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Update from the Third Party Working Party





1. Market Info

2. Market Statistics: TPD

3. Market Statistics: Capped TPI

4. Market Statistics: Excess TPI

5. Survey results

Motor Market Information

The Motor market has seen a number of claim cost pressures during the first half of 2017. The main impact being the Ogden discount rate change announced on 27th February and effective from 20th March.

Due to the timing of the announcement, not all insurers made an allowance for the change within their Q4 2016 results, resulting in some insurers taking the full expected adverse impact within their H1 2017 results.

Market commentary from Consultancies and UK Motor Insurers focused mostly on the Ogden discount rate impact on profitability (including some favourable impacts!) and premium rates, as well as the uncertainty this creates.

“Net Combined ratio fell to 109.0% in 2016, including 8.8% Ogden hit, following 100.5% result in 2015”

Source: EY Press release 15th June 2017

“the Group booked a £42m net charge (after release of FY16 margin build) relating to the change in Ogden discount rate”

Source: RSA H1 2017 results

“Prior year releases includes £49m one-off releases relating to Ogden”

Source: Direct Line interim H1 2017 results

The Ogden change “affected results by USD 289 million in the first quarter”

Source: Zurich H1 2017 results

“Unpredictable and volatile post-Ogden market”

Source: Ageas H1 2017 results

“made a good start to dealing with the required rate increases created by the Ogden rate reduction”

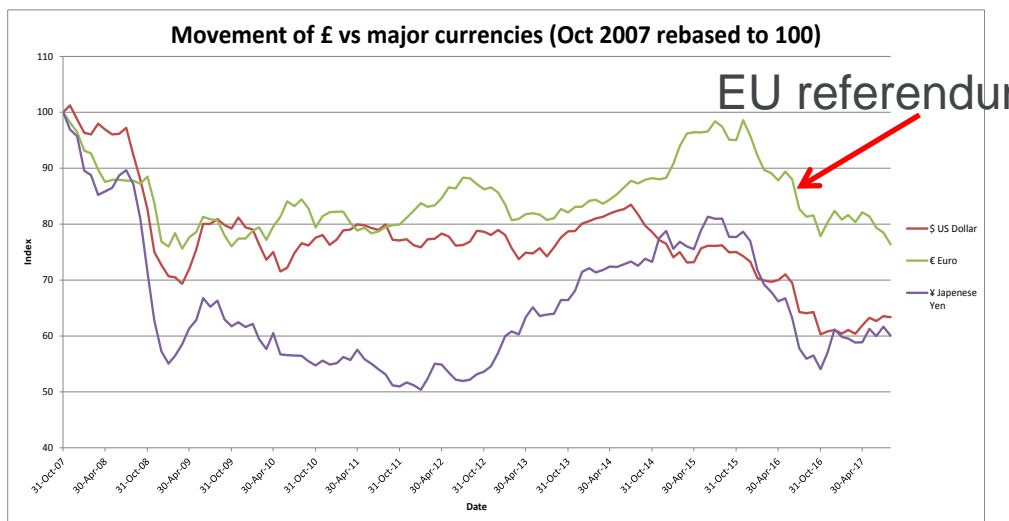
Source: Allianz H1 2017 results



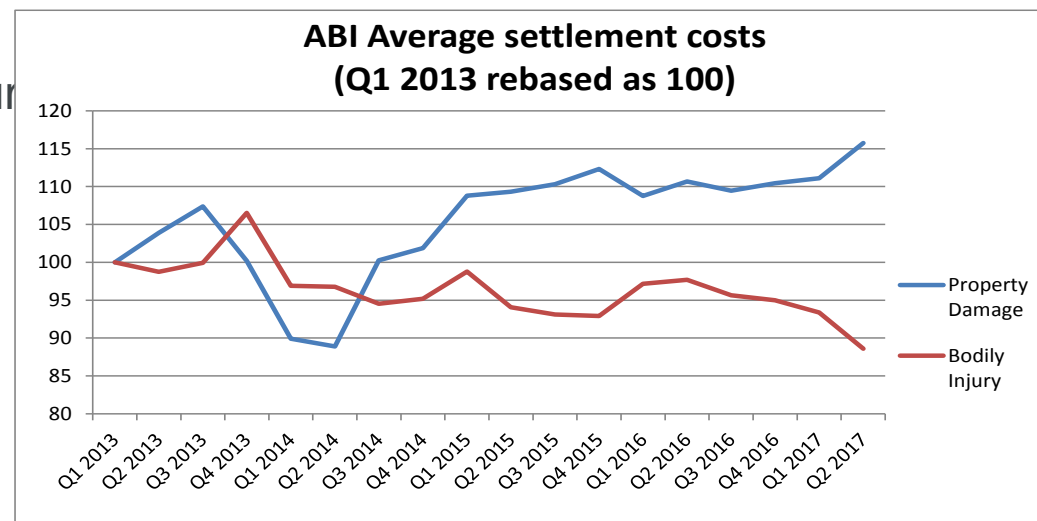
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Motor Market Information

In addition to the Ogden discount rate impact, due to the £ currency depreciation, which started around November 2015 and continued following the EU referendum in June 2016, there has been an increase in the cost of imported car parts and paint resulting in severity increases on property damage claims. As technology within cars increases, the cost of repairing them will also increase (impacting both parts and labour).



Source: www.bankofengland.co.uk/statistics/Pages/default.aspx/ Interactive database



Source: www.abi.org.uk/data-and-resources/industry-data/industry-data-and-subscriptions/

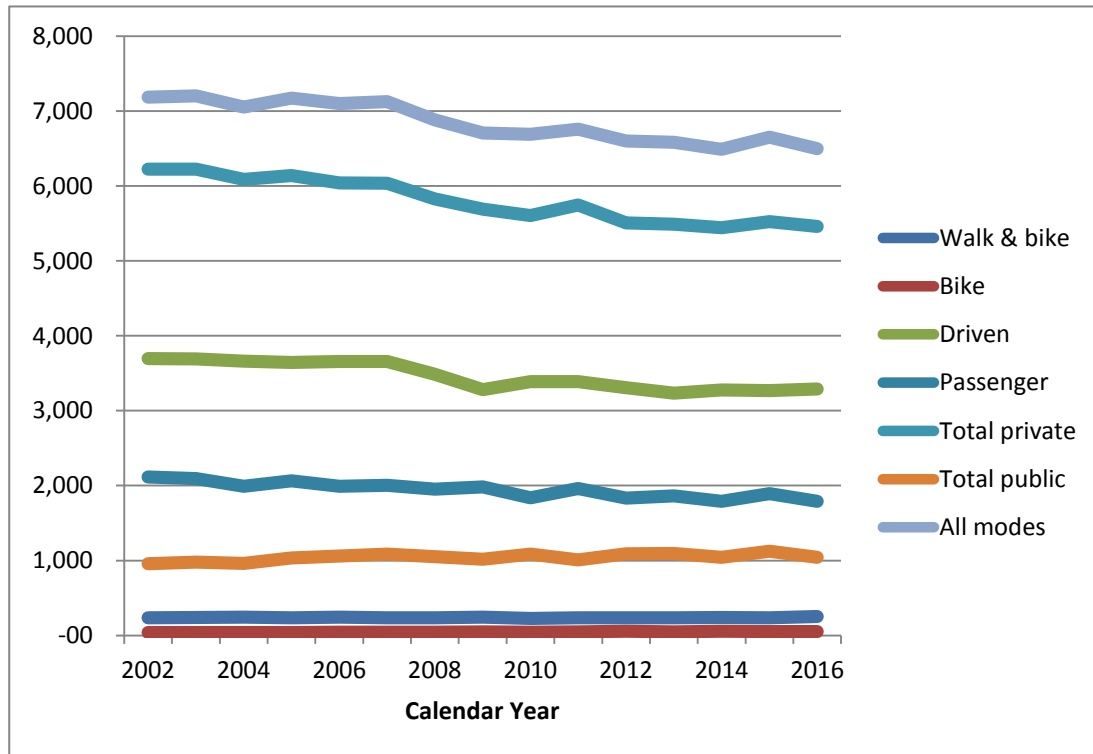
The ABI data (from the Q2 Motor Quarterly statistics) shows Property Damage average settlement costs remaining relatively flat over the last couple of years up to Q1 2017, however Q2 2017 has shown an increase of around 4% from Q1 2017. There will be a delay before the impact of the currency devaluation feeds into settlement costs so it is possible there will be further increases to come. Bodily injury costs have shown a general decreasing trend since the 2013 LASPO reforms, with the latest quarter showing the lowest average settlement since the start of 2013.



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Market statistics

Miles travelled (pp p.a.)



National Travel Survey data was used to provide a view of the travel trends over the period 2002-2016

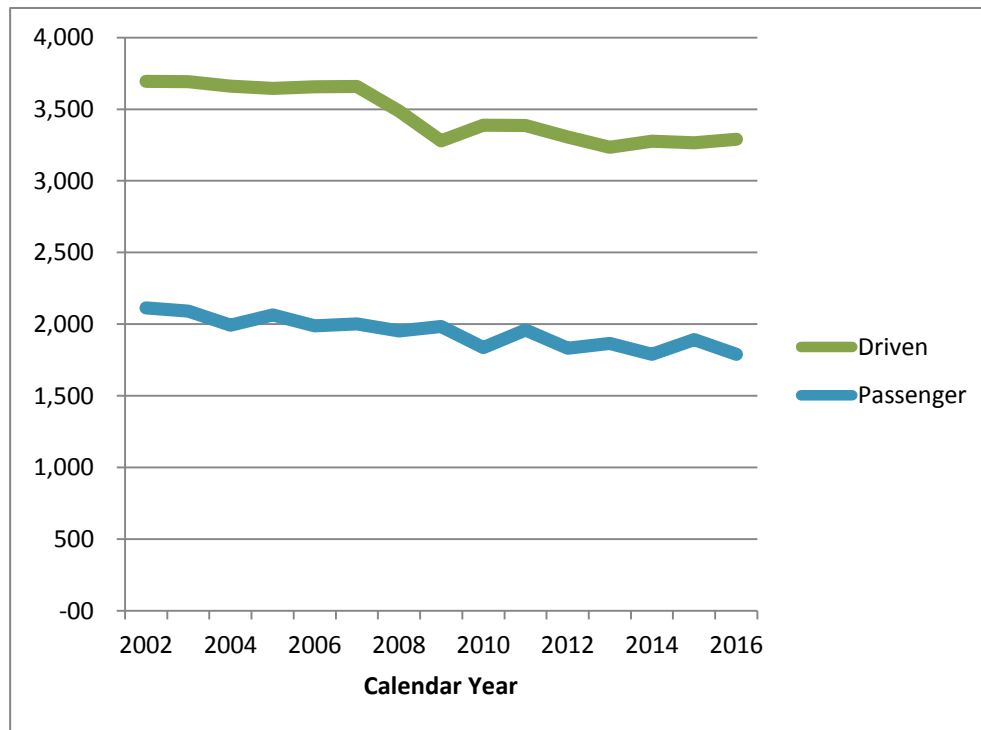
The data suggests that travelling has reduced by 10% across all ages and all modes over the period, with private travel falling by 12% and public travel increasing by 9%.



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Market statistics

Miles travelled (pp p.a.)



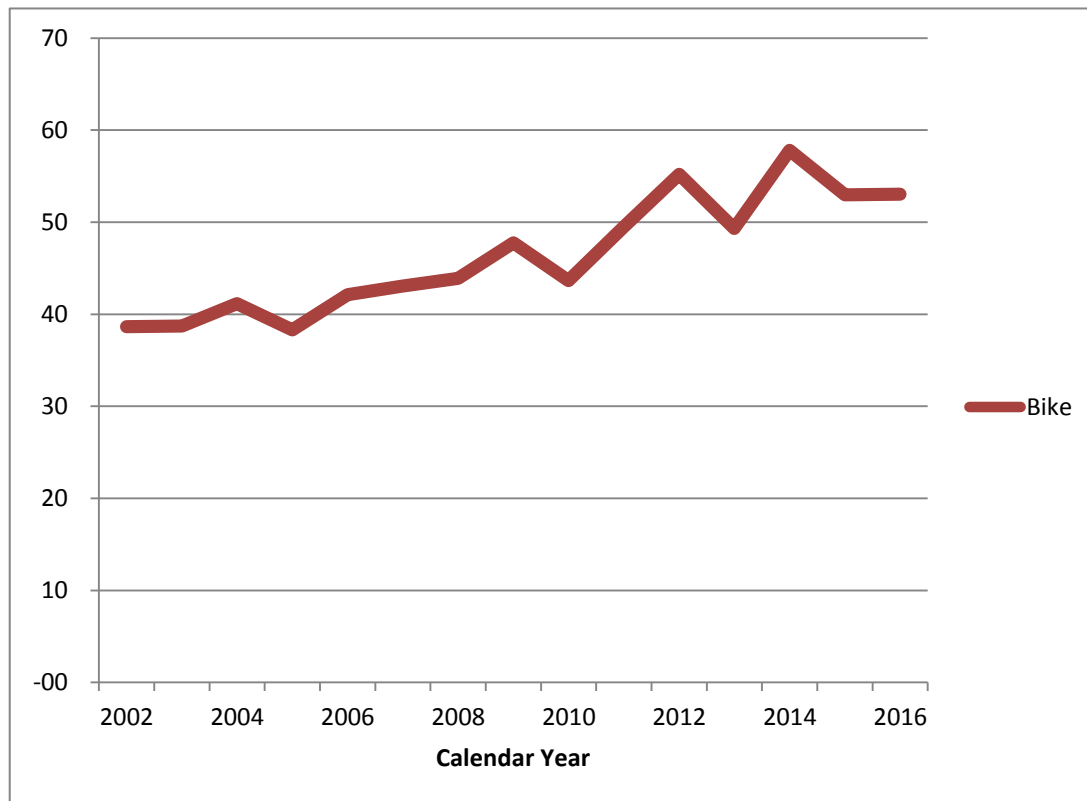
Passenger travel has reduced by more than Driven travel, suggesting that the impact of initiatives such as ride-sharing has not yet had a significant impact on overall travel habits.



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Market statistics

Miles travelled by Bike (pp p.a.)



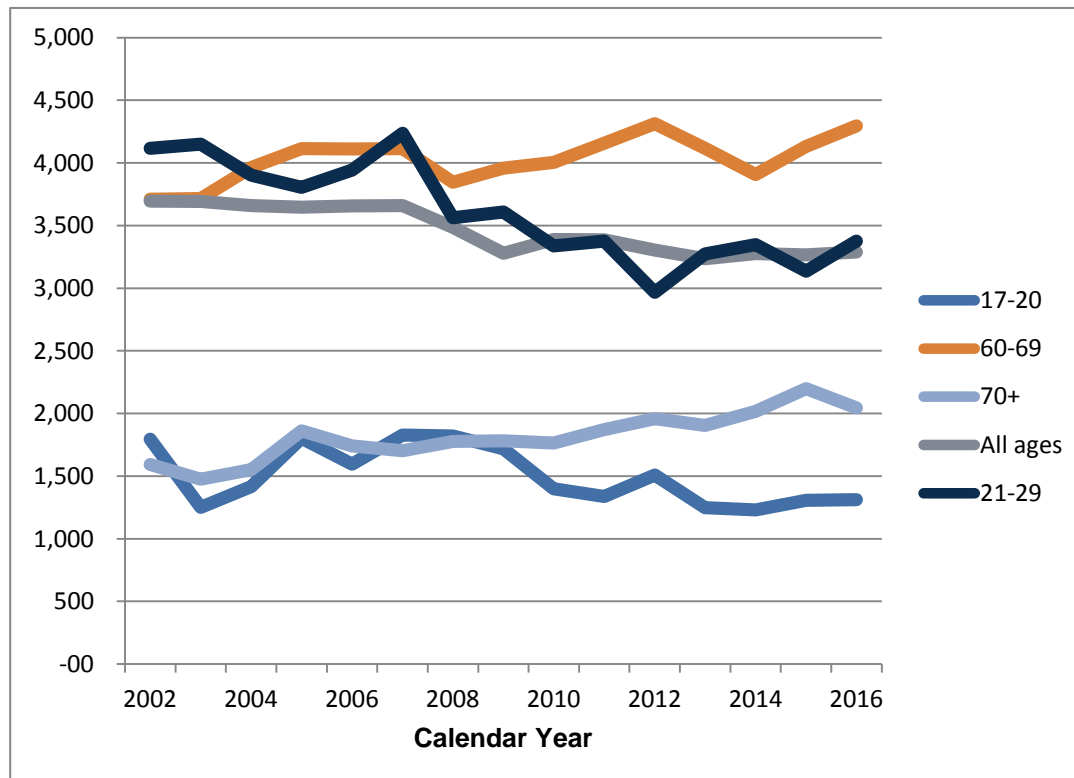
Bike travel has increased by almost 40%



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Market statistics

Miles driven (pp p.a.)



