

General Insurance Pricing Seminar
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External Data Engaging With DVLA

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Engaging with DVLA

Why

- From DFT report in 2007 it appeared that DVLA held many more convictions per driver than Aviva
- From point of claim data clear that customers were not updating their info at renewal unless they changed insurer
- Additional Driver data particularly poor
- Many unlicensed drivers did not buy insurance but Continuous Insurance Enforcement could change that
- Police Stats 19 showed unlicensed drivers 9 times more likely to be involved in Killed or Seriously Injured accident
- Opportunity to match addresses with DVLA.

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First Steps

- Aviva met with DVLA early 2008
- Explained how engagement with insurance industry could help them meet their objectives
 - Improve Road Safety by reducing unlicensed driving
 - Help improve their address file which would aid a number of communication and enforcement activities
 - Provide a (modest) income stream to Treasury
 - Honest citizens would get a better deal.

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First Steps

- DVLA response was cautious - understatement
- Required future discussion to be with Industry
- Initially felt their existing systems would be adequate for access – 50,000 records per ?
- Wanted to validate what we had rather than tell us what they had
- Very concerned about DPA.

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Pilot using existing data captured during quote

- Following ABI engagement a number of insurers became involved
- To prove the concept 50,000 policyholder records were sent to DVLA from a number of insurers
- To be matched based on name, address, date of birth and declared convictions and fixed penalties.

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Pilot Results

- Without licence number only 29% match
- Of matches 1 in 6 had missing convictions and penalties
- 2% were serving a ban
- 1% had expired or revoked licence
- Even with relatively small sample based on policyholders of recent policies showed the value of the data
- Results on named drivers and post renewal cases would be worse
- **Conclusion: We need to capture Driving licence number from the customer.....**

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What is the DLN?



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How is the Driver Licence Number (DLN) generated?

- A - First five characters of surname. If the surname is less than five characters the remaining spaces will be made up using the figure 9. (e.g. MAN99)
- B - The first and last numbers are the year of birth. The second and third numbers are the month of birth. If you're a woman, '5' is added to the second number and the total used as the second digit e.g. if you're born in October the second and third numbers would be 60. The fourth and fifth digits show the day of your birth.
- C - The first two initials of your forenames. If you have only one initial then the second will be a '9'.
- D - Computer check digits.
- E - Licence issue number.

A	B	C	D	E
BARTR	504046	N9	9EE	**

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Picture yourself as a customer..

- Do you know your Driving Licence Number?
- Could you find this in 30 seconds?
- Would you be willing to enter the data or would it put you off?
- Would you enter data if we told you we were sharing with the DVLA?
- Would you know your wife's DLN?

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Value of Driving Licence Number (DLN)

- DLN contains algorithm built from initials, surname, gender and data of birth so has its own value in ID verification and age check
- It is not current market norm to ask for DLN
- Finally... we tried to build partial DLN in reverse from other data captured to avoid asking customers for the number but this would not satisfy DPA requirements – twins with same initials etc....

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Capturing the DLN during a quote on the Web

Your Driving History

How long have you held a driving licence? Please select...

Do you hold a UK driving licence? ☒ Yes ☐ No

What is your UK Driving Licence Number?

Have you made a claim in the last 5 years? No Claims ☒ You must be able to provide proof of No Claims Discount if required

How many years is the Claims Discount do you have for this car? Please select... You must be able to provide proof of No Claims Discount if required

Have you had any motoring convictions or fixed penalties in the last 5 years? No convictions ☒

Your Cover

When would you like us to start? (different days) 01/10/2008 Must be within 60 days

Would you like any additional drivers? No ☒

How do you normally pay the premium? Please select...

To allow us to offer you a full range of payment options now or for any renewal a credit search will need to be made. [Credit search](#)

Tick the box if you do not want us to make this search ☐

Use of Your Information

Horwich Union Insurance and the [Aviva Group of Companies](#) would like to contact you with special offers. We will send the number of contacts you will receive and will not pass on any personal information to any third parties.

Please tick the box to receive these carefully selected communications by post, telephone, e-mail, text or other electronic means ☐

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To ensure we offer you the best price now or for any future renewal we will check information on you using credit reference agencies.

