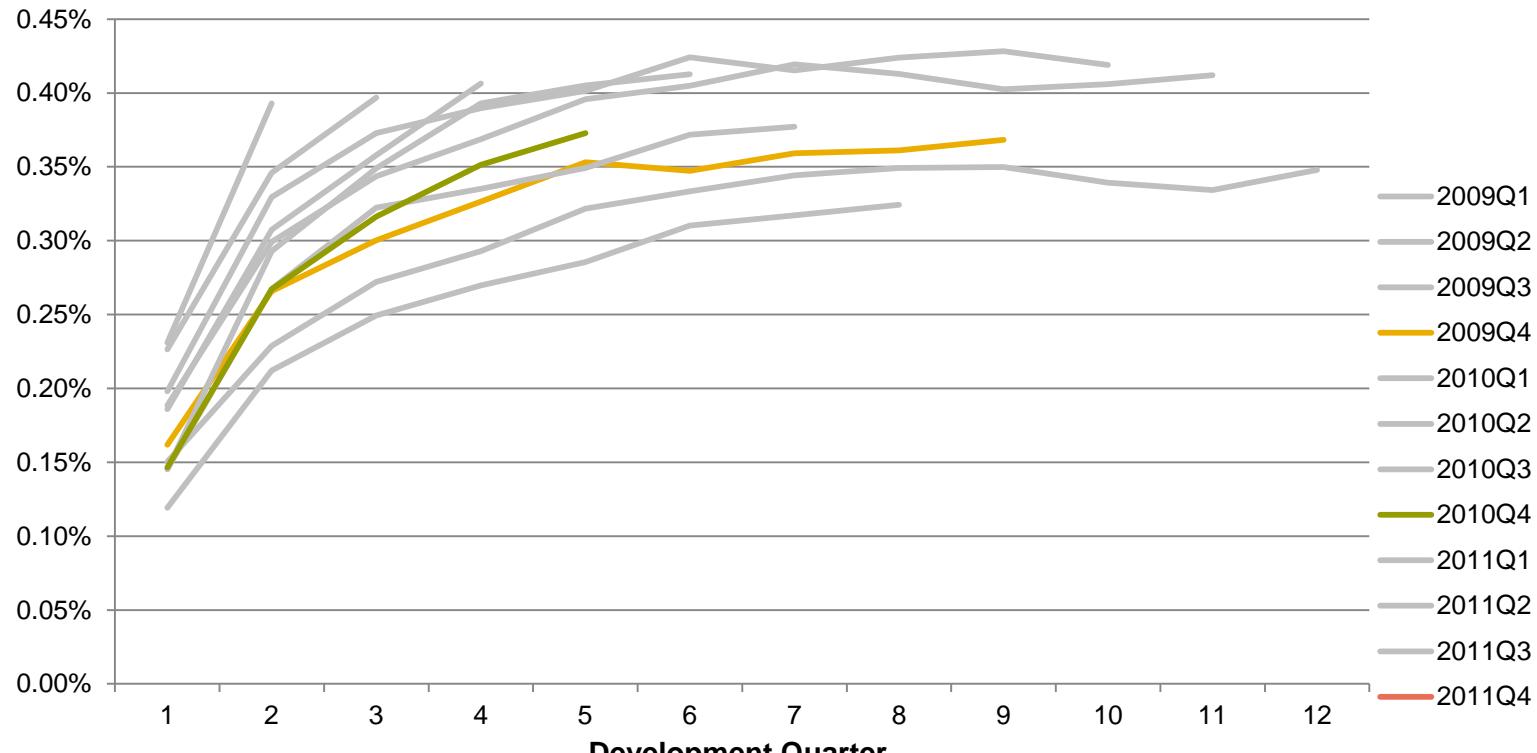
10Q3-11Q3: 34.2% 09Q3-10Q3: -2.7%

Transactional Analysis – 50k-100k Layer

Data trends



TPI/TPD Claim Numbers Ratio

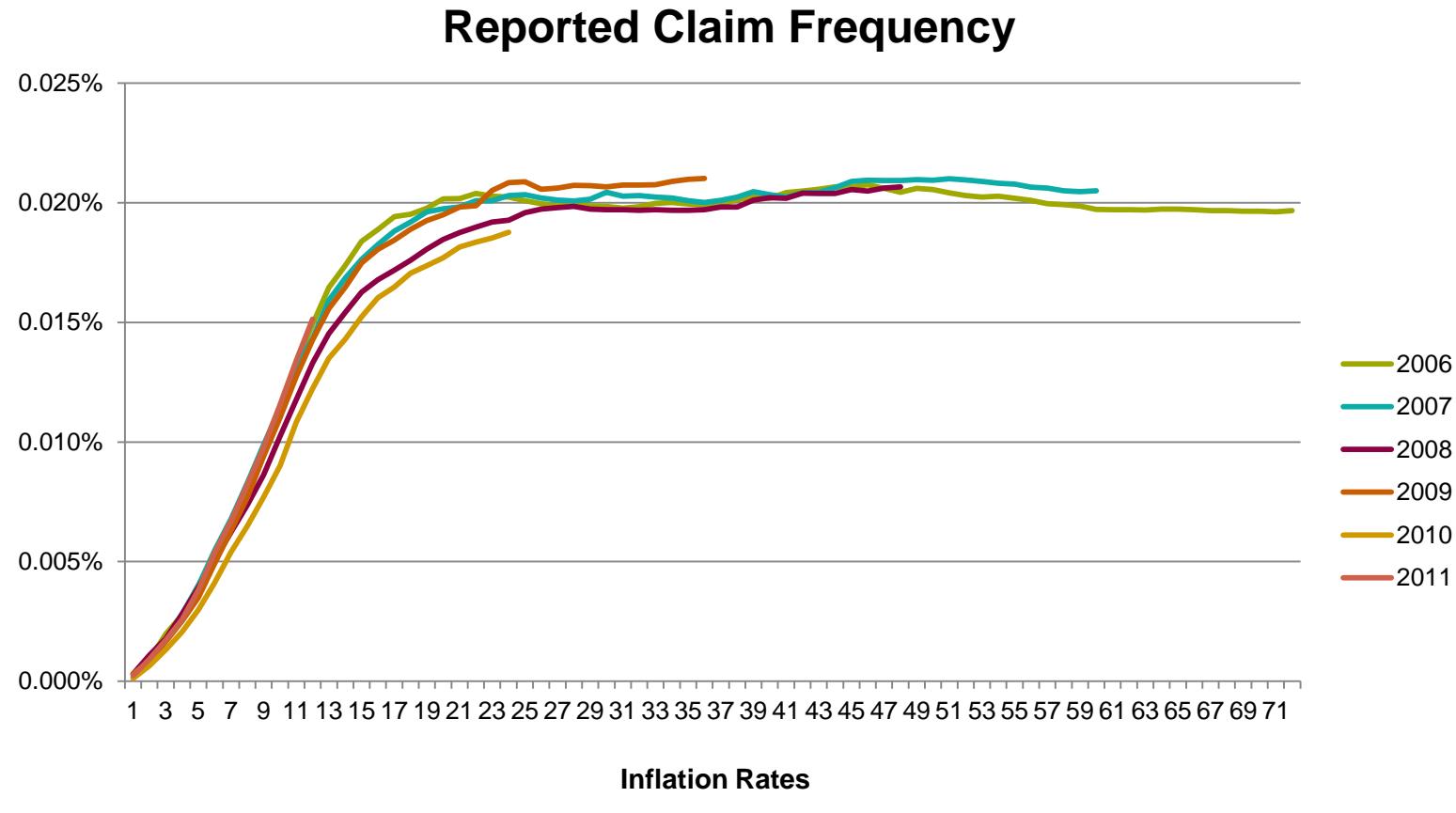
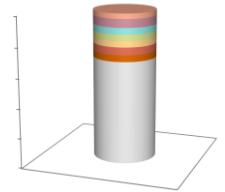