The reduction in travel by private transport is due to a decrease in miles driven. However, this trend varies by age group

The younger age groups have driven significantly less miles, whilst the older ages have driven more.



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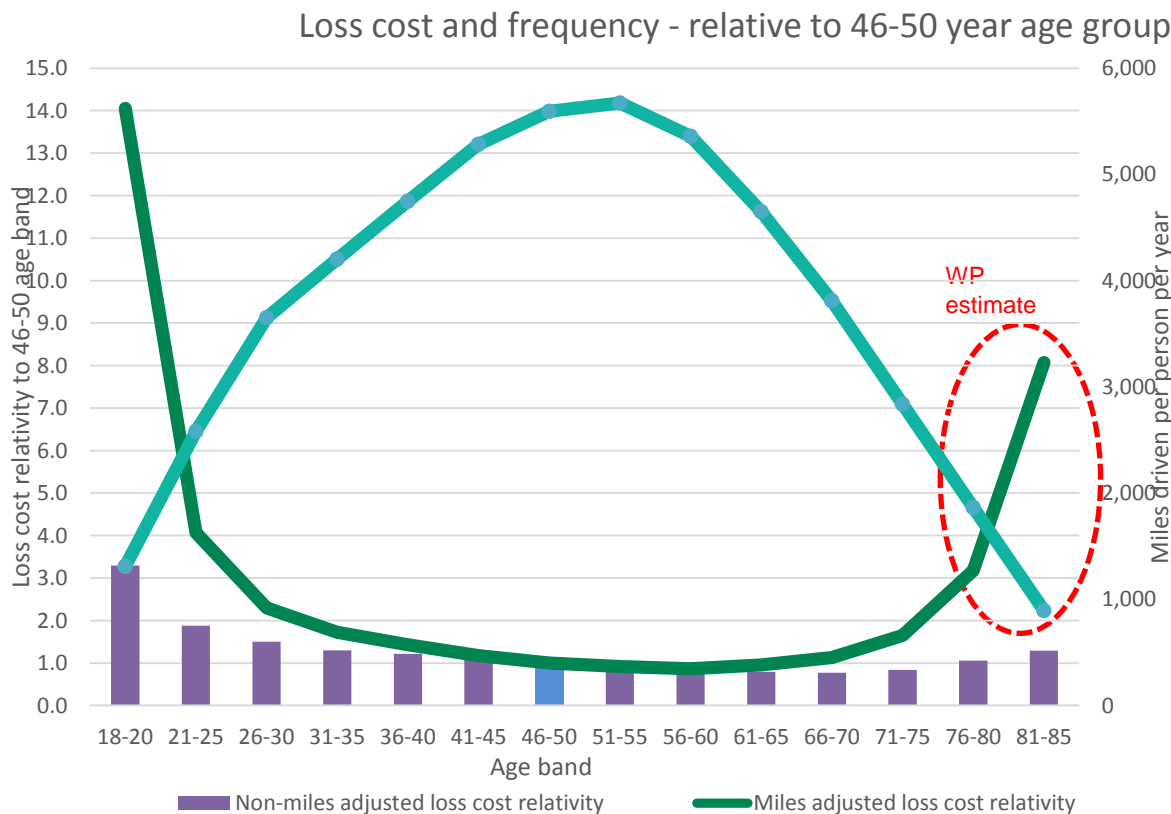
Possible impact on TP claims

- The Travel survey implies that overall there is less travel being undertaken, particularly on miles driven.
- Within this metric, there is a significant difference by age range, with younger people travelling less in general and older people travelling more on both public and private transport.
- For the motor insurance market, we would expect these trends to be reflected in the claims costs going forward, with older drivers experiencing increased loss cost inflation as a result of increased driving patterns.
- This is particularly important due to the implied extra riskiness per mile driven at the older ages, as suggested by market statistics.



Market statistics

Loss cost (all perils)



National Travel Survey and ABI data was combined to provide a view of mile adjusted loss cost.

While data is only available for all perils, the pattern observed provides some insight into BI loss costs.

Compared to 46-50 year olds (modal age group in terms of miles driven), ABI data shows 18-20 year olds incur 3.3 times higher loss costs.

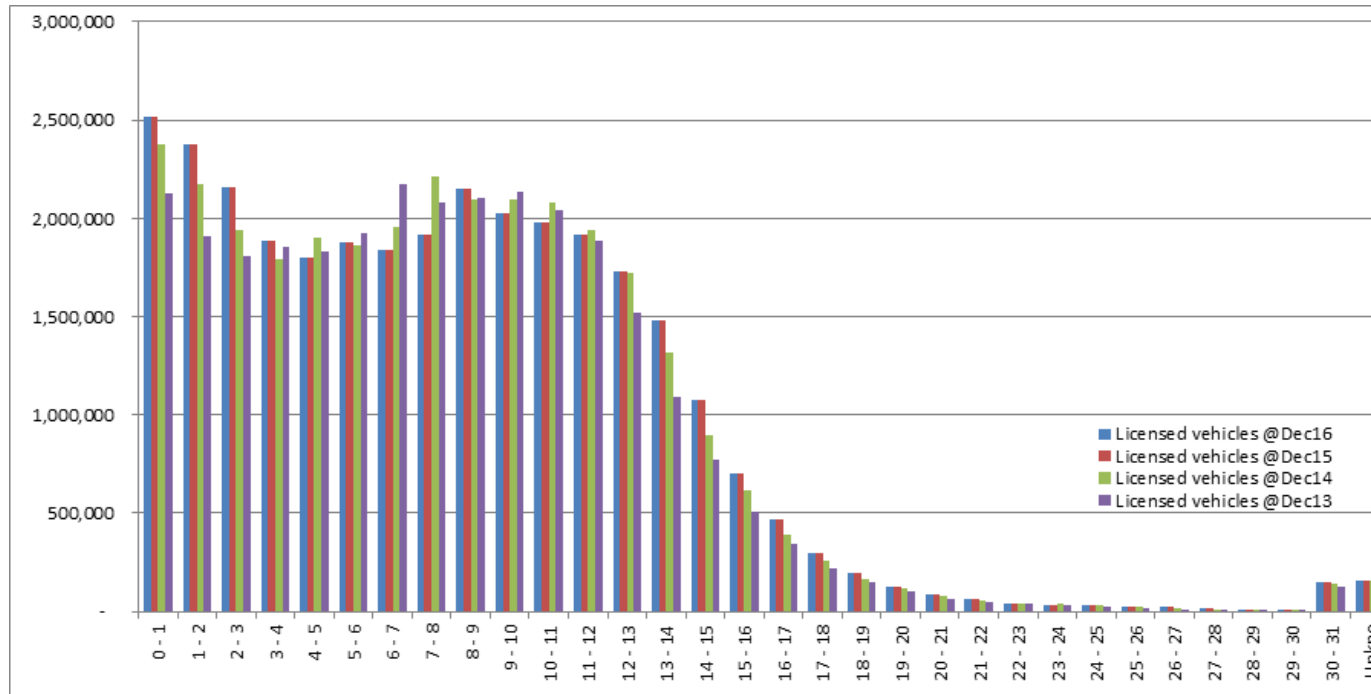
However, NTS data shows younger drivers (and older) also spend significantly less time behind the wheel. Adjusting for miles driven, 18-20 year olds are actually 14 times “riskier” than 46-50 year olds on this scale.

From about age 66 onwards, relative mile adjusted loss cost starts increasing drastically. This is not reflected in ABI data until the 76-80 age group.

The miles driven at the older ages were extrapolated by the TPWP based on NTS data.

Market statistics

Car Park

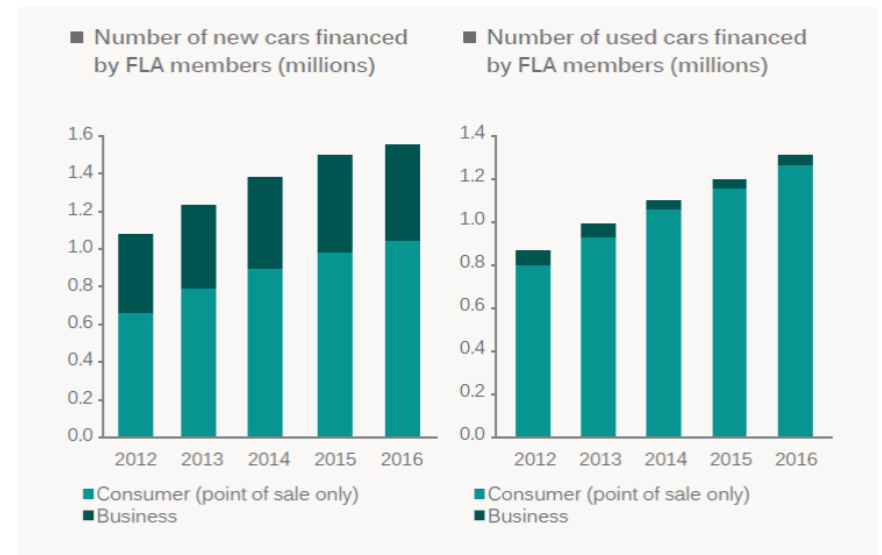
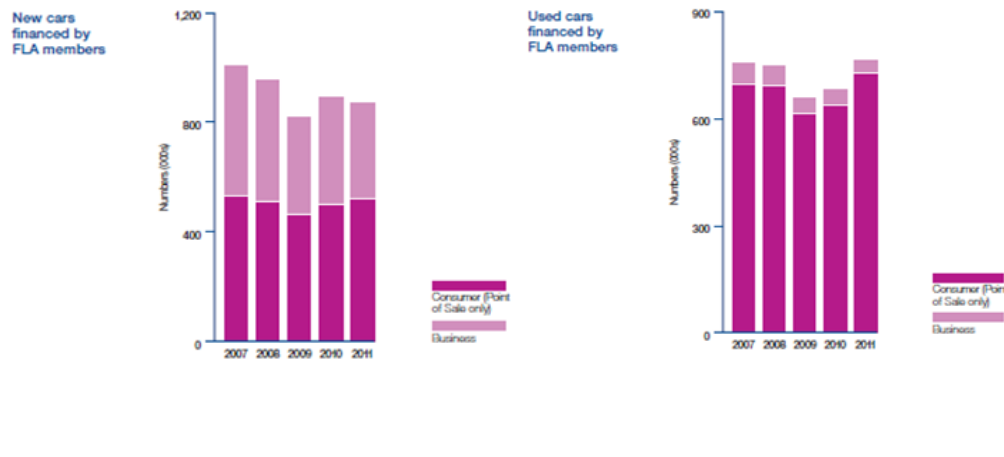


- This supports the view that we're seeing an increase in newer vehicles (0-3 or 4 years) both in absolute and percentage terms, but also in older vehicles (around 13+ years). The corresponding decrease in middle-aged vehicles is apparent in both absolute and percentage terms.



Market statistics

Financing and leasing



- Fairly significant YOY increase since 2009, which would seem tie in with the increase in new vehicles observed



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Market statistics - TPD

Projected Results

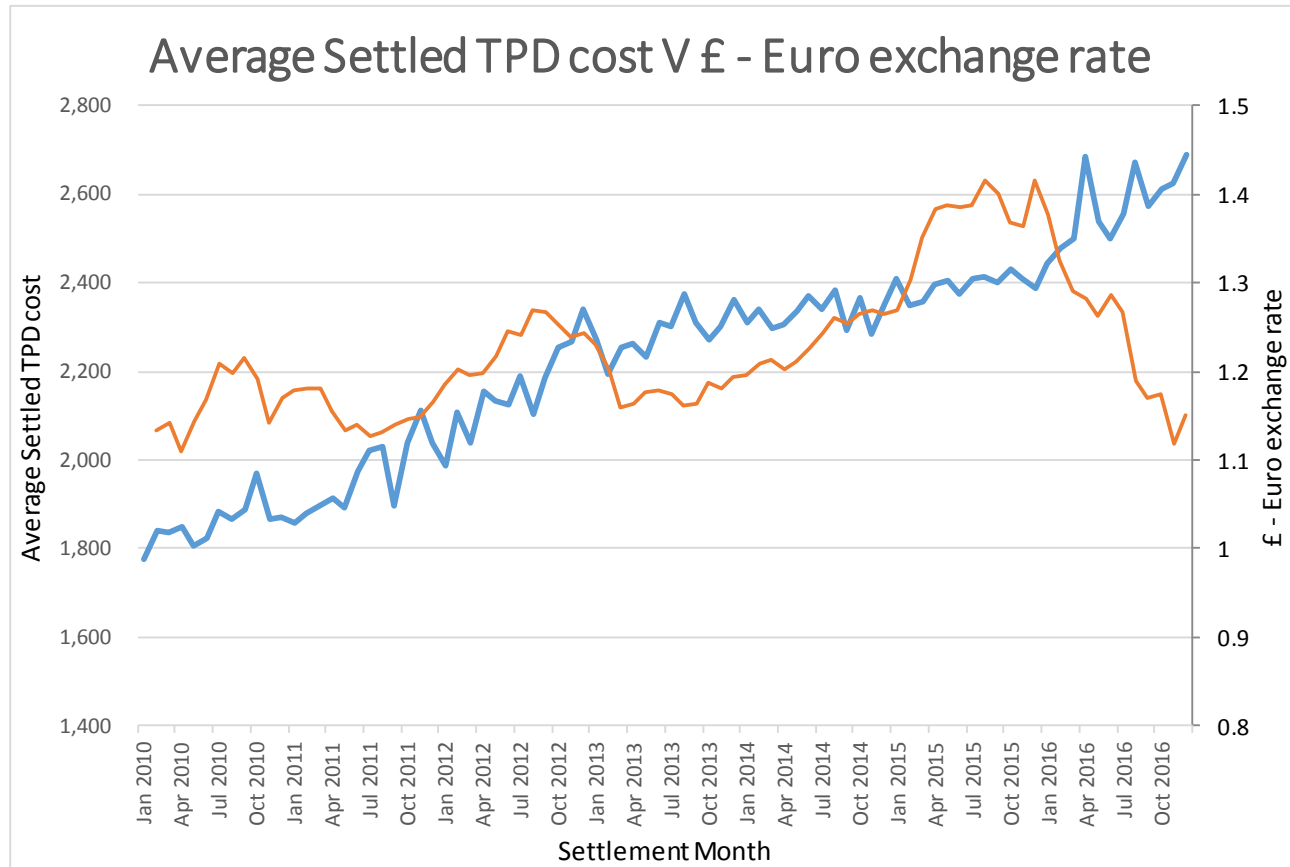
Projected Ultimate TPD Results for Private Car Comprehensive

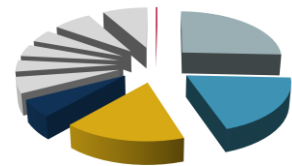
Accident Period	Earned Exposure	Ultimate TPD Claim Frequency	Ultimate TPD Claim Severity	Ultimate TPD Burning Cost	Year-on-Year Change in Frequency	Year-on-Year Change in Severity	Year-on-Year Change in Burning Cost
	(millions of vehicle years)	(Non-nil claims per million vehicle years)	(£)	(£)	(% pa)	(% pa)	(% pa)
2006	13.9	46,539	1,451	67.5			
2007	18.0	44,083	1,692	74.6	-5.3%	16.6%	10.5%
2008	18.2	41,554	1,794	74.6	-5.7%	6.0%	0.0%
2009	18.5	40,632	1,841	74.8	-2.2%	2.6%	0.3%
2010	19.1	38,262	1,925	73.7	-5.8%	4.6%	-1.5%
2011	20.3	31,937	2,072	66.2	-16.5%	7.6%	-10.2%
2012	20.6	29,619	2,244	66.5	-7.3%	8.3%	0.5%
2013	20.7	28,049	2,285	64.1	-5.3%	1.8%	-3.6%
2014	21.0	28,215	2,389	67.4	0.6%	4.5%	5.2%
2015	21.7	28,207	2,509	70.8	0.0%	5.0%	5.0%
2016	22.6	28,183	2,640	74.4	-0.1%	5.2%	5.1%
Average (2009 to 2016)					-5.1%	5.3%	-0.1%
Average (2011 to 2016)					-2.5%	5.0%	2.4%
Average (2013 to 2016)					0.2%	4.9%	5.1%



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Average TPD Settled cost V £ Euro exchange rate