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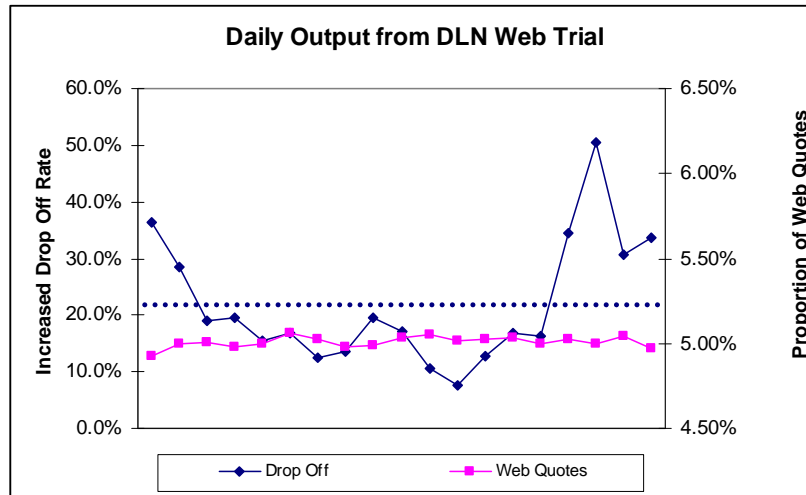
Capturing the DLN during a quote on the Web

- Aviva piloted collecting DLN using formatted spaces on Web and then verified through simple validation techniques
- When submitted to DVLA for match check better than 99% match...
- **BUT** drop off attrition rate higher by over 20%....
- Caution - sample reasonably small.

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Capturing the DLN during a quote on the phone



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Capturing the DLN during a quote on the phone

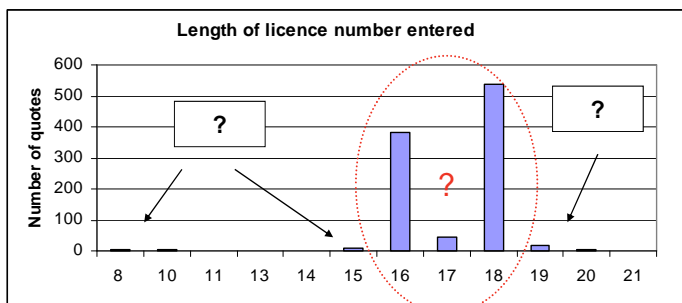
- RBS piloted collecting DLN via call centre
- Solved attrition rate issue but added call time caused service issues (2 people dropped out!)
- Match was less good - DLN collected on free format basis using phonetics and without verifying through algorithm DVLA match was 71% - see next slide
- Caution – again sample reasonably small.

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Aviva Web (250 sample)	Total matched	247 (out of 250)	98.80%
	Total not matched	3	1.20%
	Total not matched where driver number in invalid format	1	33% (of 1.2%)
RBS CC (250 sample)	Total matched	178 (out of 250)	71%
	Total not matched	72	29%
	Total not matched where driver number in invalid format	42	58% (of 29%)



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Learning from pilots

- Collecting DLN has to be a market change, aggregators could help with this process
- Data capture has to be structured, help with formats etc.
- Pre submission has to be cleaned up and discrepancies dealt with to get maximum value. Could we flag to customer if an issue with their input?
- Matching with customer input very complex – and is not necessarily palatable
- DVLA output not shown to customer or front line staff
- Opportunity to significantly reduce question set
- Not enough data to model risk selection benefits.... 3%?!

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Consent and Data Issues

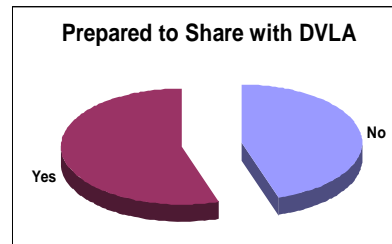
- DVLA Data is Sensitive data under DPA guidance
- Initially was felt “express consent” needed
- Problematical for additional named drivers
- Following meeting with ICO another way forward has been found using the conditions for fraud prevention and process of government
- The latter means we have to meet DVLA DFT objectives as our part of the bargain
- If approved we will only need to seek policyholder agreement on behalf of self and all drivers.

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Testing – Would you be prepared to share with DVLA



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Technical Issues

- DVLA only holds GB licences and currently Industry asks about UK licences (Incl. NI, IM, GY, JY)
- Is there value in collecting non GB licence numbers?
- Would we still quote for GB licence holders without DLN?
- Need to model on the data so potentially need to back-fill existing book to get pricing benefit – how would this work?

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Next Steps

- The DVLA would want this to be industry wide
- The wider insurance industry needs to buy in to the value of the data
- Insurance industry would need to pay for build which could be expensive – this will become clearer over the next few months
- Likely to be charged on a cost per click basis or via levy
- Find your contact and get involved, if not contact Nigel or Andy and become a contact for your company!