Inflation Rates

10Q4-11Q4: 48% 09Q4-10Q4: 5.6%

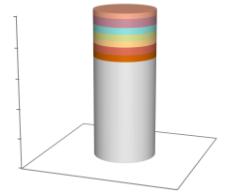
Transactional Analysis – 50k-100k Layer

Data trends

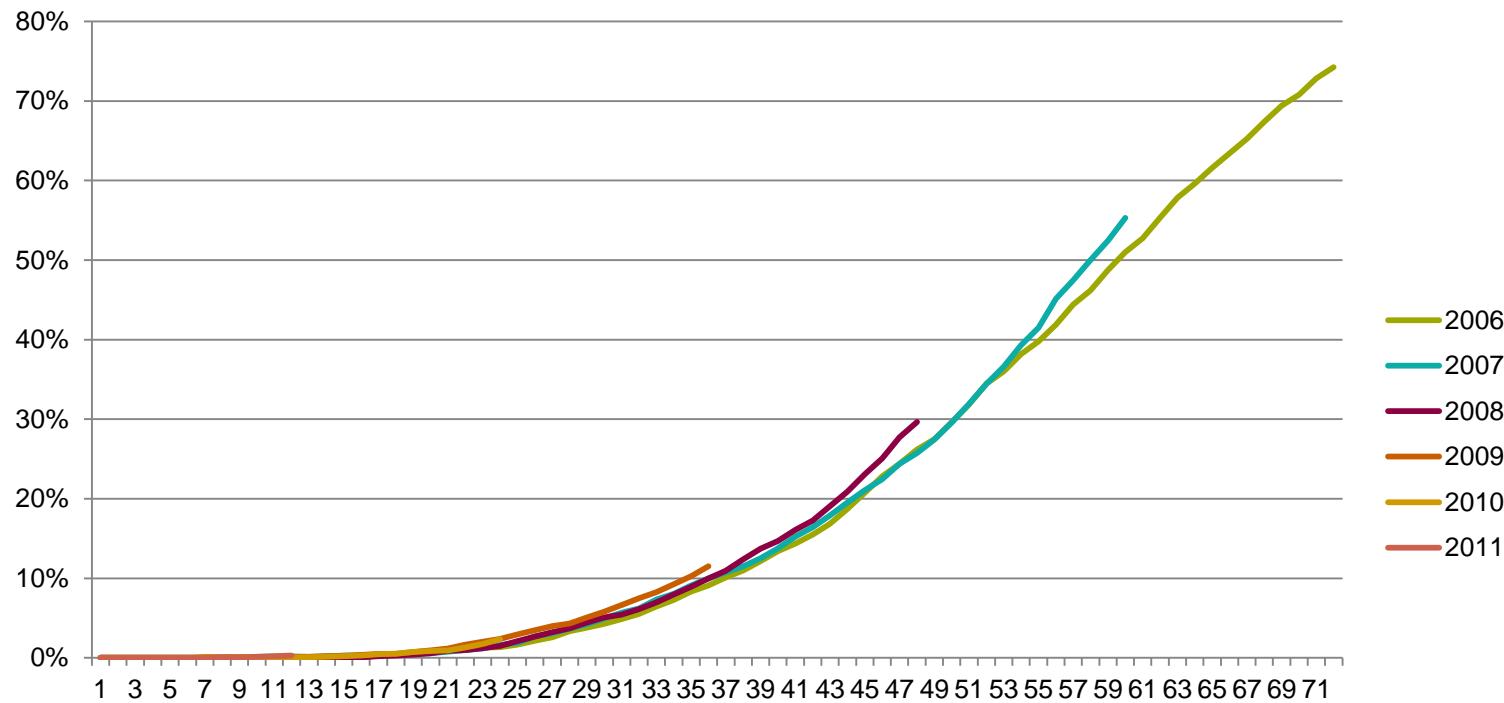


Transactional Analysis – 50k-100k Layer

Data trends



Claim Settlement Rate

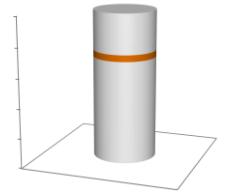


Inflation Rates

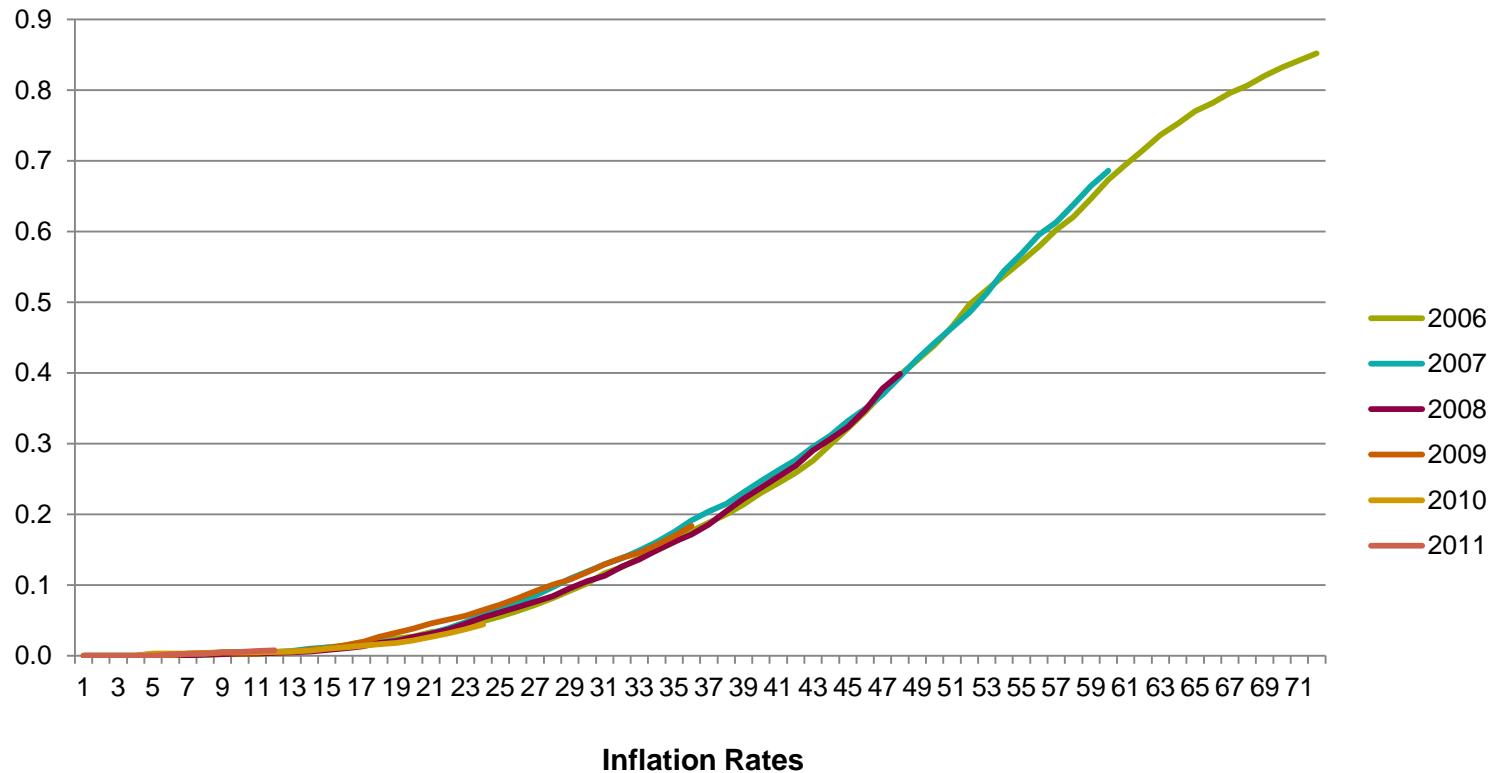
10-11: 462.2% 09-10: -0.4% 08-09: 15.2% 07-08: 15.2% 06-07: 8.5%