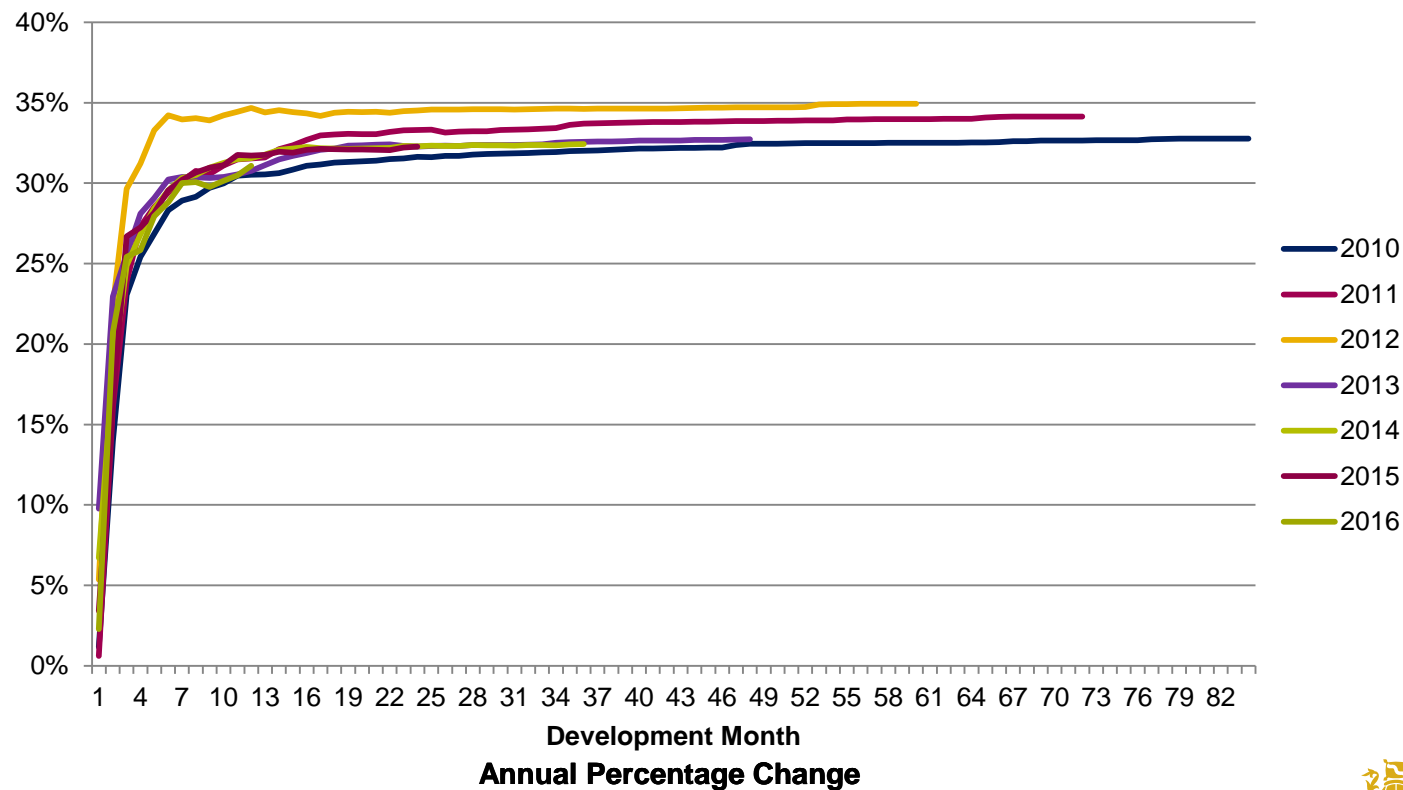




Market statistics - TPD

Heads of Damage – Credit Hire

Proportion of Claims with Credit Hire Element
TPD Total



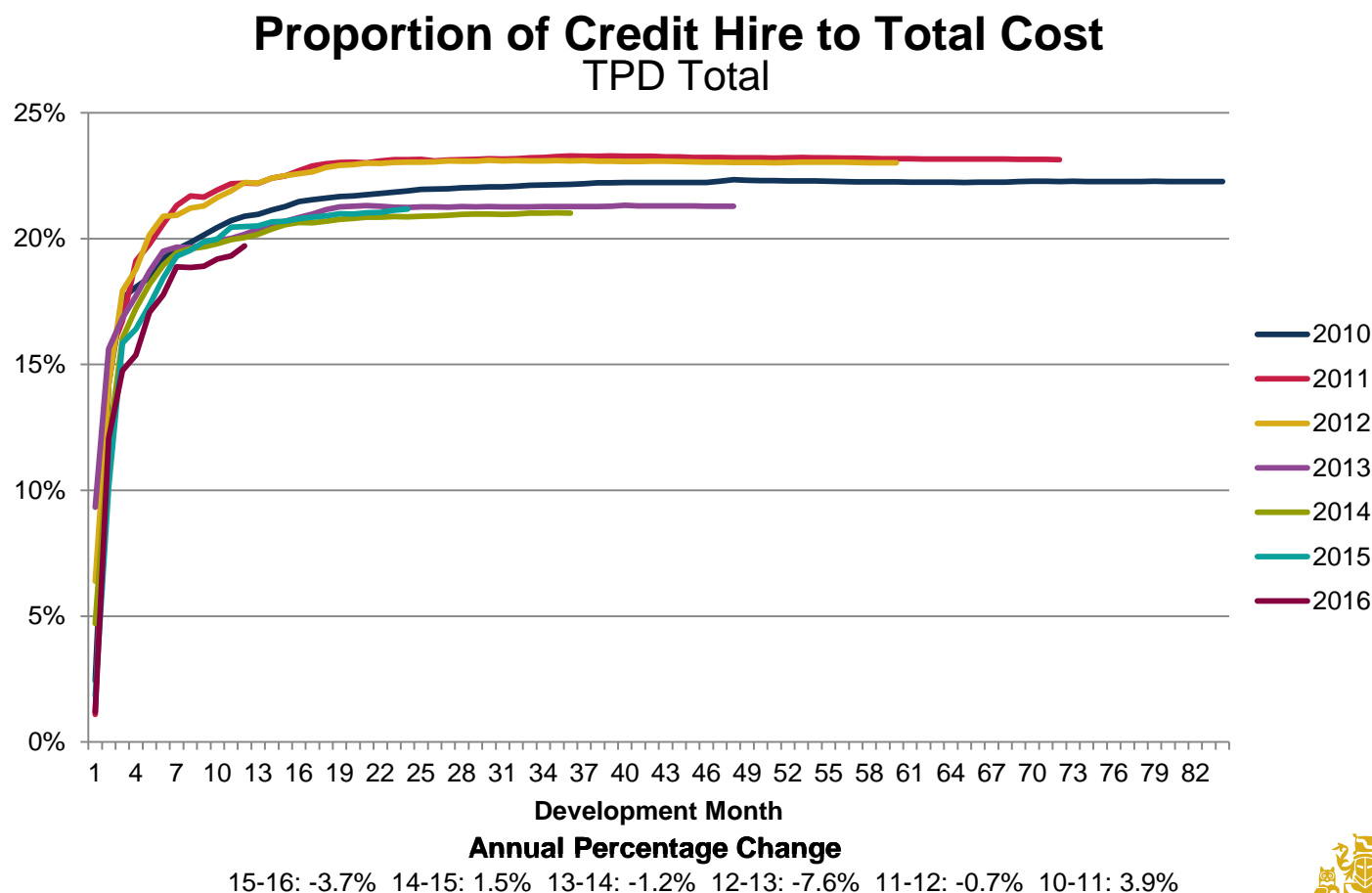
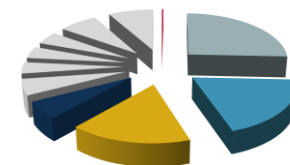
15-16: -2% 14-15: -0.1% 13-14: -0.4% 12-13: -5.7% 11-12: 2.8% 10-11: 4.6%

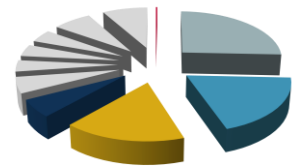


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Market statistics - TPD

Heads of Damage – Credit Hire

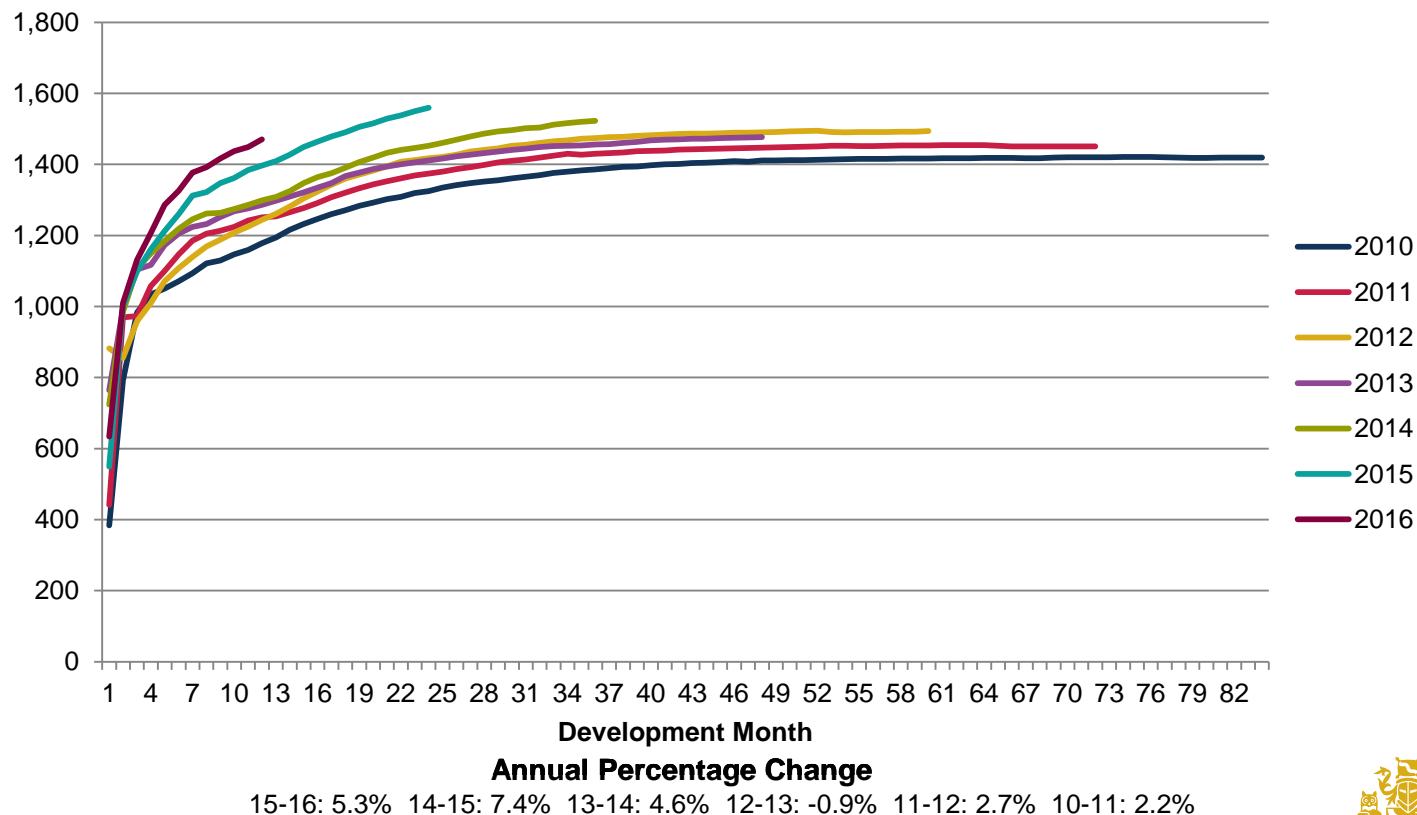


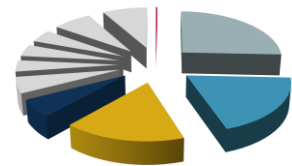


Market statistics - TPD

Heads of Damage – Credit Hire

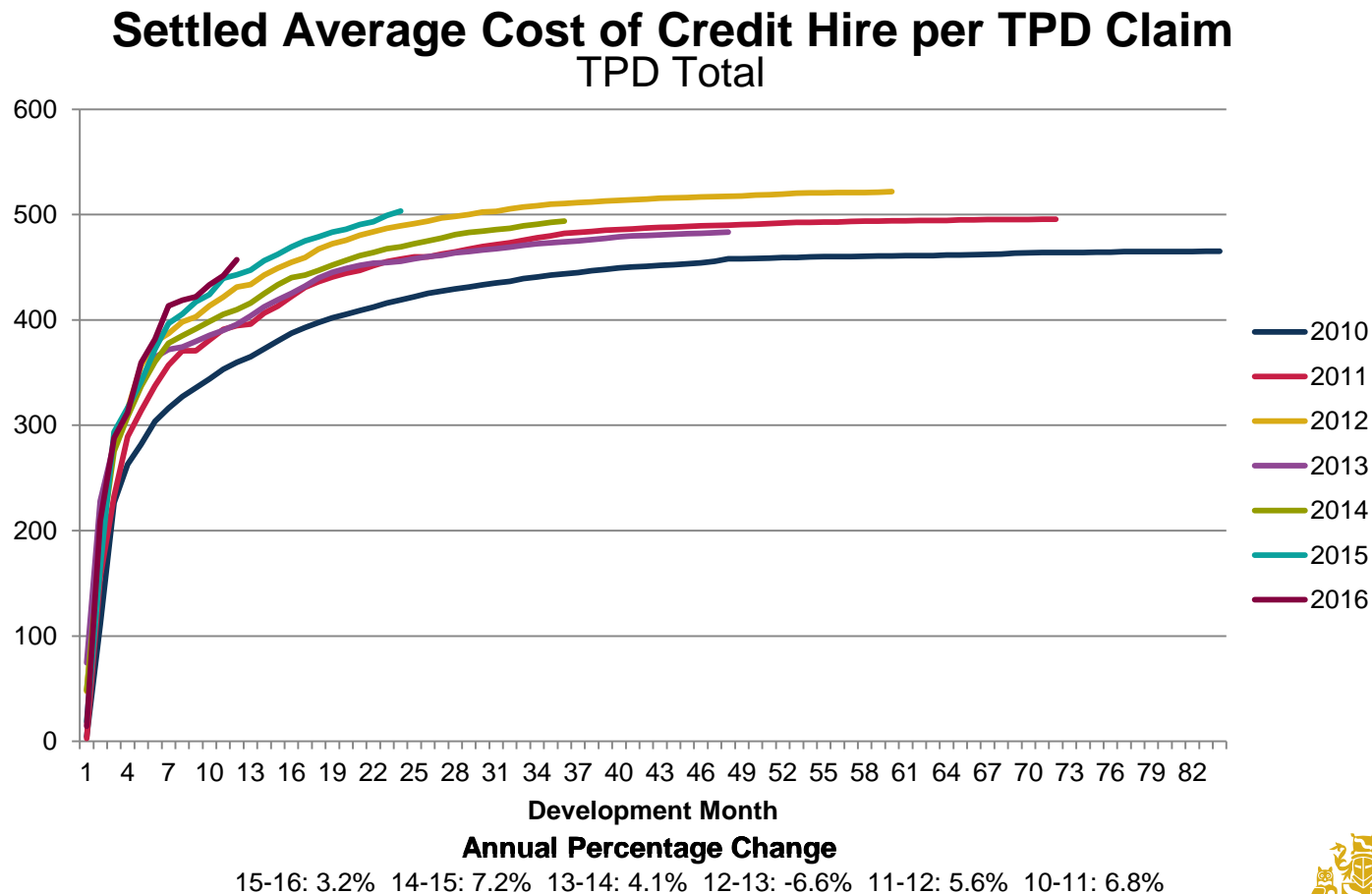
Settled Average Cost of Credit Hire per Credit Hire Claim
TPD Total

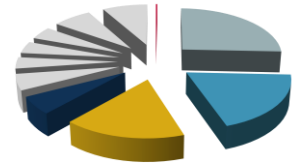




Market statistics - TPD

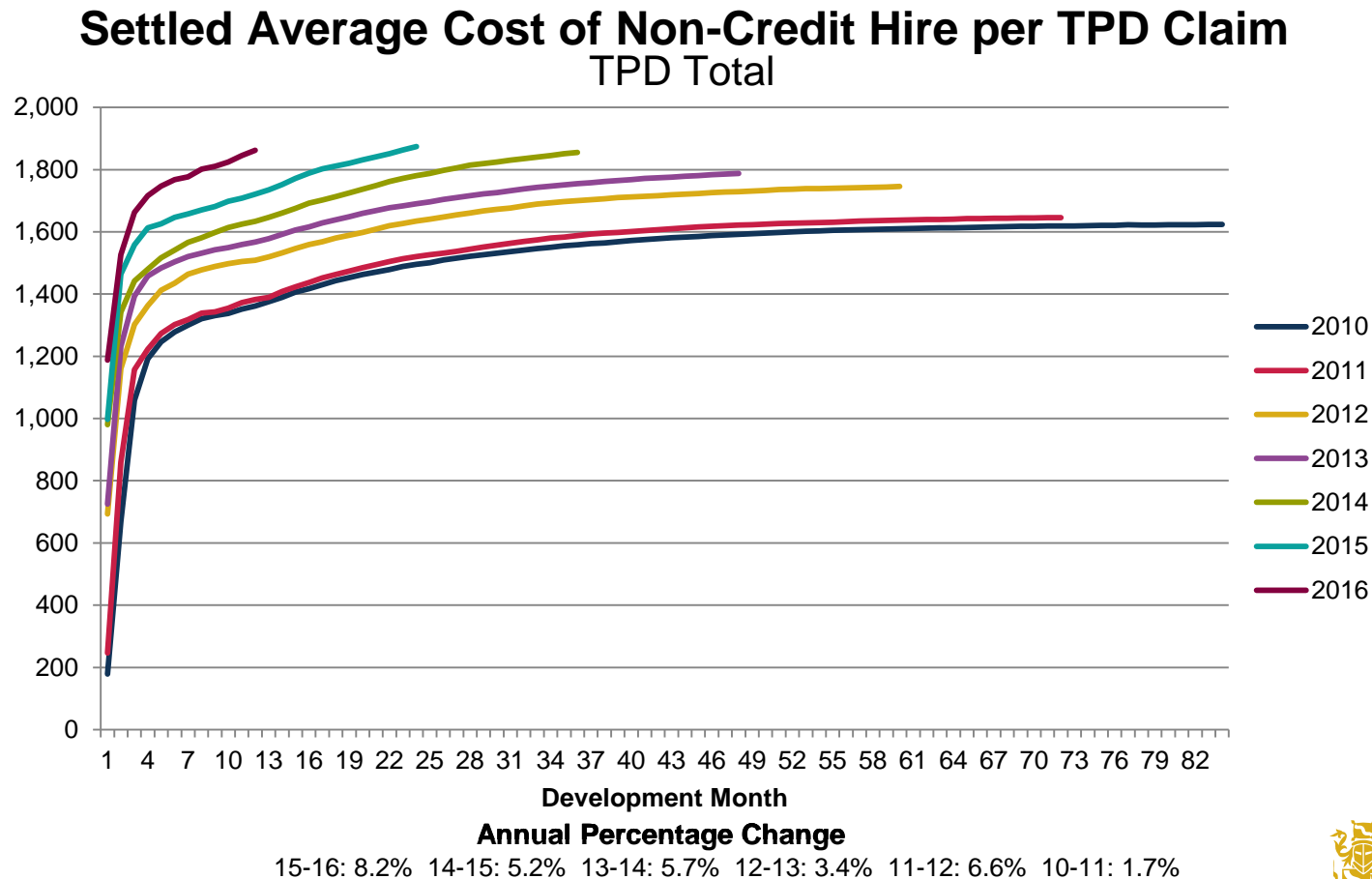
Heads of Damage – Credit Hire





Market statistics - TPD

Heads of Damage – Credit Hire



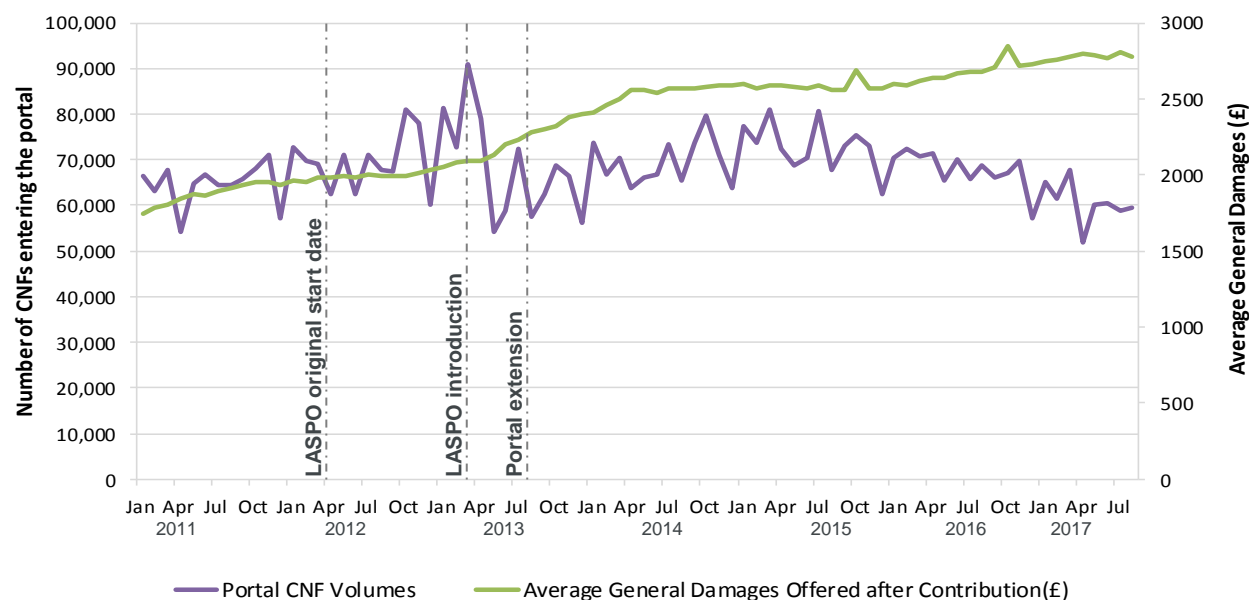


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MoJ Portal Notifications and GD payments

- The number of claims reported through the portal has been reducing since mid-2015. Overall the level of notifications in 2016 was 7% lower than in 2015.
- In 2017 the pace of the reduction has increased. There was also a sudden fall in spring 2013 after the introduction of LASPO but levels subsequently recovered.
- Since the start of 2016, General Damage payments have been rising with rolling 12 month year on year inflation of 5.2% to April 2017. The 13th edition of the Judicial College Guidelines was published on 17th September 2015 with an average uplift of 4.7%. There was a marked rise from 2012 to 2014 (c 23%), in line with the expected increases from the Judicial College Guidelines for the Assessment of General Damages and the 10% uplift in general damages post-LASPO upheld by the Court of Appeal - see table below.

MoJ Portal Notifications and GD payments



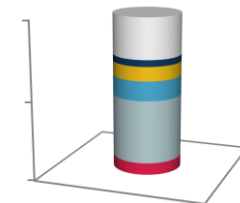
JCB Edition	Month Published	Average Uplift
8th	Sep-06	5.2%
9th	Sep-08	9.6%
10th	Sep-10	2.8%
11th	Sep-12	9.0%
Laspo	Apr-13	10.0%
12th	Sep-13	2.3%
13th	Sep-15	4.7%



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Market statistics – TPI Capped

Projected Results



Projected Ultimate Capped TPI Results for Private Car Comprehensive

Accident Period	Earned Exposure (millions of vehicle years)	Ultimate TPI Capped Claim Frequency (Non-nil claims per million vehicle years)	Ultimate TPI Capped Claim Severity (£)	Ultimate TPI 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)
2006	10.4	10,020	7,006	70.2			
2007	11.0	10,666	7,152	76.3	6.5%	2.1%	8.7%
2008	11.3	10,634	7,773	82.7	-0.3%	8.7%	8.4%
2009	13.4	10,895	8,725	95.1	2.5%	12.2%	15.0%
2010	14.2	11,552	8,780	101.4	6.0%	0.6%	6.7%
2011	17.5	11,710	8,869	103.9	1.4%	1.0%	2.4%
2012	20.0	11,886	8,939	106.3	1.5%	0.8%	2.3%
2013	20.3	10,627	8,387	89.1	-10.6%	-6.2%	-16.1%
2014	20.6	10,576	8,327	88.1	-0.5%	-0.7%	-1.2%
2015	21.3	10,280	8,303	85.4	-2.8%	-0.3%	-3.1%
2016	22.0	9,927	8,396	83.3	-3.4%	1.1%	-2.4%
Average (2009 to 2016)					-1.3%	-0.5%	-1.9%
Average (2011 to 2016)					-3.3%	-1.1%	-4.3%
Average (2013 to 2016)					-2.2%	0.0%	-2.2%

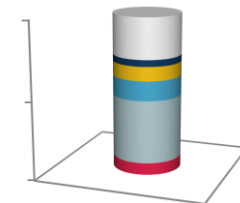


Market statistics – TPI Capped

Projected Results (Type 1)

Private Car Comprehensive TPI Capped Results in Layer (all layers given in 2010 money, indexed at 7% pa)

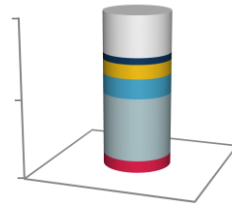
Accident Year	£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k - £100k	<100k
Frequency exc Nils (in layer and above) (claims per million vehicle years)						
2008	10,634	9,002	2,716	939	196	10,634
2009	10,895	9,792	2,987	1,032	195	10,895
2010	11,552	10,424	2,903	956	171	11,552
2011	11,710	10,475	2,684	874	167	11,710
2012	11,886	10,602	2,491	786	155	11,886
2013	10,627	9,573	1,724	526	132	10,627
2014	10,576	9,480	1,445	434	128	10,576
2015	10,280	9,169	1,208	375	118	10,280
2016	9,927	8,808	1,024	342	117	9,927
Average Cost (£)						
2008	770	4,923	5,167	11,516	27,139	7,773
2009	866	5,241	5,535	11,831	28,561	8,725
2010	931	5,449	5,806	12,382	30,311	8,780
2011	993	5,586	6,167	13,377	32,860	8,869
2012	1,058	5,713	6,498	14,457	35,895	8,939
2013	1,148	5,336	6,805	16,880	39,728	8,387
2014	1,222	5,306	7,127	19,739	46,575	8,327
2015	1,307	5,319	7,582	21,680	49,648	8,303
2016	1,392	5,309	7,930	23,955	55,218	8,396
Burning Cost (£)						
2008	8.2	44.3	14.0	10.8	5.3	82.7
2009	9.4	51.3	16.5	12.2	5.6	95.1
2010	10.8	56.8	16.9	11.8	5.2	101.4
2011	11.6	58.5	16.6	11.7	5.5	103.9
2012	12.6	60.6	16.2	11.4	5.5	106.3
2013	12.2	51.1	11.7	8.9	5.2	89.1
2014	12.9	50.3	10.3	8.6	6.0	88.1
2015	13.4	48.8	9.2	8.1	5.9	85.4
2016	13.8	46.8	8.1	8.2	6.4	83.3



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Market statistics – TPI Capped

Projected Results (Type 1)



Private Car Comprehensive TPI Capped Results in Layer (all layers given in 2010 money, indexed at 7% pa)

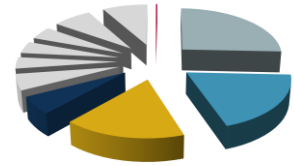
Accident Year	£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k - £100k	<100k
Frequency exc Nils (in layer and above) (claims per million vehicle years)						
2008	-0.3%	5.4%	0.1%	1.8%	-5.2%	-0.3%
2009	2.5%	8.8%	10.0%	9.9%	-0.3%	2.5%
2010	6.0%	6.5%	-2.8%	-7.4%	-12.4%	6.0%
2011	1.4%	0.5%	-7.5%	-8.5%	-2.6%	1.4%
2012	1.5%	1.2%	-7.2%	-10.1%	-7.3%	1.5%
2013	-10.6%	-9.7%	-30.8%	-33.1%	-14.8%	-10.6%
2014	-0.5%	-1.0%	-16.2%	-17.6%	-2.5%	-0.5%
2015	-2.8%	-3.3%	-16.4%	-13.6%	-7.9%	-2.8%
2016	-3.4%	-3.9%	-15.2%	-8.7%	-1.2%	-3.4%
Average Cost (£)						
2008	12.6%	3.6%	8.1%	4.1%	6.6%	8.7%
2009	12.4%	6.5%	7.1%	2.7%	5.2%	12.2%
2010	7.5%	4.0%	4.9%	4.7%	6.1%	0.6%
2011	6.6%	2.5%	6.2%	8.0%	8.4%	1.0%
2012	6.6%	2.3%	5.4%	8.1%	9.2%	0.8%
2013	8.5%	-6.6%	4.7%	16.8%	10.7%	-6.2%
2014	6.5%	-0.5%	4.7%	16.9%	17.2%	-0.7%
2015	6.9%	0.2%	6.4%	9.8%	6.6%	-0.3%
2016	6.5%	-0.2%	4.6%	10.5%	11.2%	1.1%
Burning Cost (£)						
2008	12.3%	9.3%	8.2%	6.0%	1.0%	8.4%
2009	15.2%	15.8%	17.8%	12.9%	4.9%	15.0%
2010	14.0%	10.7%	1.9%	-3.0%	-7.0%	6.7%
2011	8.1%	3.0%	-1.8%	-1.2%	5.6%	2.4%
2012	8.2%	3.5%	-2.2%	-2.8%	1.3%	2.3%
2013	-3.0%	-15.7%	-27.5%	-21.8%	-5.7%	-16.1%
2014	6.0%	-1.5%	-12.2%	-3.7%	14.3%	-1.2%
2015	3.9%	-3.0%	-11.1%	-5.1%	-1.9%	-3.1%
2016	2.9%	-4.1%	-11.3%	0.9%	9.9%	-2.4%



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Market statistics – TPI Capped

Projected Results (Type 2)



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

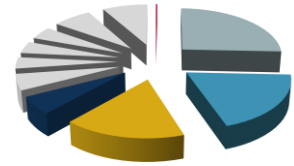
Accident Year	£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k to £100k
Frequency exc Nils (finishing in layer) (claims per million policy years)					
2008	-23.3%	7.9%	-0.8%	3.8%	-6.6%
2009	-32.4%	8.2%	10.0%	12.6%	4.7%
2010	2.2%	10.5%	-0.4%	-6.2%	-11.8%
2011	9.5%	3.6%	-7.0%	-9.8%	-2.5%
2012	4.0%	4.1%	-5.8%	-10.7%	-11.0%
2013	-17.9%	-3.2%	-29.7%	-37.5%	-20.7%
2014	4.0%	2.4%	-15.6%	-22.7%	-14.0%
2015	1.3%	-0.9%	-17.6%	-16.0%	-10.2%
2016	0.8%	-2.2%	-18.1%	-12.1%	-3.9%
Average Cost (£)					
2008	31.3%	3.9%	7.3%	6.8%	5.9%
2009	27.3%	5.7%	7.1%	6.5%	8.2%
2010	14.6%	6.2%	6.8%	6.7%	6.7%
2011	15.2%	3.6%	6.8%	6.4%	8.1%
2012	2.4%	3.5%	6.7%	7.0%	6.6%
2013	30.0%	-2.5%	6.4%	7.0%	6.4%
2014	2.3%	2.6%	6.1%	8.5%	10.4%
2015	13.2%	3.0%	5.9%	6.9%	5.4%
2016	3.9%	2.1%	3.6%	6.8%	10.4%
Burning Cost (£)					
2008	0.7%	12.1%	6.4%	10.9%	-1.2%
2009	-13.9%	14.4%	17.8%	19.9%	13.3%
2010	17.1%	17.3%	6.4%	0.1%	-5.9%
2011	26.2%	7.3%	-0.8%	-4.0%	5.4%
2012	6.4%	7.8%	0.5%	-4.5%	-5.1%
2013	6.7%	-5.7%	-25.3%	-33.2%	-15.6%
2014	6.4%	5.0%	-10.5%	-16.1%	-5.0%
2015	14.7%	2.1%	-12.8%	-10.2%	-5.3%
2016	4.7%	-0.2%	-15.2%	-6.2%	6.1%



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Market statistics – TPI Capped

Projected Results (Type 2)

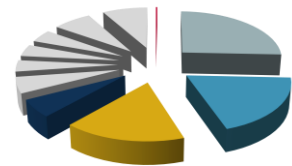


Private Car Comprehensive Capped TPI Type 2 Layered Results (all layers given in 2010 money, indexed at 7% pa)