Transactional Analysis – 50k-100k Layer

Data trends



Paid to Incurred Ratio

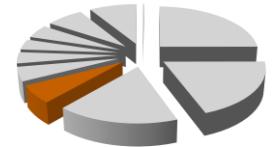


Inflation Rates

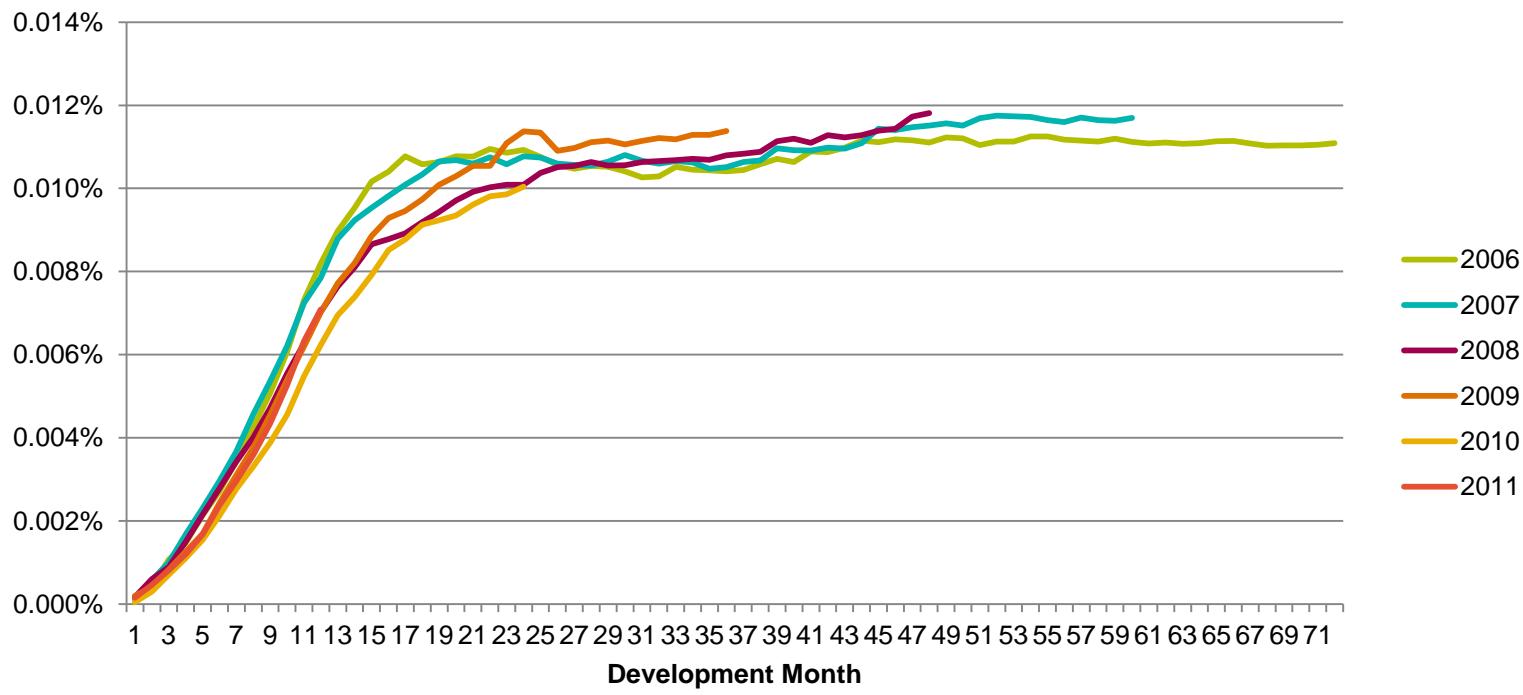
10-11: 46.2% 09-10: -31.3% 08-09: 6.9% 07-08: 1.1% 06-07: 1.8%

Transactional Analysis – 50k-100k Layer

Data trends



Frequency of Claims in Layer
Layer 5: 50k to 100k

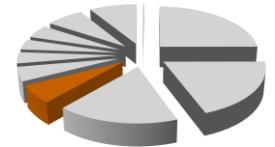


Inflation Rates

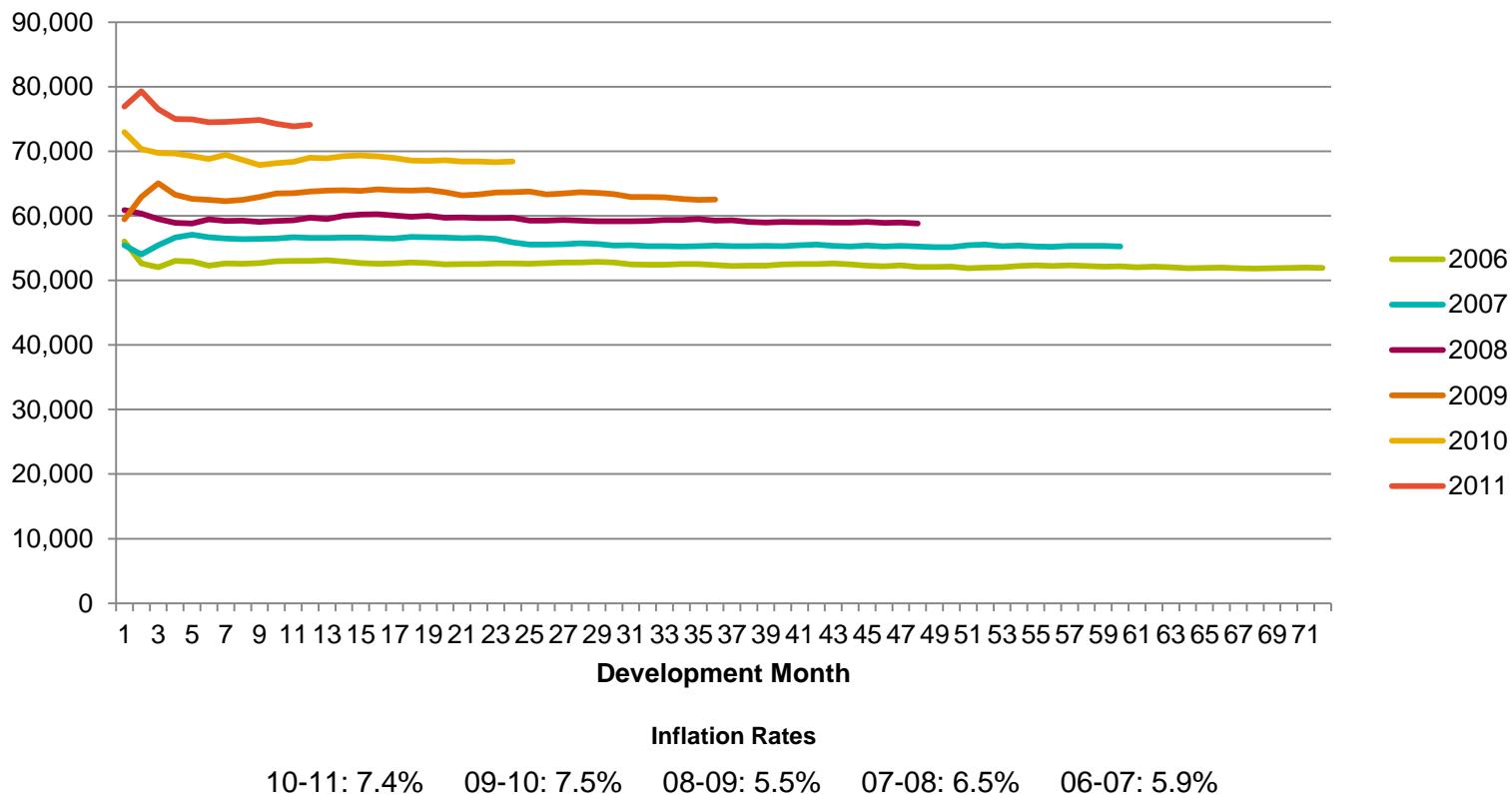
10-11: 13.7% 09-10: -11.7% 08-09: 5.5% 07-08: 2.6% 06-07:

Transactional Analysis – 50k-100k Layer

Data trends

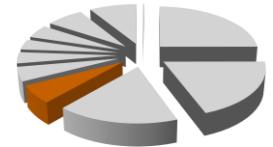


FGU Incurred Average Cost of Claims in Layer
Layer 5: 50k to 100k

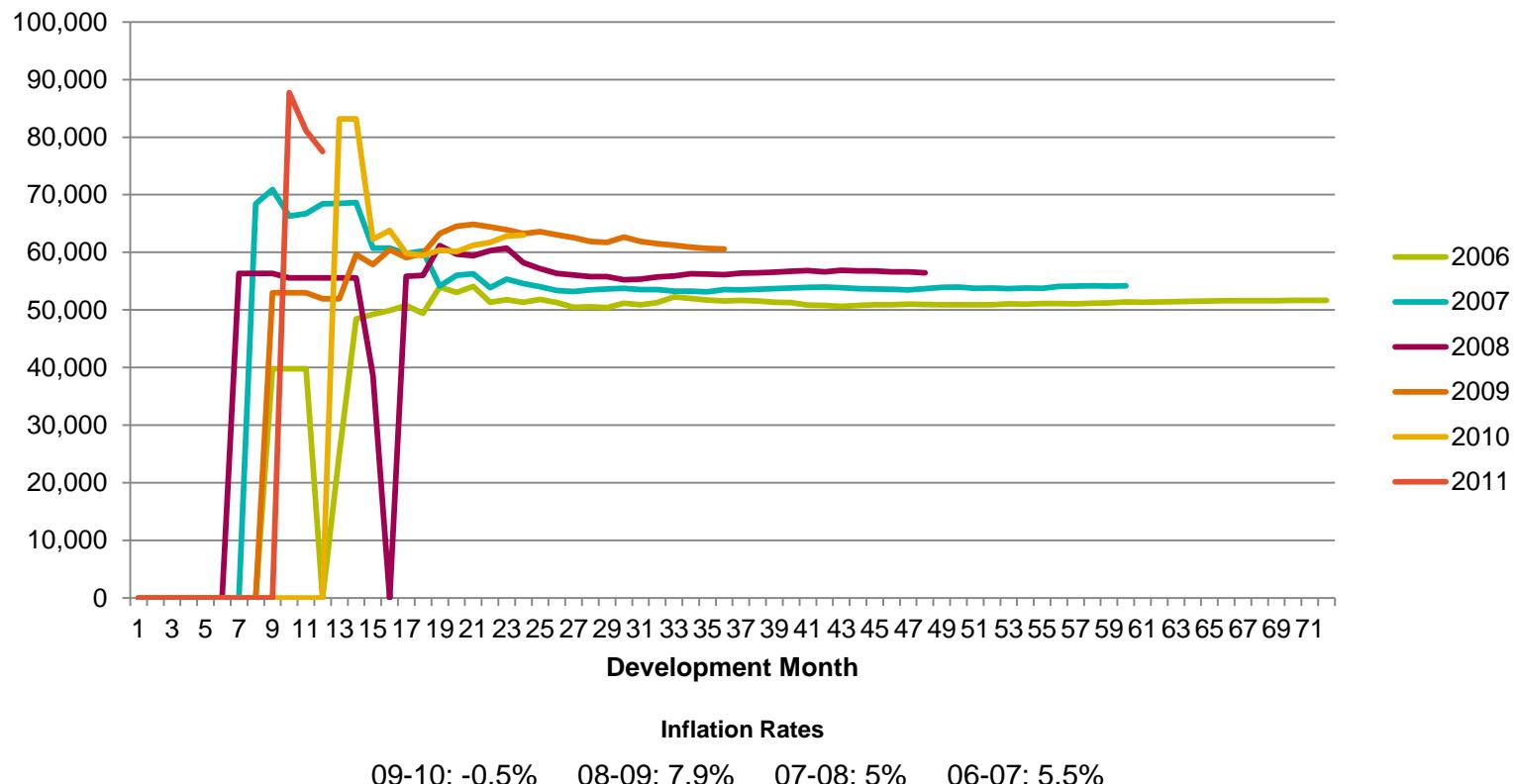


Transactional Analysis – 50k-100k Layer

Data trends

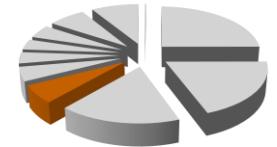


FGU Average Cost of Claims Settling in Layer
Layer 5: 50k to 100k

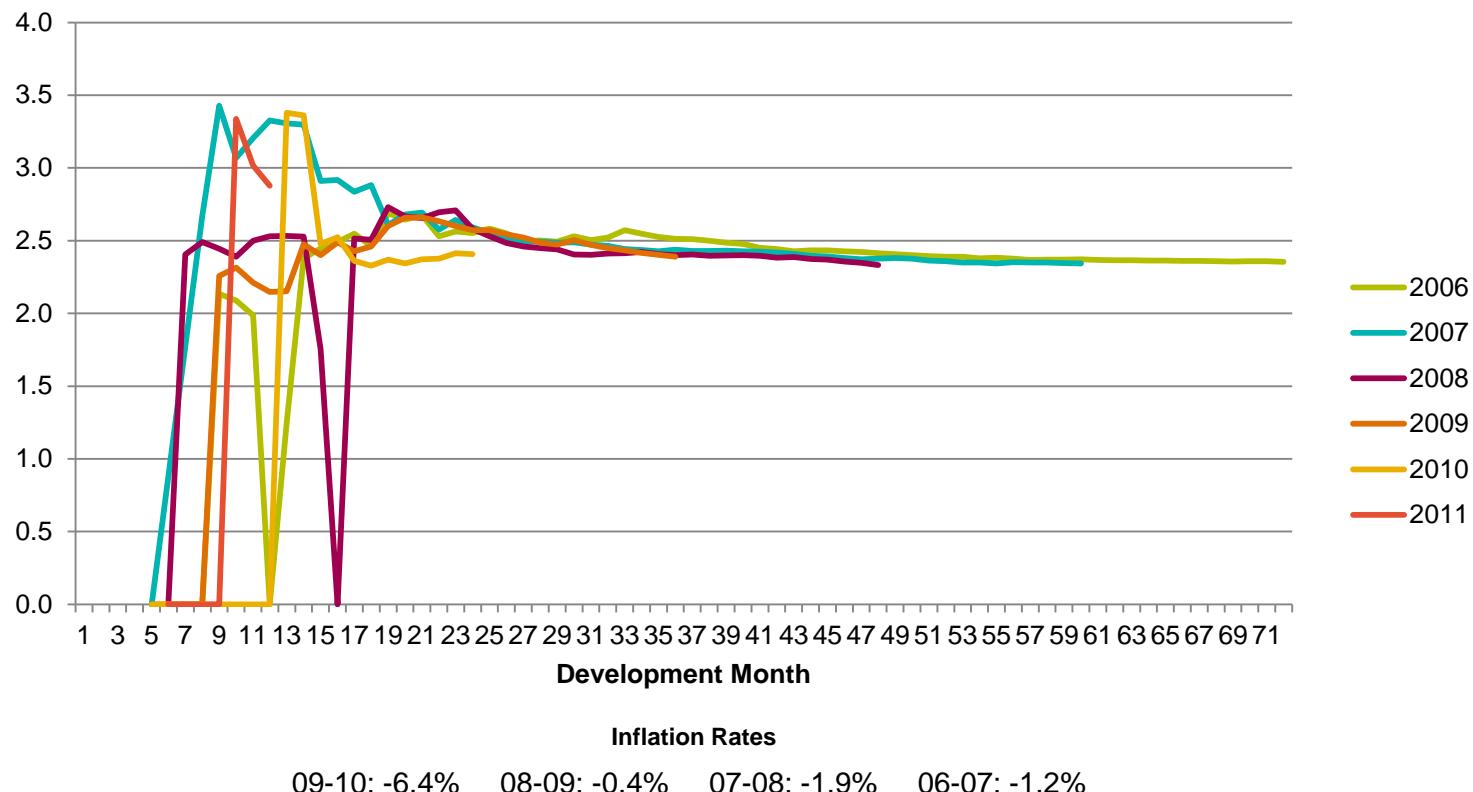


Transactional Analysis – 50k-100k Layer

Data trends

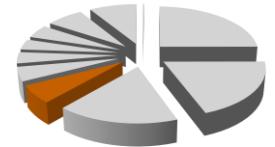


**FGU Average Cost of Claims Settling in Layer 5 over
FGU Average Cost of Claims Settling in Layer 4**