Accident Year	£0 - 1k	£1k - 10k	£10k - 20k	£20k - 50k	£50k to £100k
Frequency exc Nils (finishing in layer) (claims per million policy years)					
2008	-24.8%	8.9%	1.7%	5.9%	-7.9%
2009	-33.7%	9.5%	10.5%	11.2%	6.7%
2010	2.2%	13.4%	1.1%	-4.1%	-6.7%
2011	13.4%	3.4%	-6.9%	-9.2%	-9.0%
2012	6.8%	3.0%	-4.9%	-12.3%	-15.2%
2013	-23.6%	-3.2%	-31.7%	-40.4%	-19.0%
2014	-11.6%	5.1%	-16.1%	-25.9%	-10.0%
2015	-17.8%	3.8%	-21.1%	-20.2%	1.9%
Average Cost (£)					
2008	45.2%	4.1%	7.1%	6.7%	6.1%
2009	19.6%	5.6%	7.3%	6.7%	7.5%
2010	17.1%	5.3%	6.6%	6.6%	6.6%
2011	7.3%	3.7%	6.6%	6.5%	7.4%
2012	10.9%	3.4%	6.4%	6.8%	6.9%
2013	23.3%	-2.3%	6.4%	7.4%	7.5%
2014	10.6%	2.1%	6.3%	8.3%	8.3%
2015	16.5%	0.3%	3.4%	5.1%	4.0%
Burning Cost (£)					
2008	9.2%	13.4%	8.9%	13.0%	-2.3%
2009	-20.8%	15.7%	18.6%	18.6%	14.7%
2010	19.7%	19.4%	7.8%	2.2%	-0.6%
2011	21.8%	7.3%	-0.7%	-3.3%	-2.2%
2012	18.4%	6.5%	1.2%	-6.3%	-9.3%
2013	-5.8%	-5.5%	-27.3%	-36.0%	-13.0%
2014	-2.2%	7.3%	-10.8%	-19.7%	-2.5%
2015	-4.3%	4.2%	-18.4%	-16.1%	6.0%

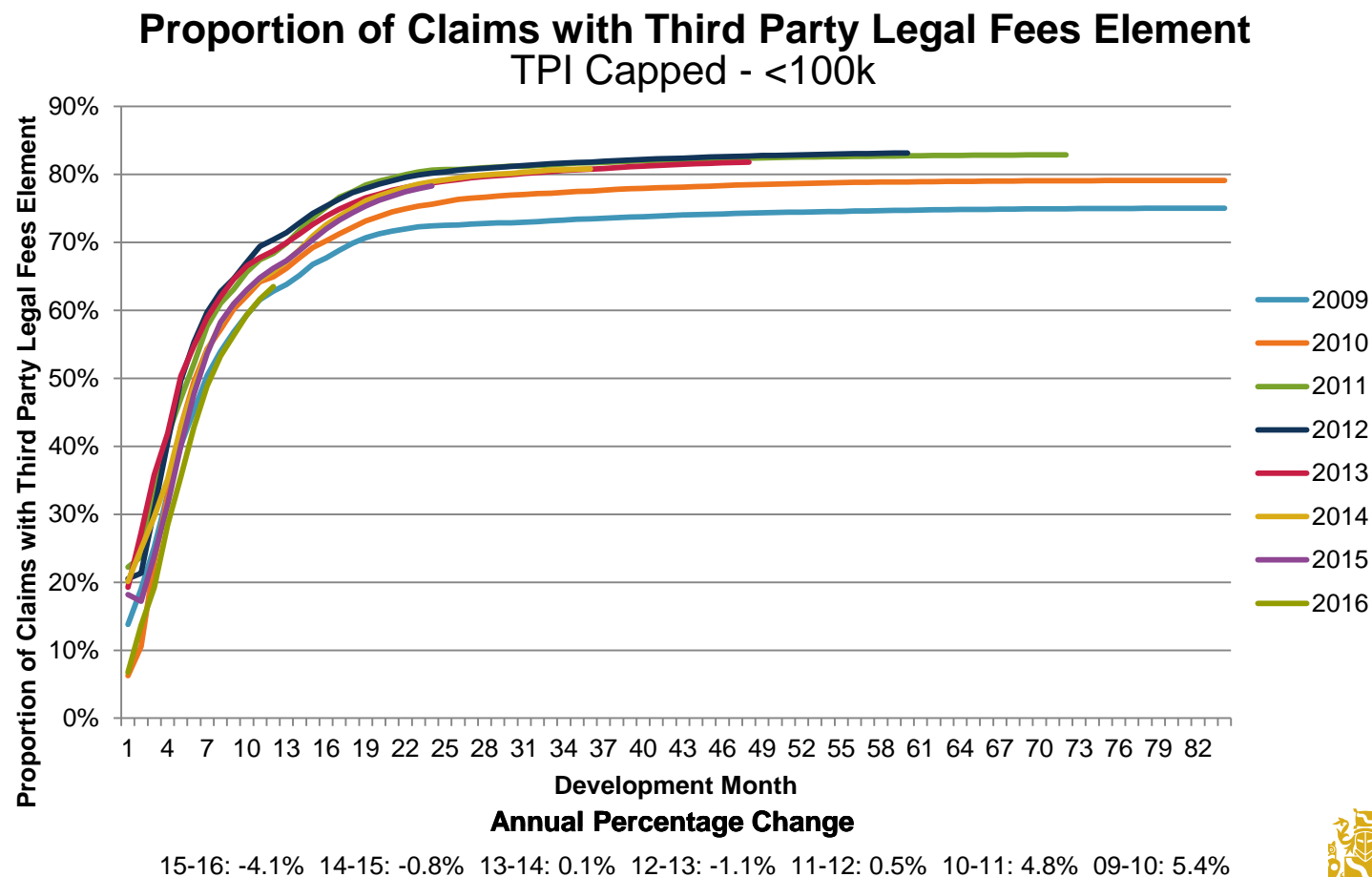


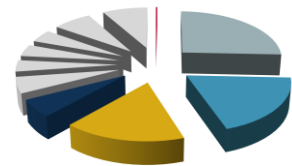
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Market statistics – TPI Capped

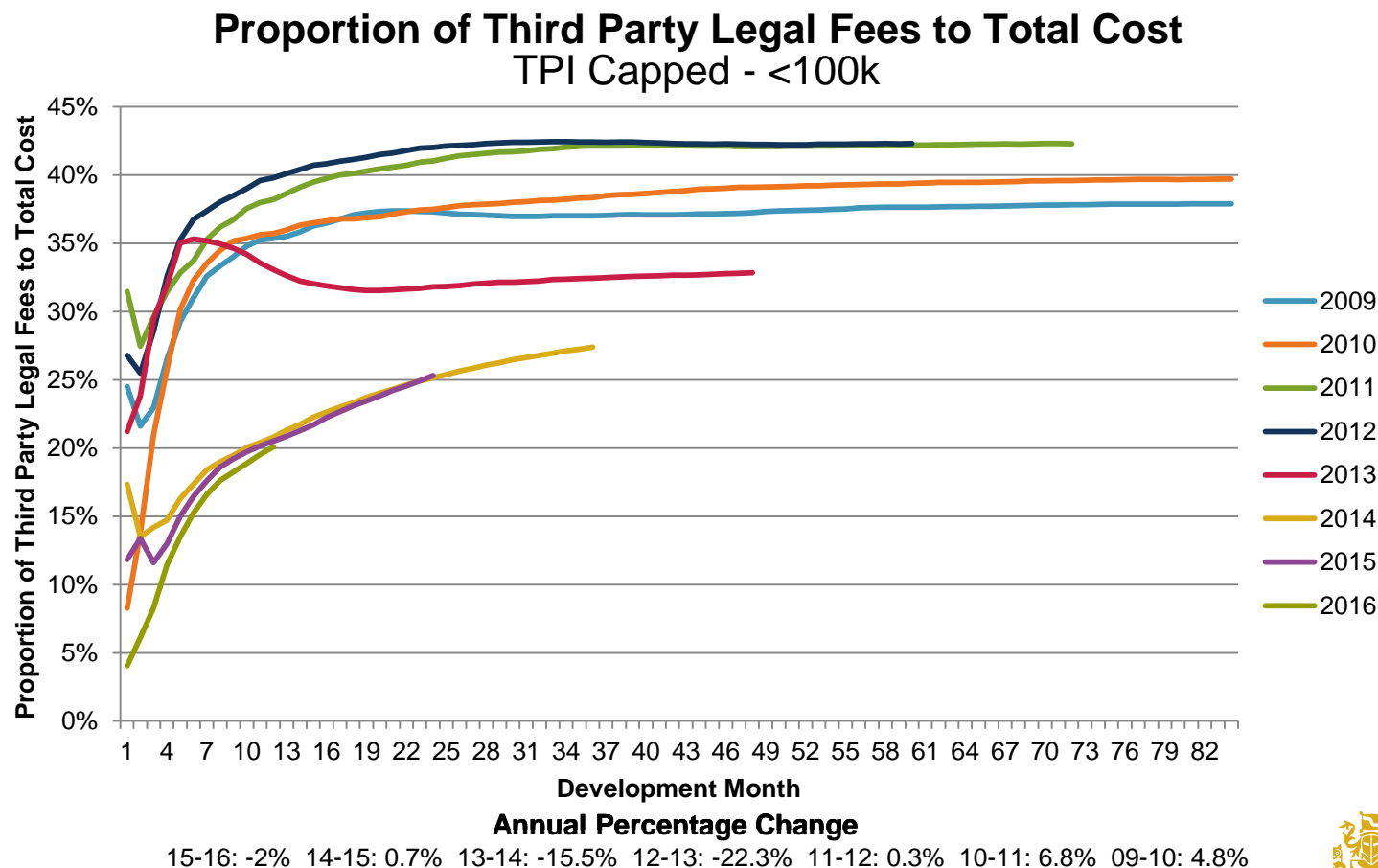
Heads of Damage – Third Party Legal Fees

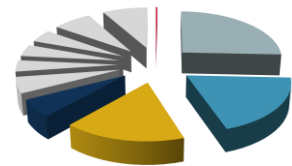




Market statistics – TPI Capped

Heads of Damage – Third Party Legal Fees



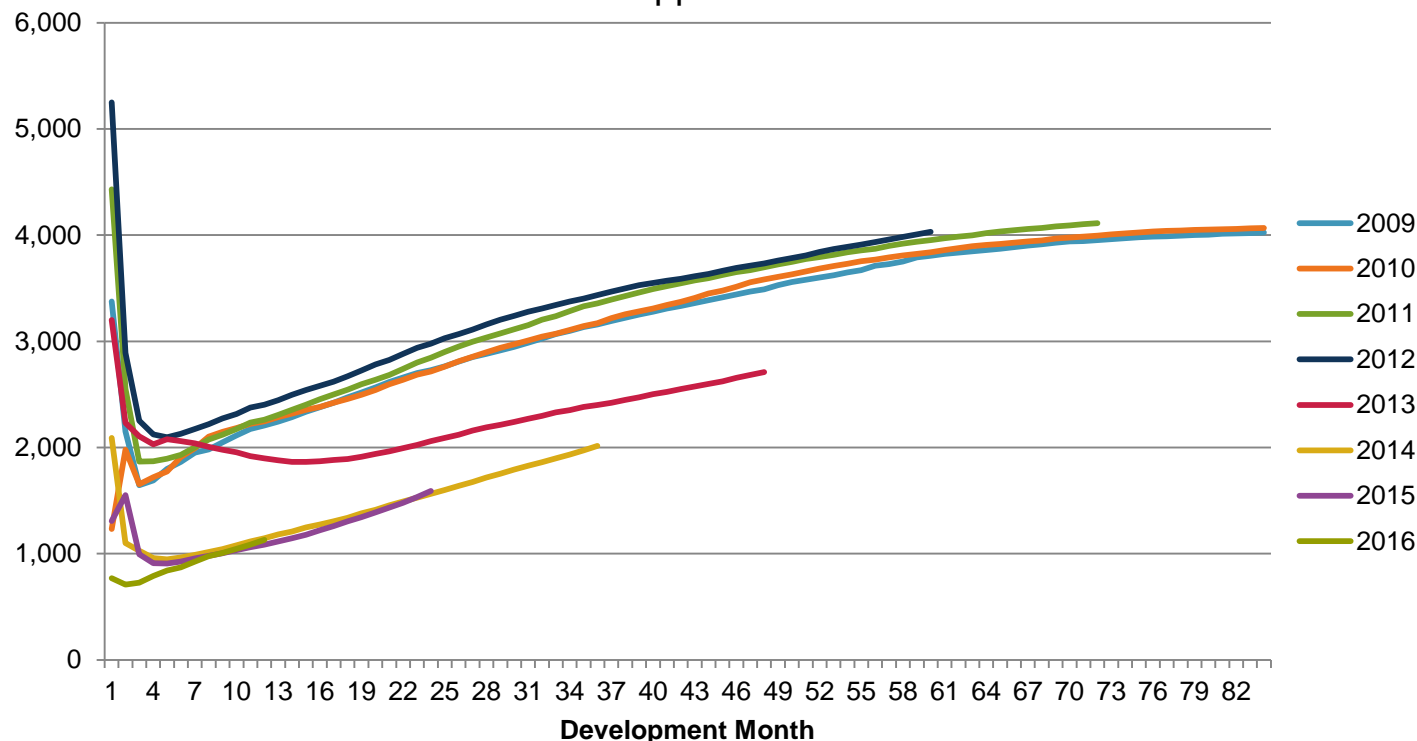


Market statistics – TPI Capped

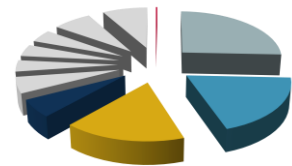
Heads of Damage – Third Party Legal Fees

Settled Average Cost of Third Party Legal Fees per Third Party Legal Fees Claim

TPI Capped - <100k



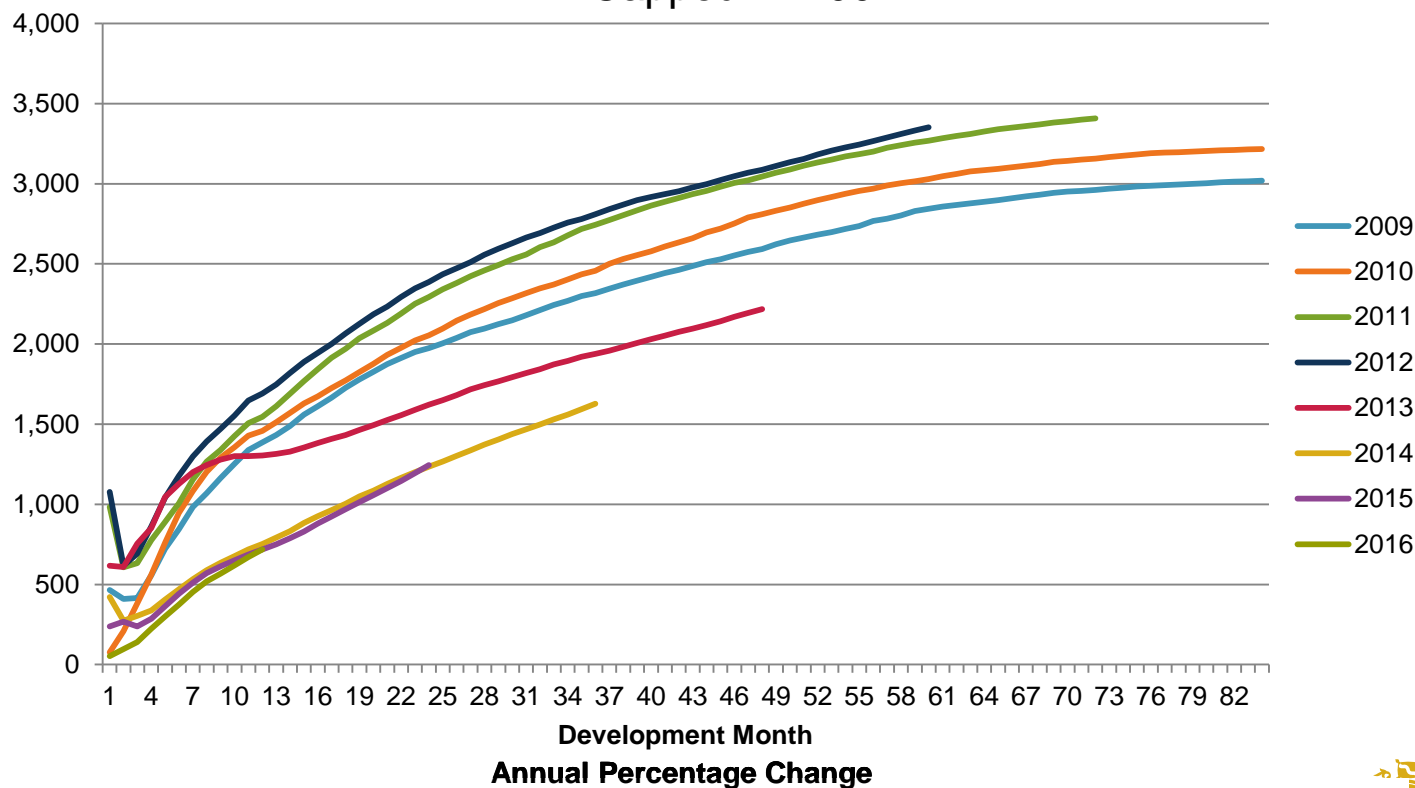
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Market statistics – TPI Capped

Heads of Damage – Third Party Legal Fees

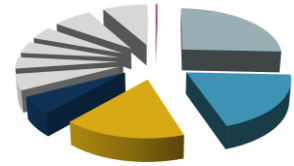
Settled Average Cost of Third Party Legal Fees per TPI Claim
TPI Capped - <100k



Annual Percentage Change
15-16: 0.1% 14-15: 0.8% 13-14: -16% 12-13: -28.2% 11-12: 2.6% 10-11: 7.9% 09-10: 6.6%

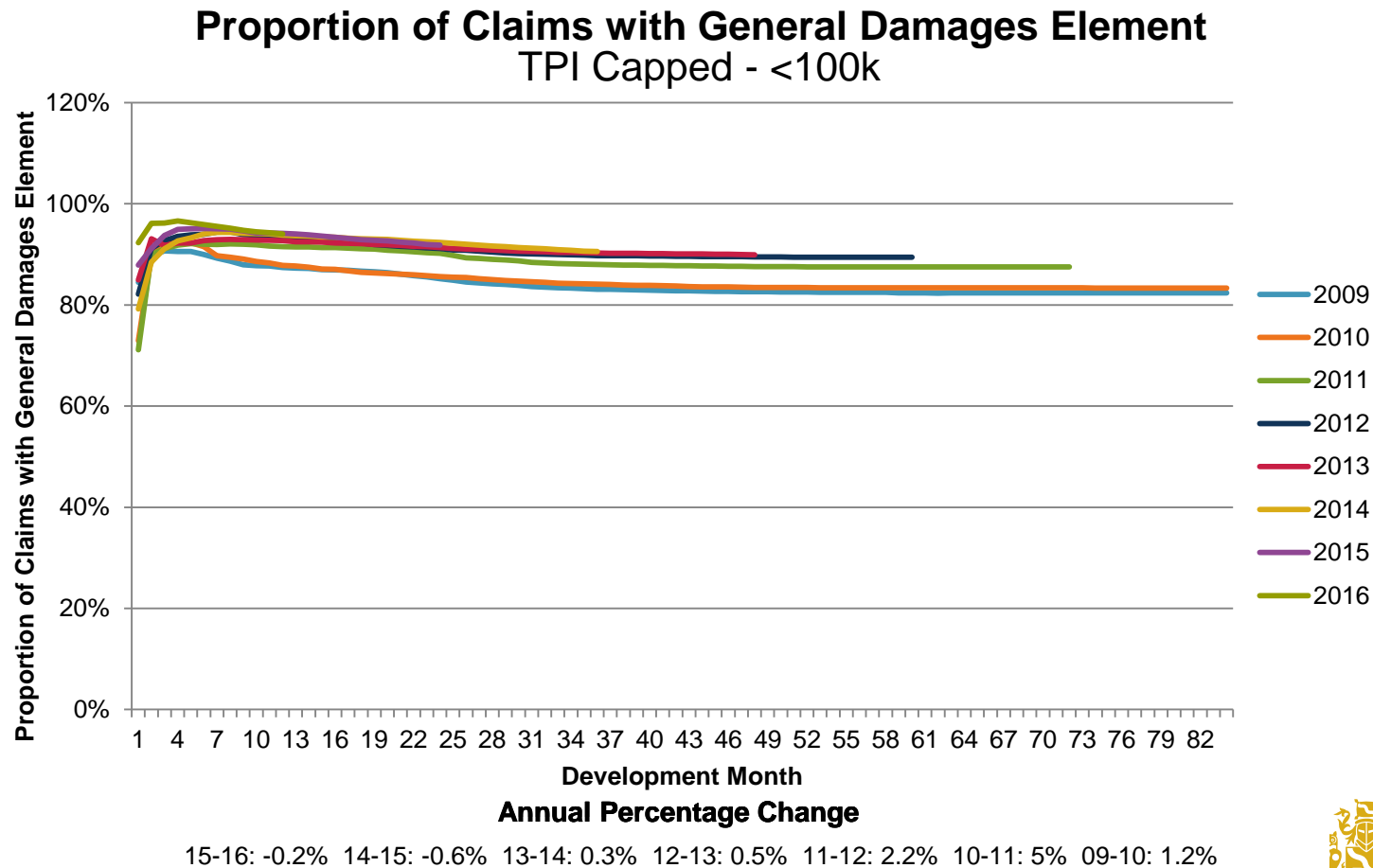


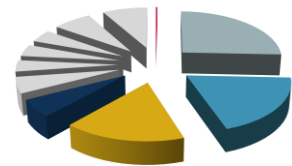
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Market statistics – TPI Capped

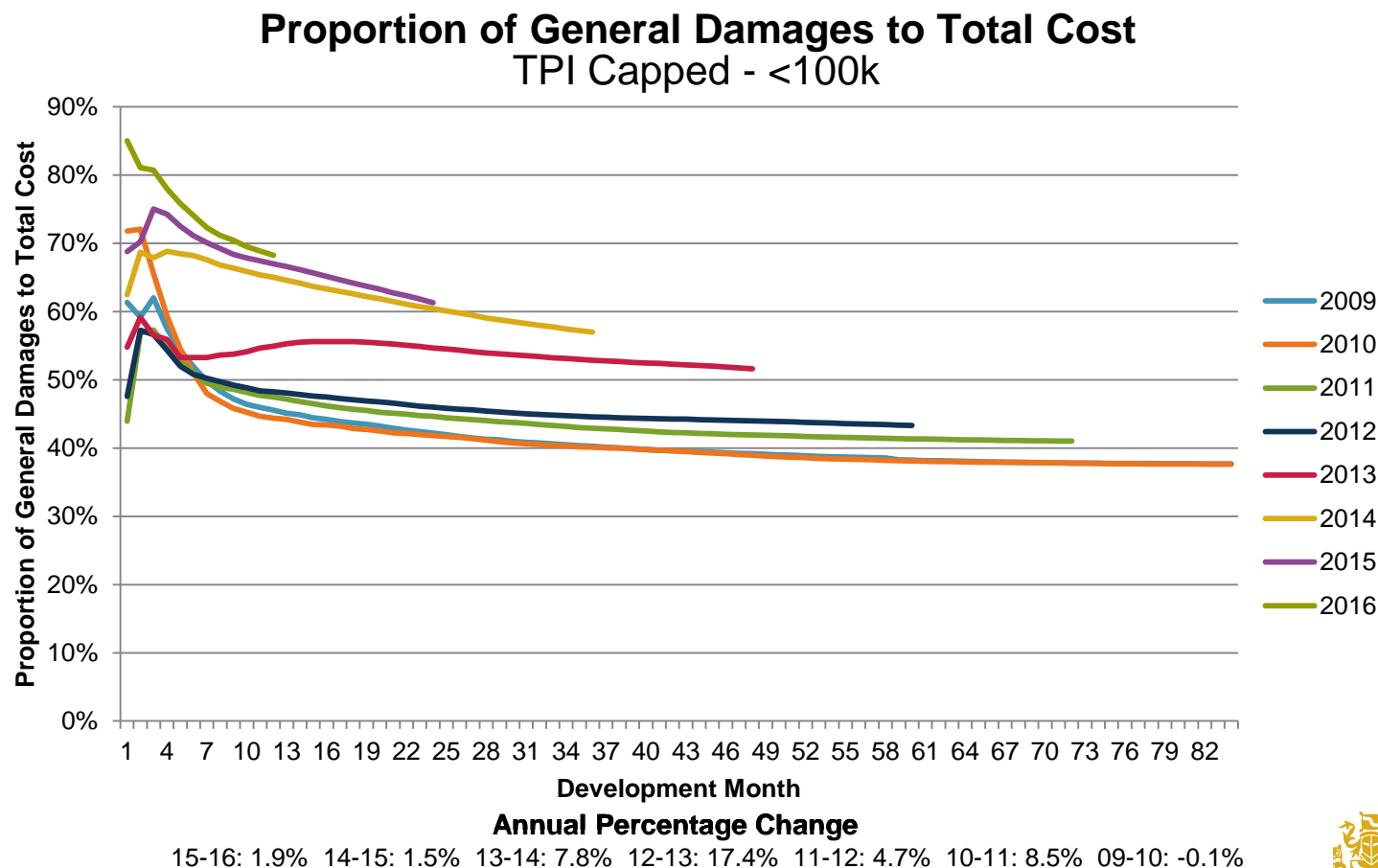
Heads of Damage – General Damages



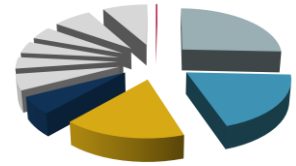


Market statistics – TPI Capped

Heads of Damage – General Damages

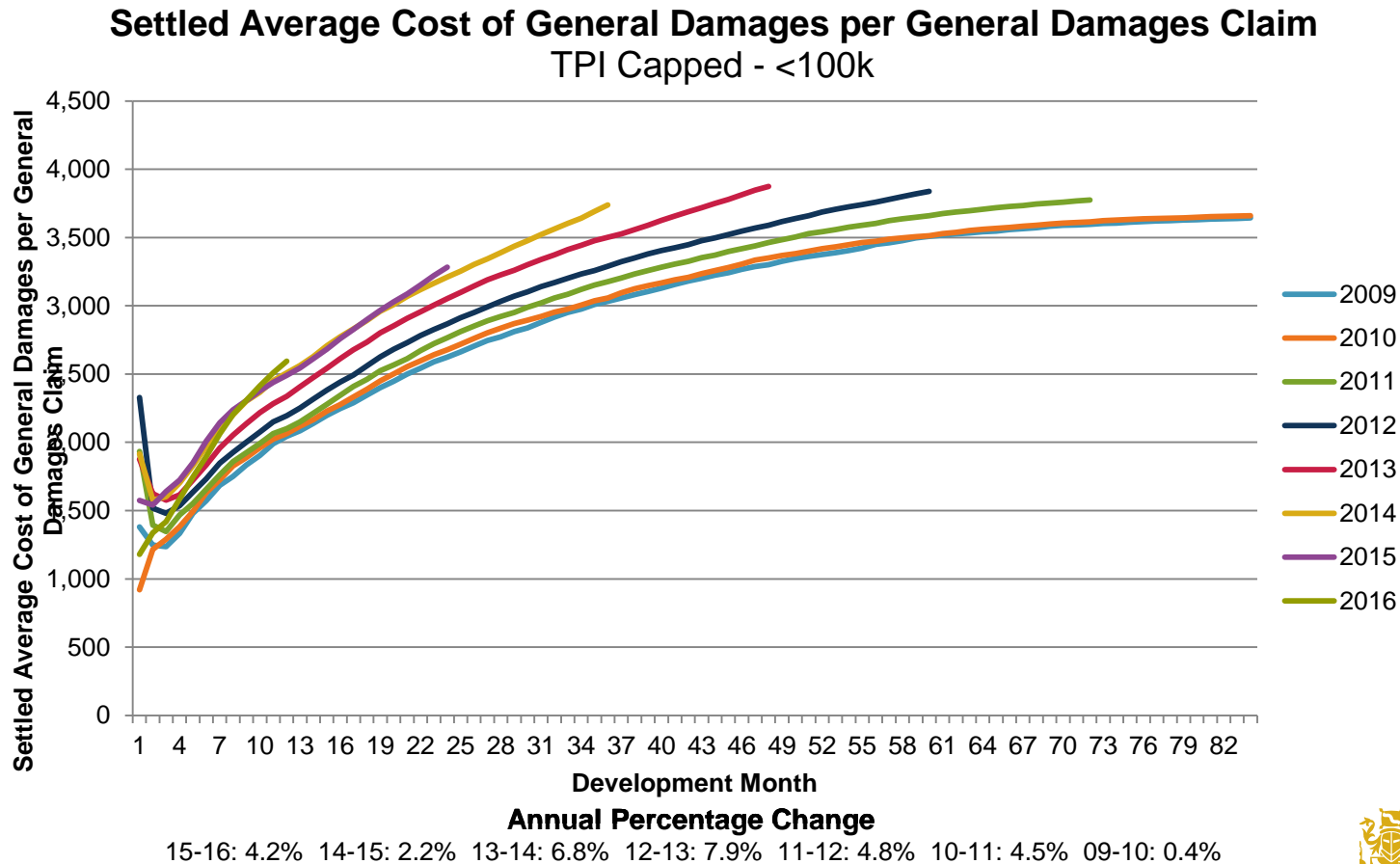


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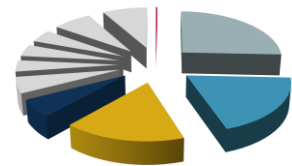


Market statistics – TPI Capped

Heads of Damage – General Damages

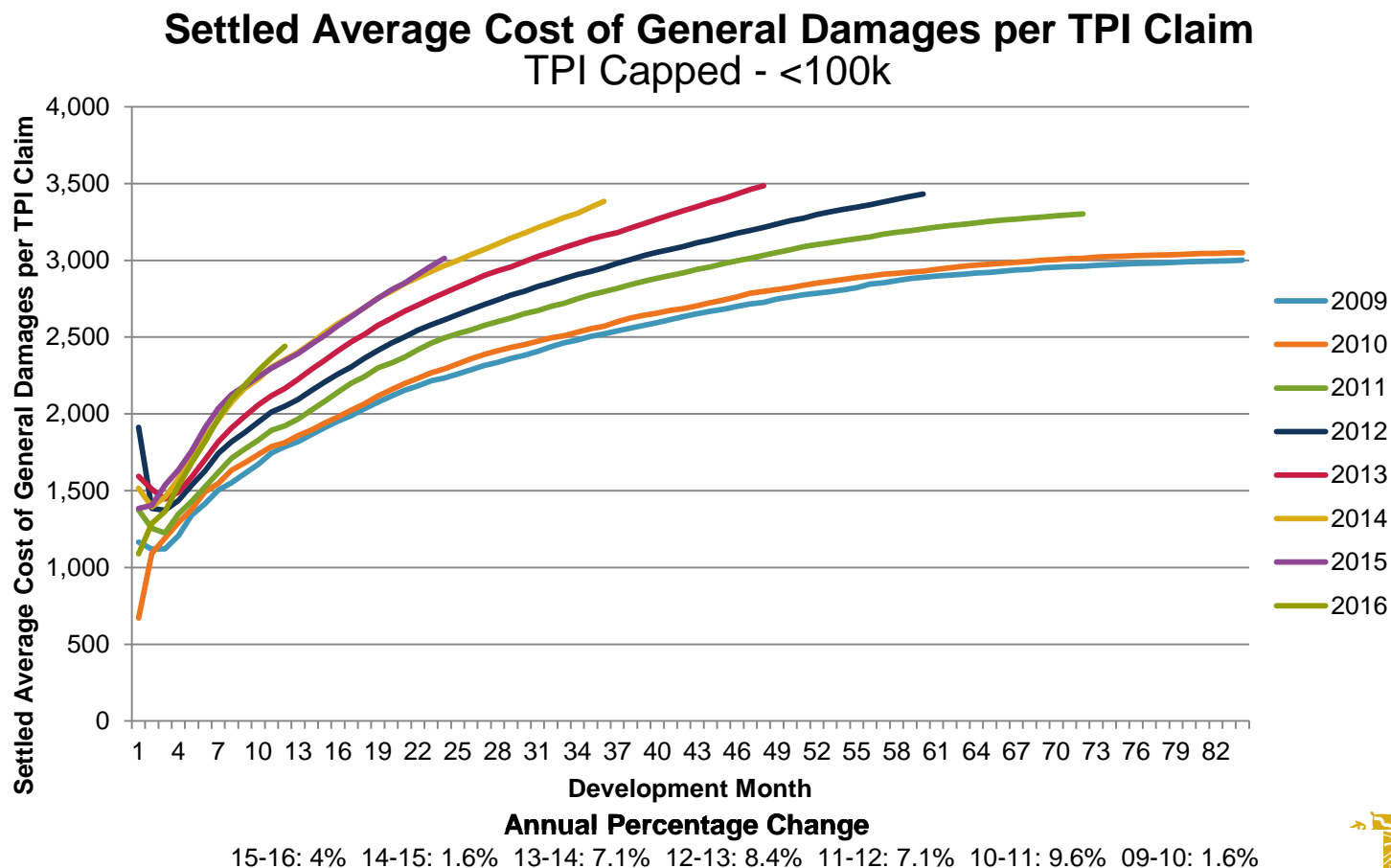


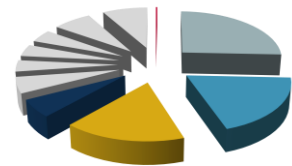
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Market statistics – TPI Capped