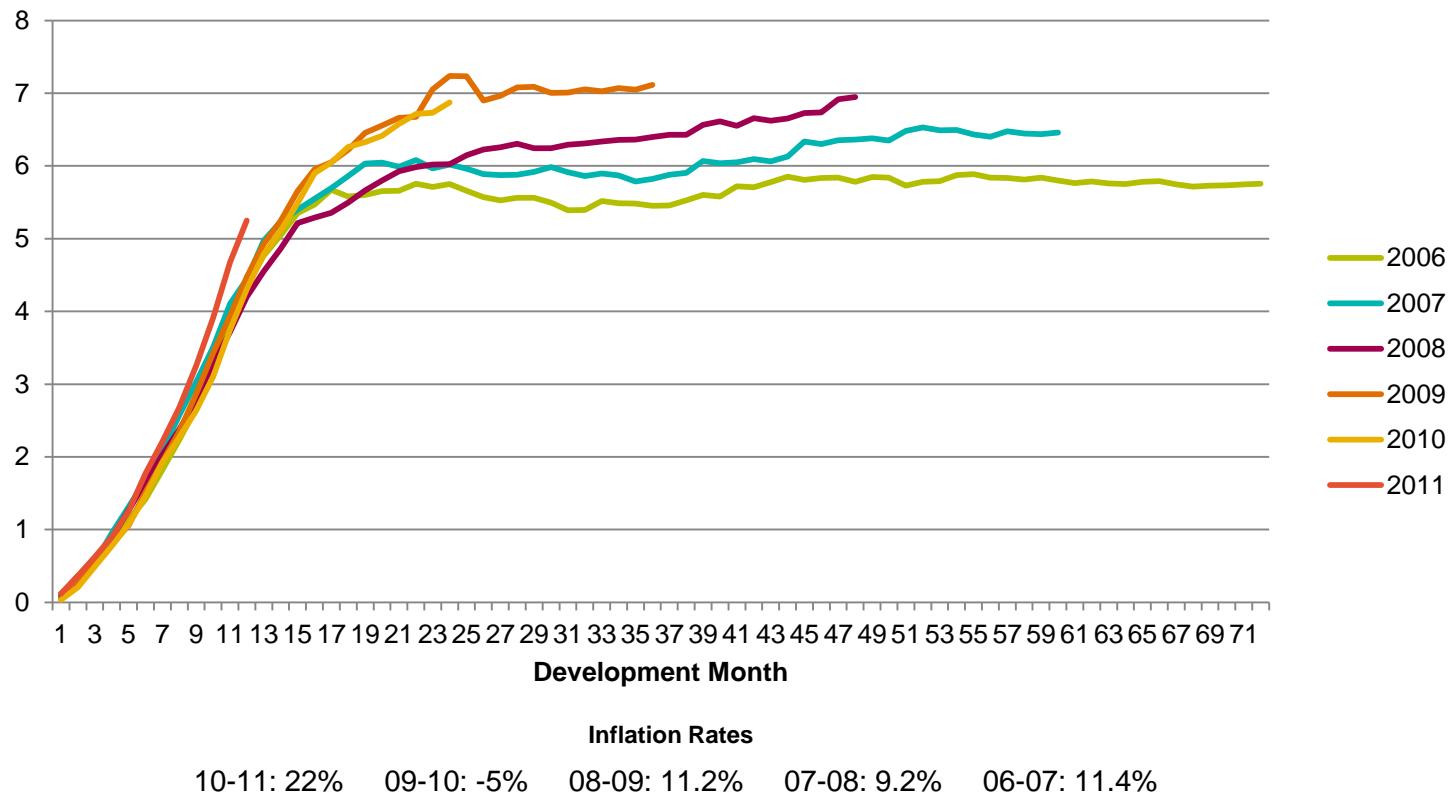


Transactional Analysis – 50k-100k Layer

Data trends



FGU Incurred Burning Cost
Layer 5: 50k to 100k

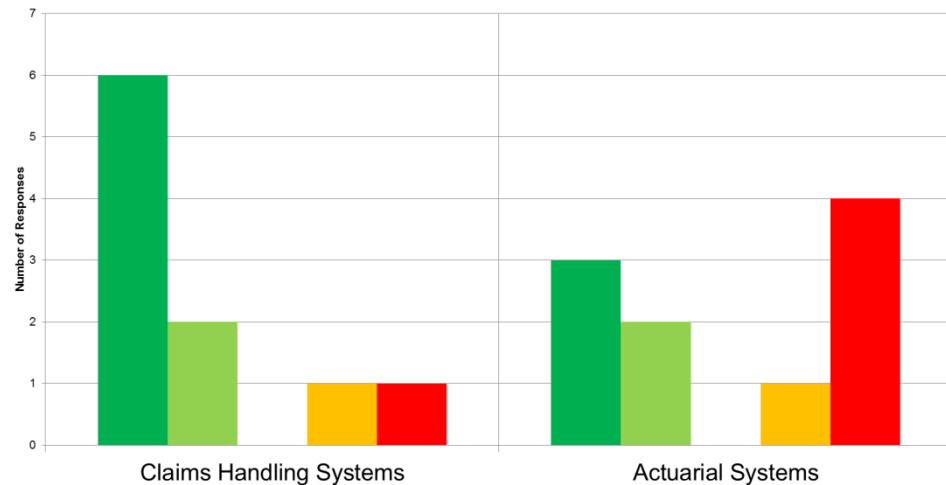


Results of Questionnaire

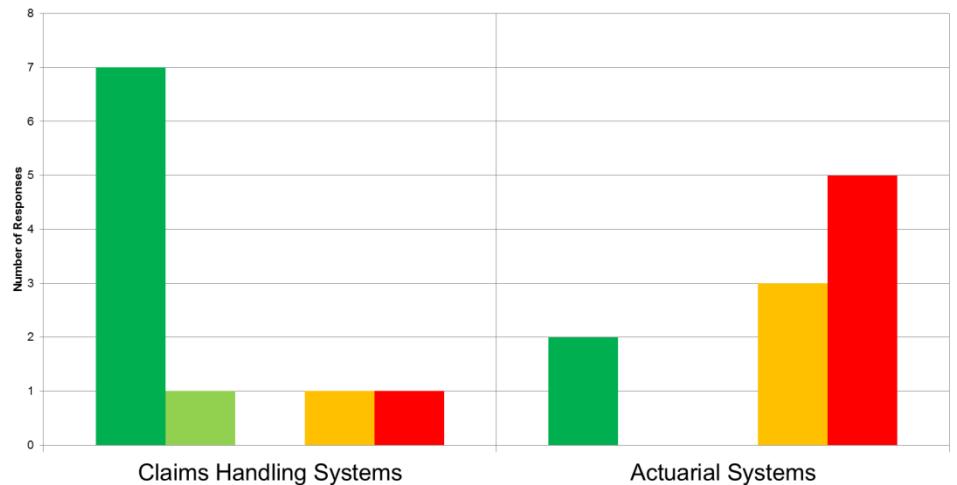
- Following the initial data collection exercise, it became apparent that the breadth of data available from contributors was less than desired
- The Working Party issued a data questionnaire asking contributors to assess the availability of 13 desired data items, and if unavailable, whether there were plans to capture this data.
- Contributors were asked to comment on claims handling systems and actuarial systems separately.