Heads of Damage – General Damages

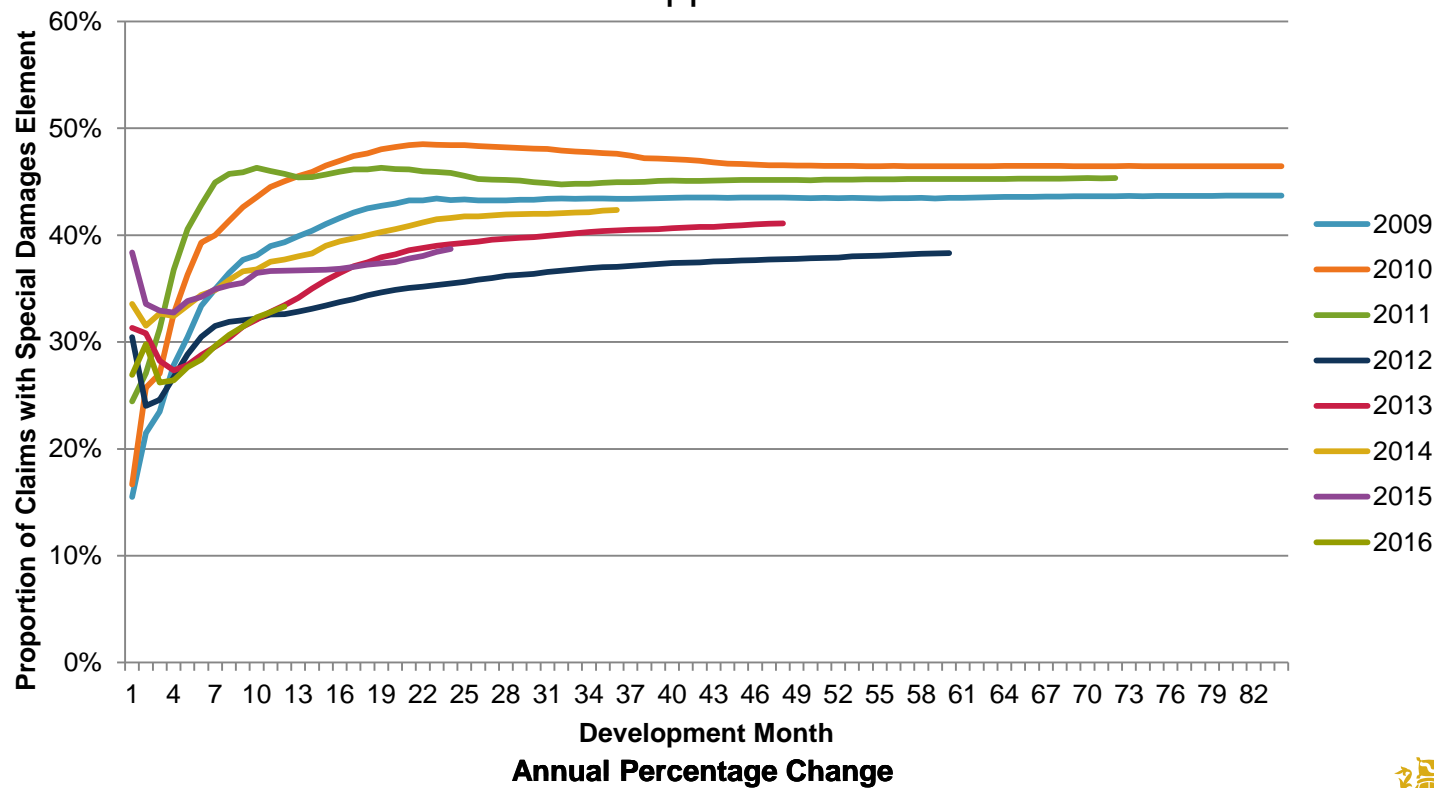


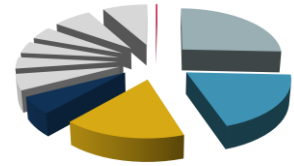


Market statistics – TPI Capped

Heads of Damage – Special Damages

Proportion of Claims with Special Damages Element
TPI Capped - <100k

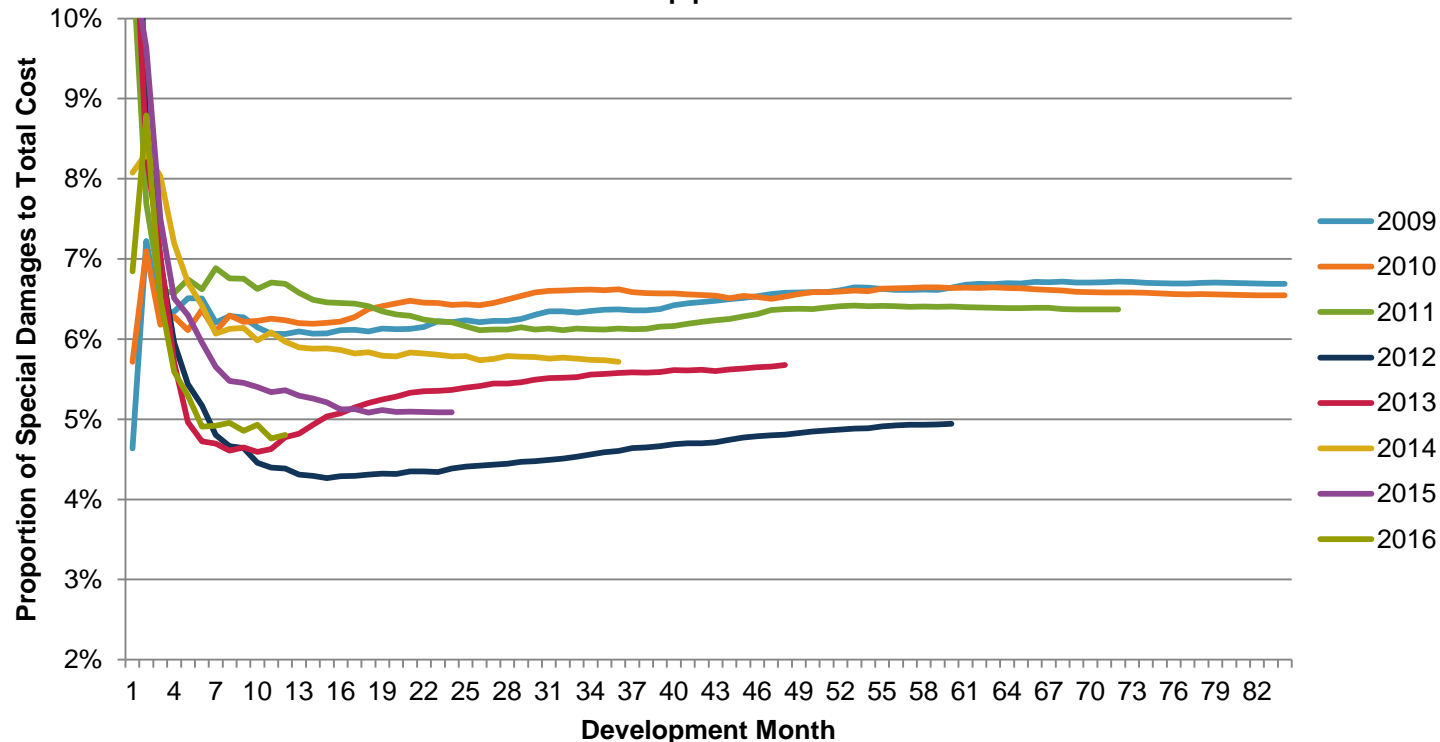




Market statistics – TPI Capped

Heads of Damage – Special Damages

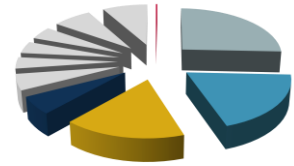
Proportion of Special Damages to Total Cost
TPI Capped - <100k



Annual Percentage Change
 15-16: -10.4% 14-15: -12.1% 13-14: 2.5% 12-13: 18% 11-12: -22.9% 10-11: -3.2% 09-10: -2.1%



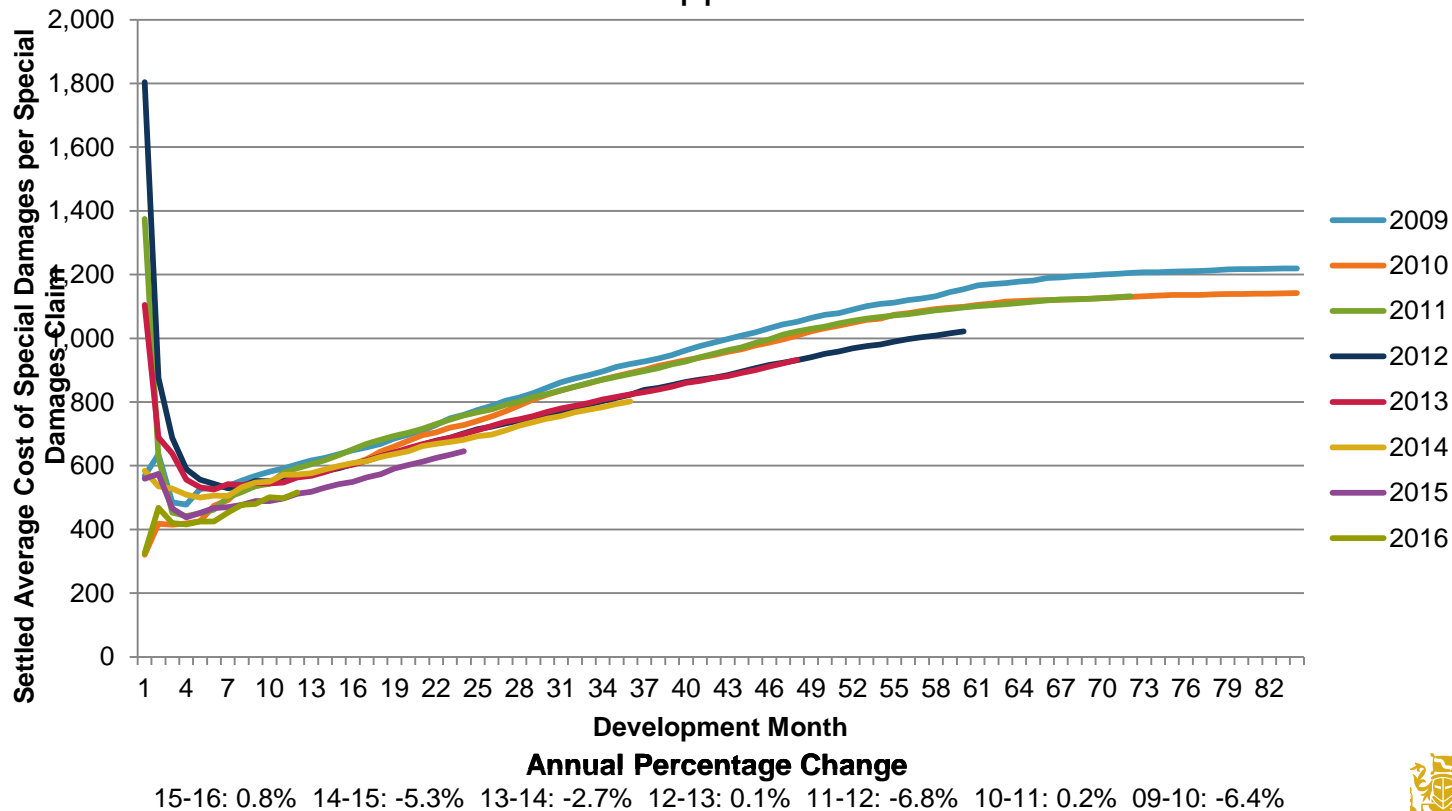
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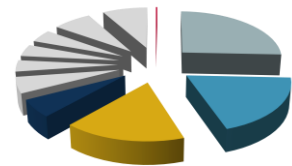


Market statistics – TPI Capped

Heads of Damage – Special Damages

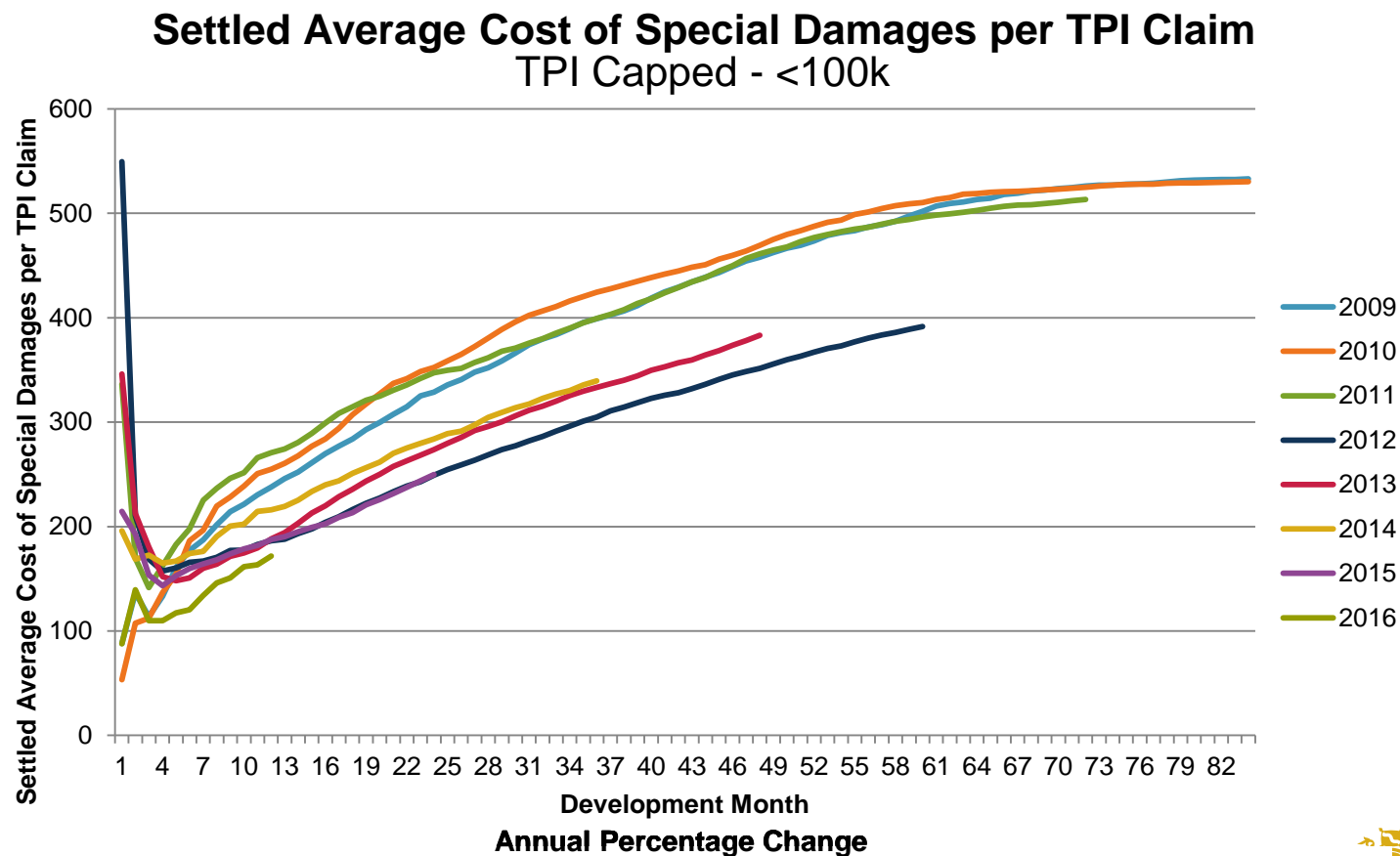
Settled Average Cost of Special Damages per Special Damages Claim
TPI Capped - <100k