- The results from the 10 respondents are shown on the following slides

Data Questionnaire – Results (1)

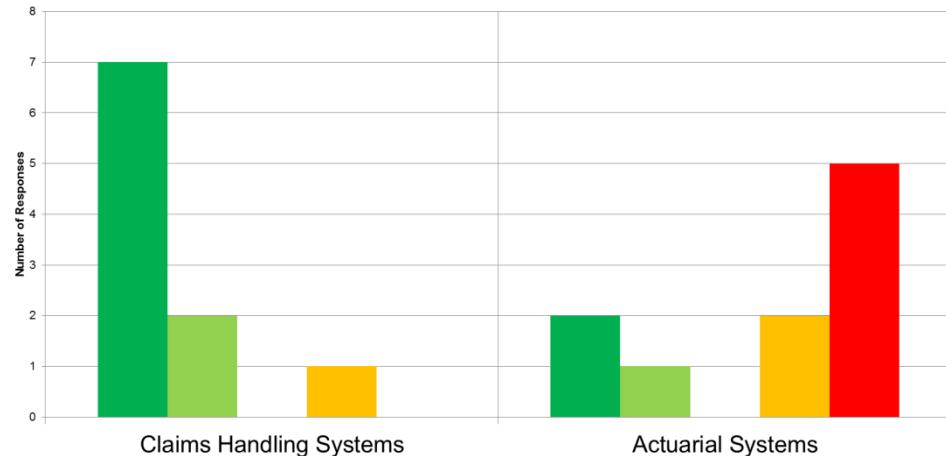
Number of claimants



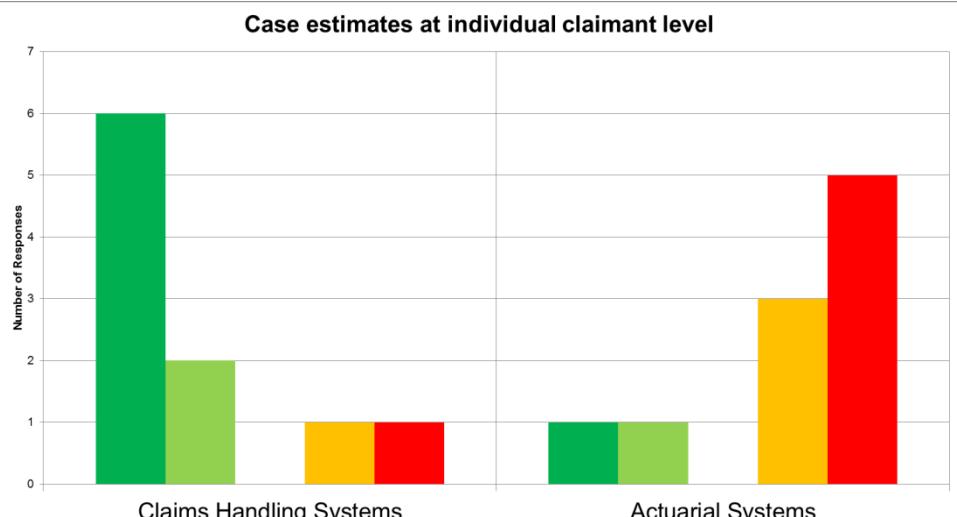
Payments at individual claimant level



Claimant type indicator (e.g. own passenger, TP passenger, pedestrian etc)



Case estimates at individual claimant level



Yes, including historic claims

Yes, but current claims only

No, but development planned
within 1 year

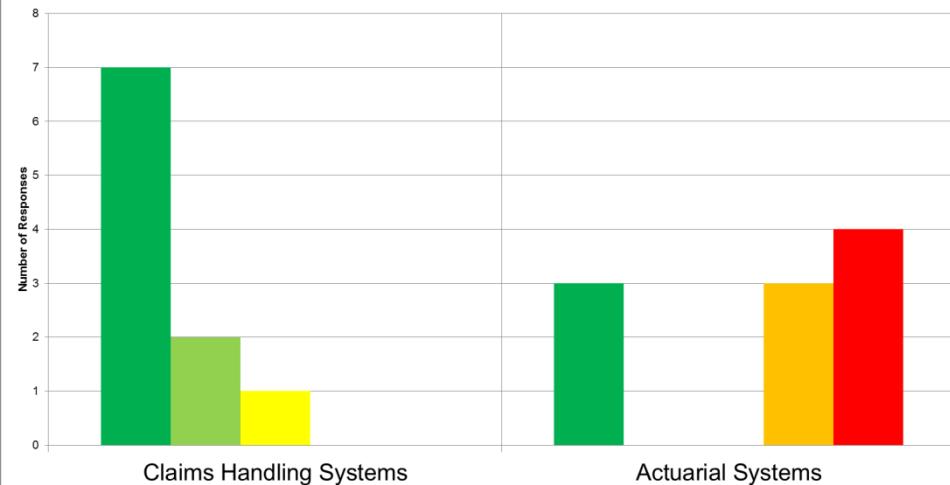
No, but development planned
in more than 1 year

Not available and no plans.

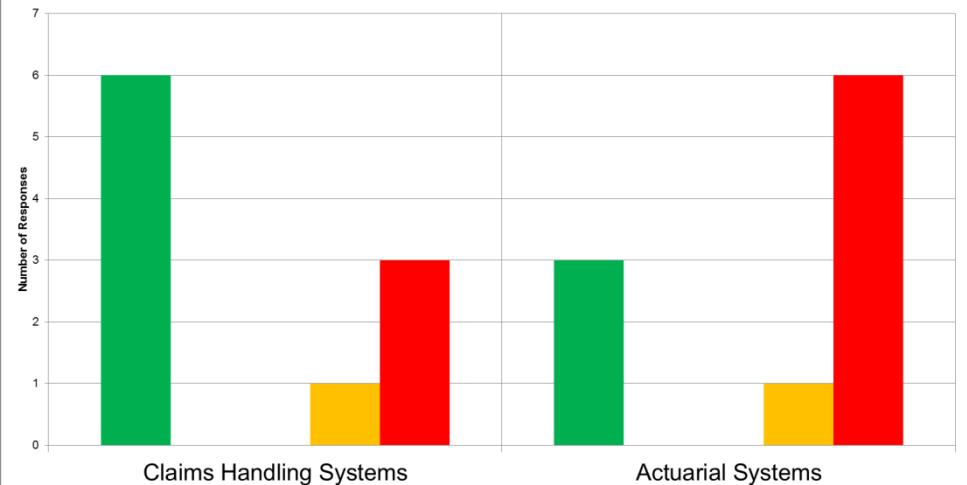
206

Data Questionnaire – Results (2)

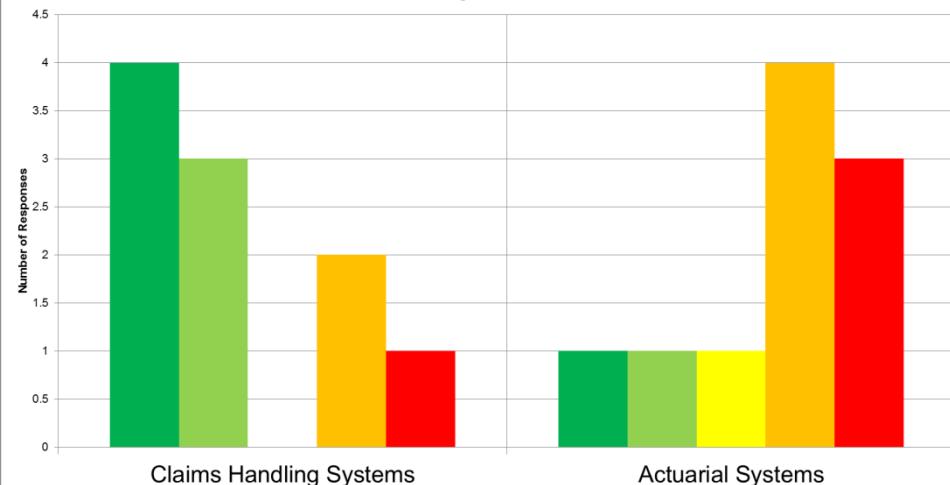
Flag to indicate claim is in MoJ process



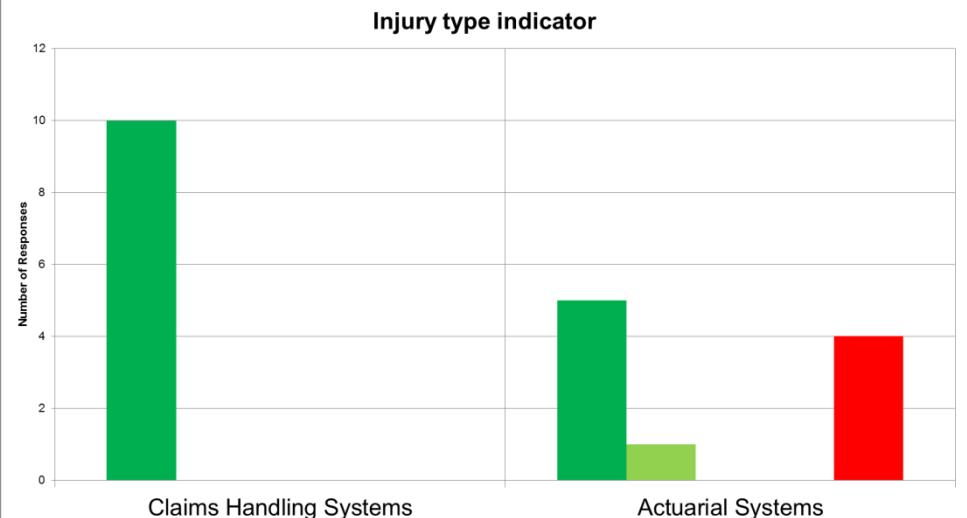
Source of claim notification (eg insured, TP, solicitor etc)



Indicator for latest stage of MoJ process reached



Injury type indicator

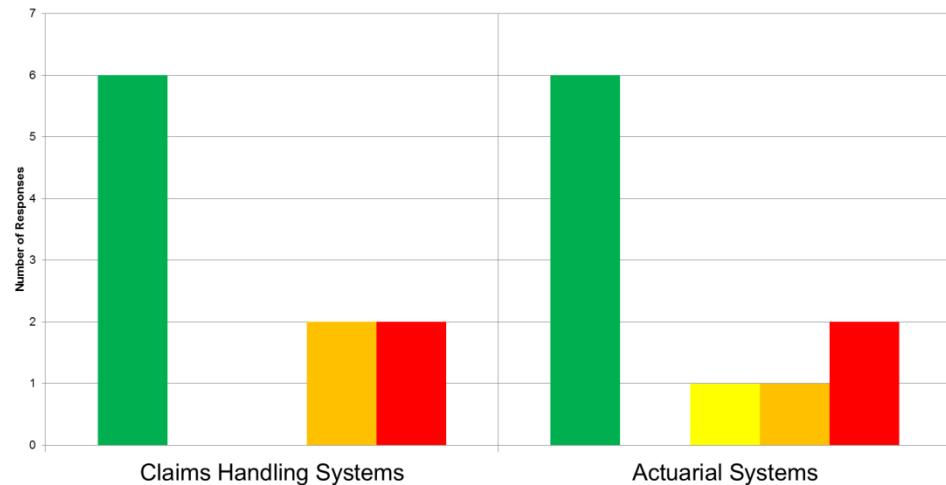


© 2024

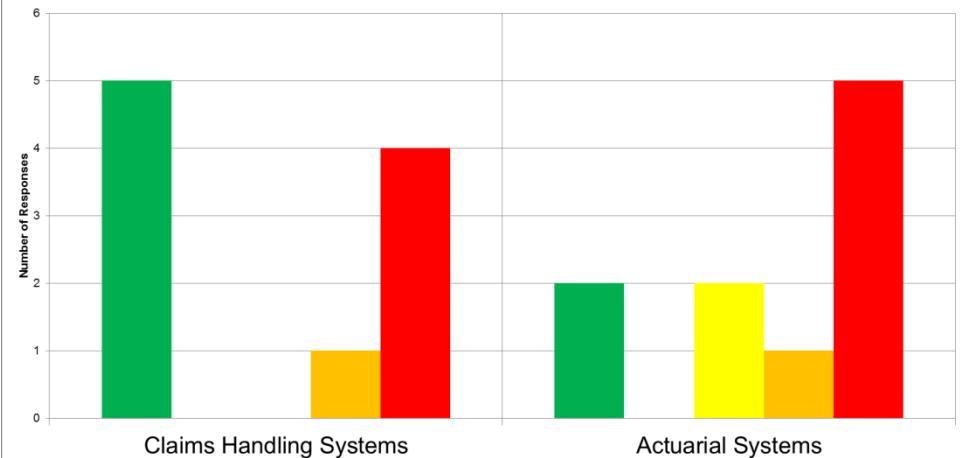
Yes, including historic claims	Yes, but current claims only	No, but development planned within 1 year	No, but development planned in more than 1 year	Not available and no plans.	207
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Data Questionnaire – Results (3)

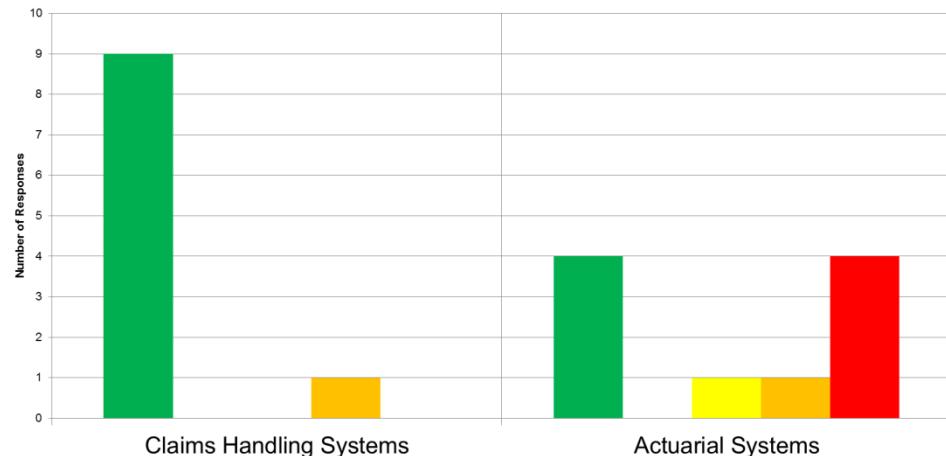
Credit hire involvement indicator



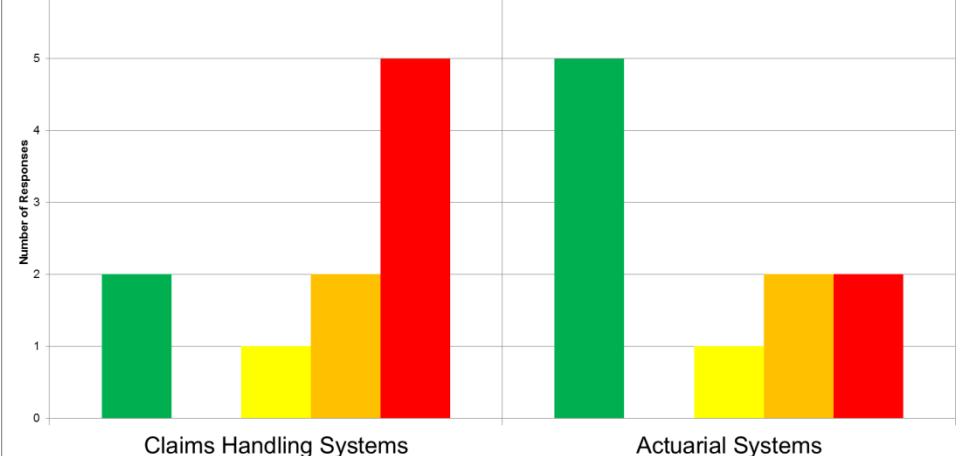
Heads of damage separately identified in case estimates (Eg general damages, special damages, legal fees etc)



Heads of damage separately identified in payments (Eg general damages, special damages, legal fees etc)



Indicator that PPO has been agreed



Yes, including historic claims

Yes, but current claims only

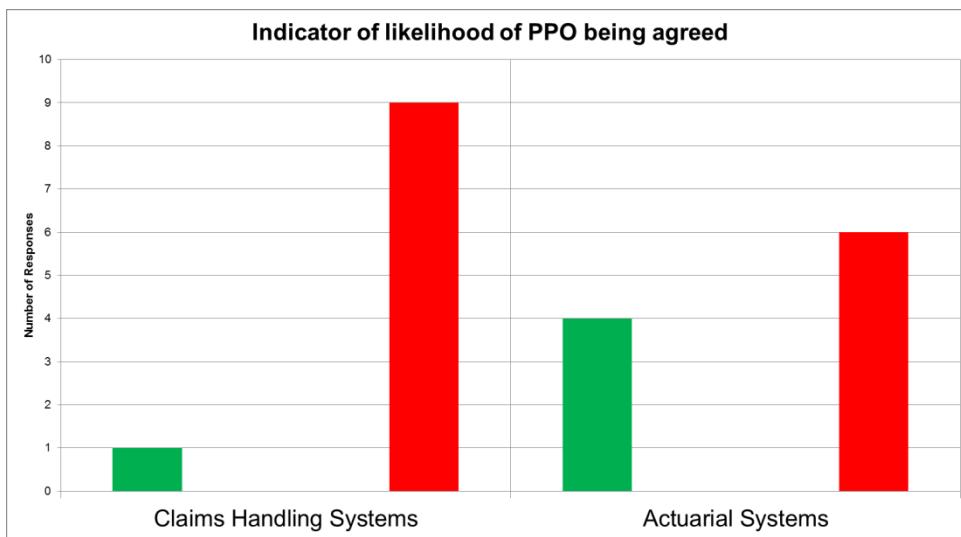
No, but development planned within 1 year

No, but development planned in more than 1 year

Not available and no plans.

208

Data Questionnaire – Results (4)



Conclusions

- Claims Handling Systems capture the majority of the additional data items, with the exception of PPOs
- Actuarial Systems are not generally extracting these additional data items
- Actuarial Systems need to be enhanced to monitor changing claims environment (e.g MoJ process) and to be able to provide enhanced support to the business
- Whilst some data items are not currently available (classified as red), some companies have developed ad-hoc or manual data feeds to monitor this data

Yes, including historic claims	Yes, but current claims only	No, but development planned within 1 year	No, but development planned in more than 1 year	Not available and no plans.	209
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