Market statistics – TPI Capped

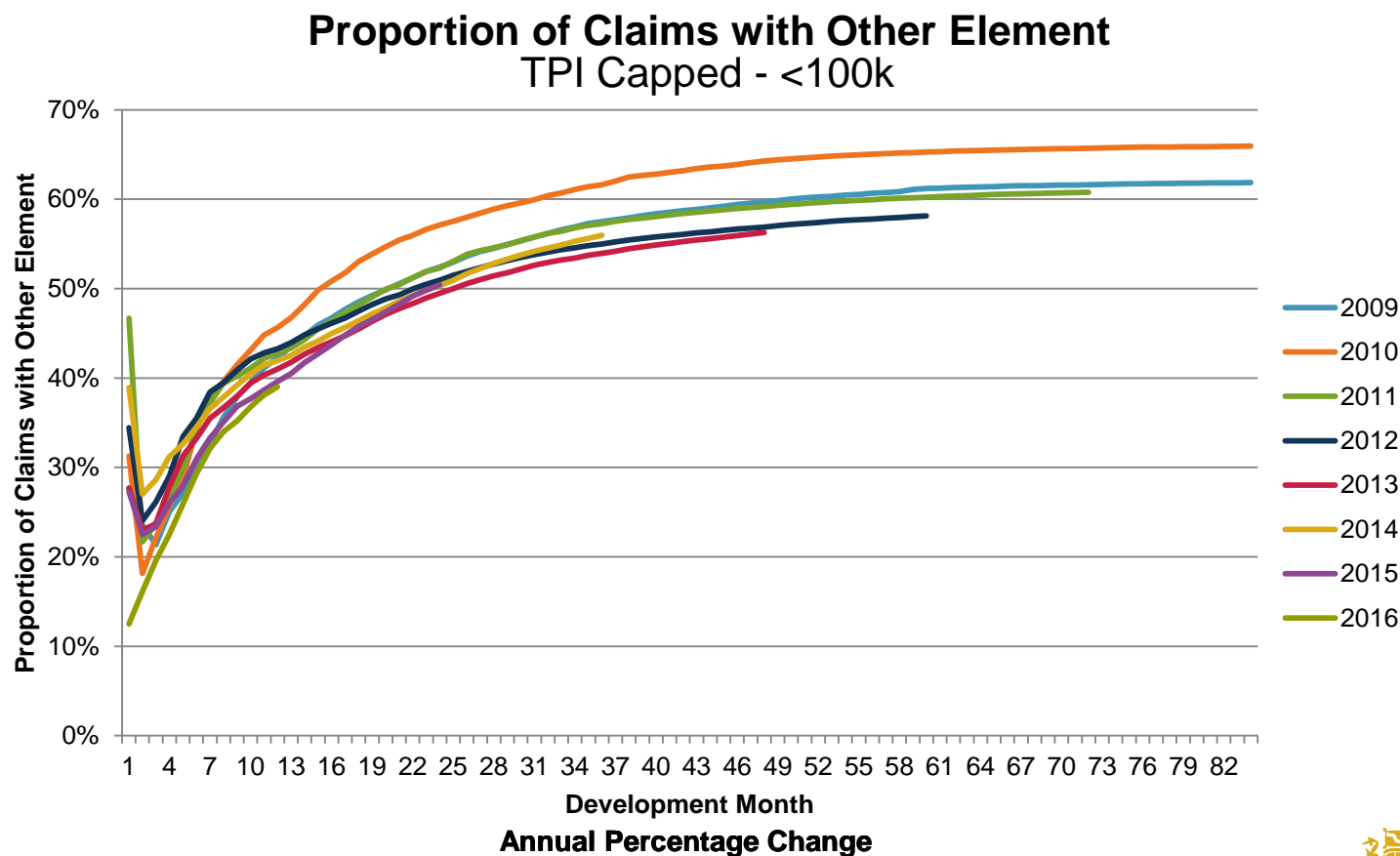
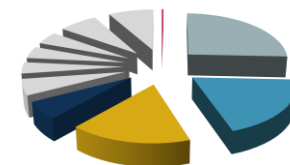
Heads of Damage – Special Damages



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Market statistics – TPI Capped

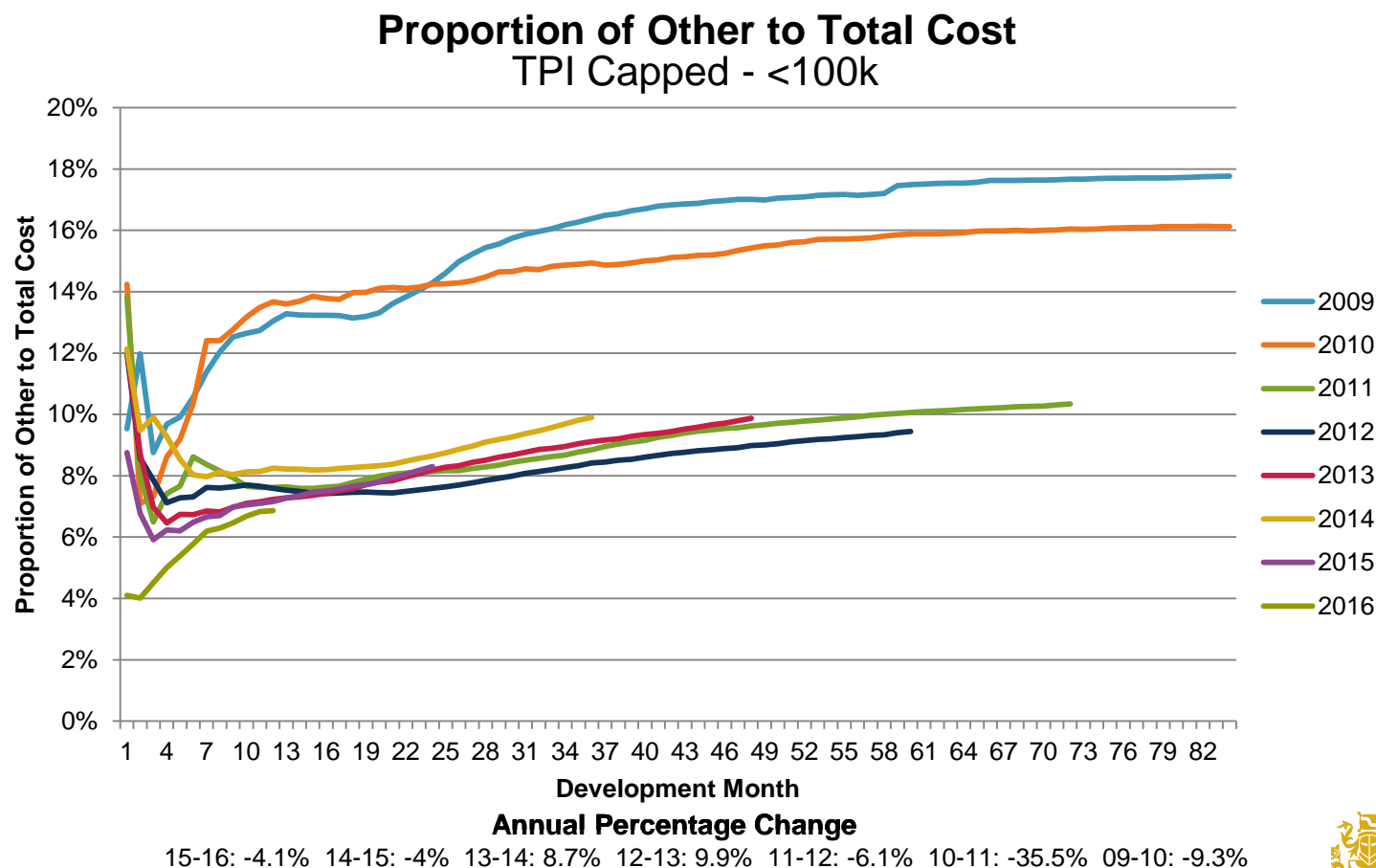
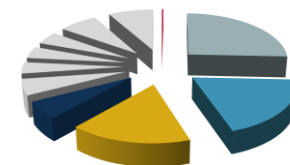
Heads of Damage – Other



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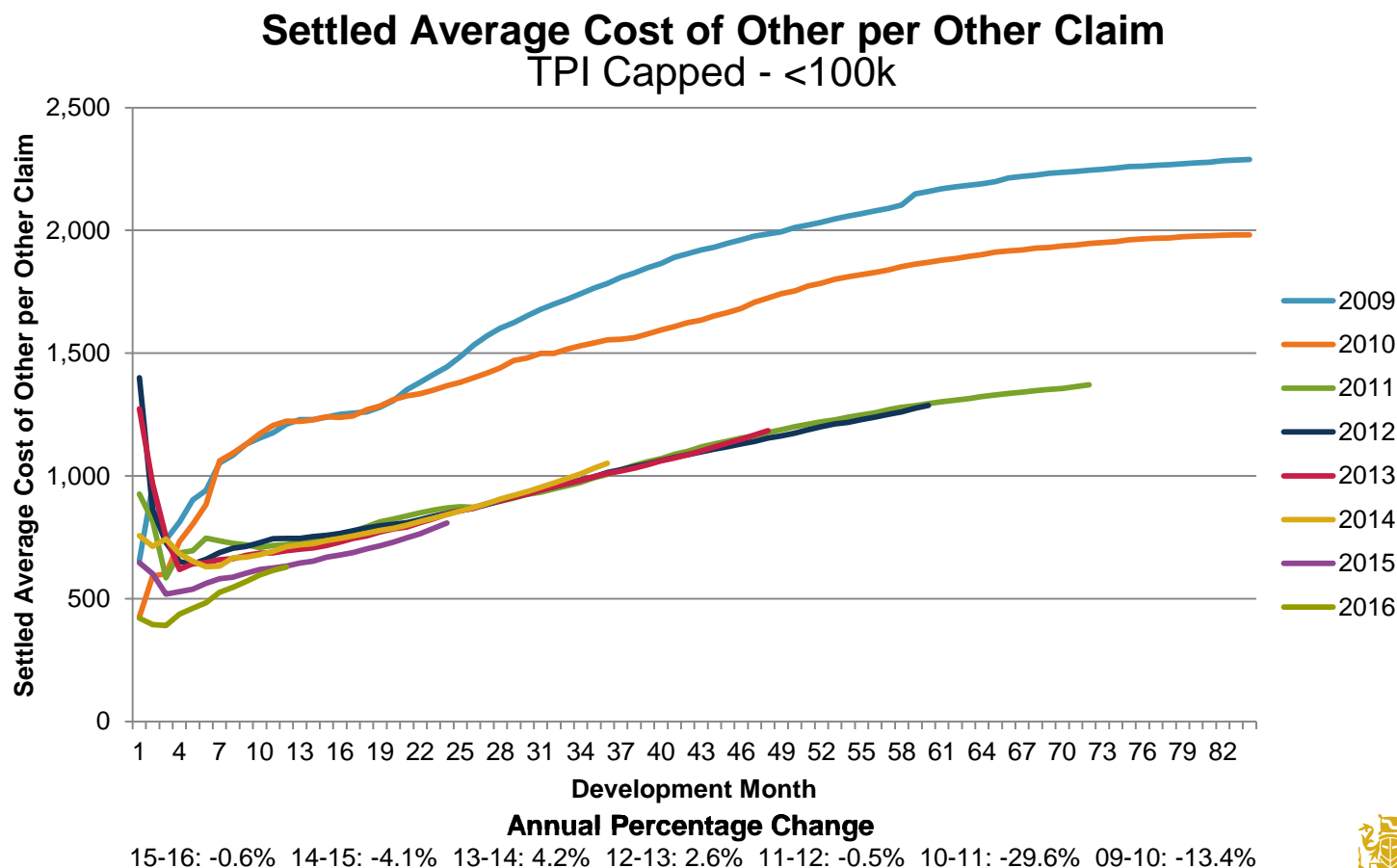
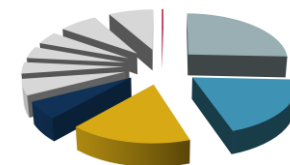
Market statistics – TPI Capped

Heads of Damage – Other

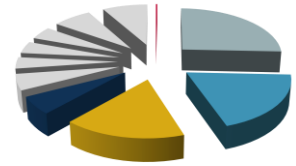


Market statistics – TPI Capped

Heads of Damage – Other

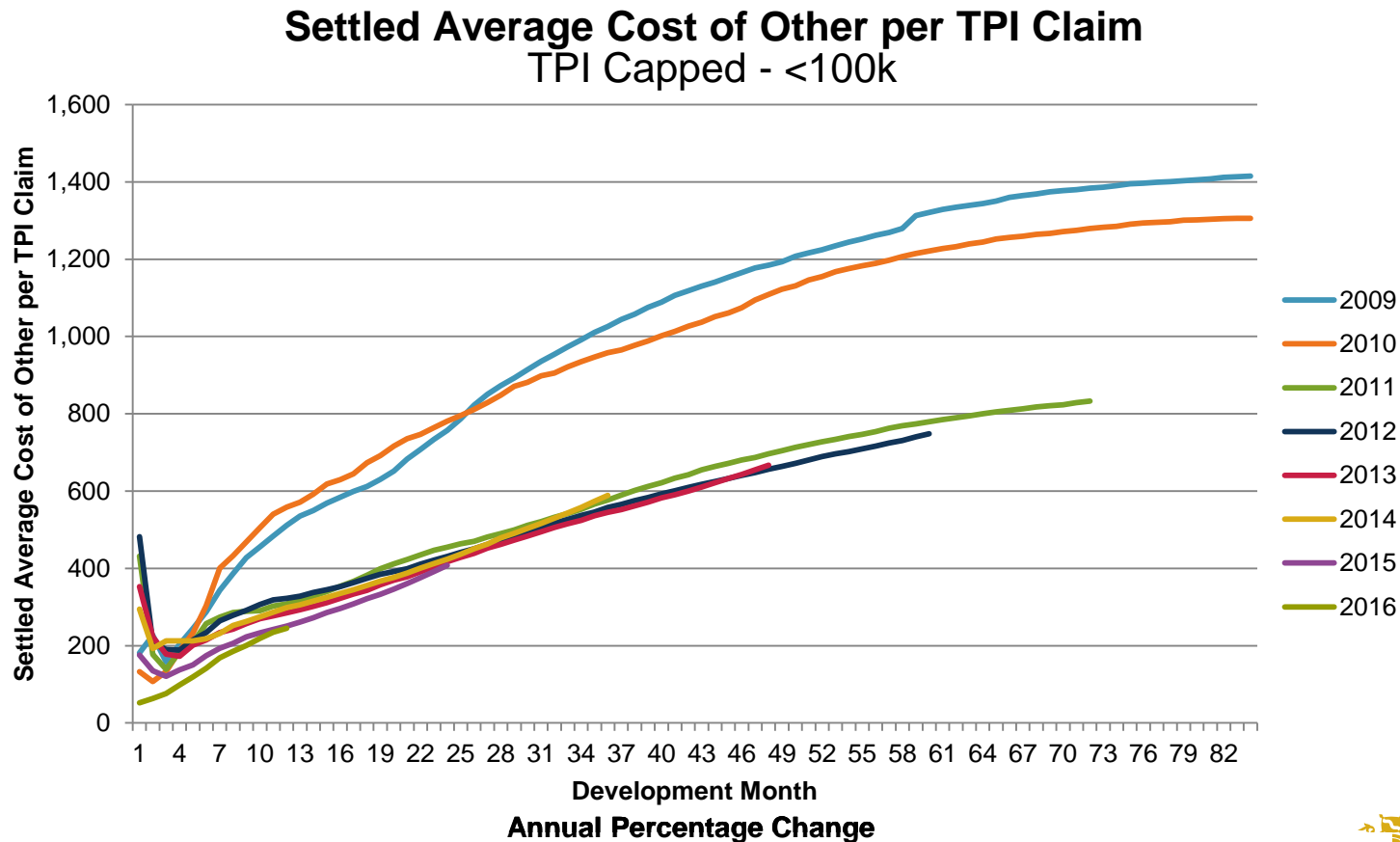


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Market statistics – TPI Capped

Heads of Damage – Other



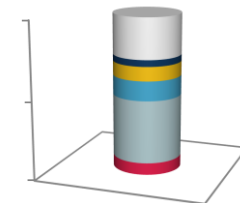
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1. Market Info
2. Market Statistics: TPD
3. Market Statistics: Capped TPI
4. Market Statistics: Excess TPI
5. Survey results

Market statistics – TPI Excess

Projected Results



Projected Ultimate Excess TPI Results for Private Car Comprehensive

Accident Period	Earned Exposure (millions of vehicle years)	Ultimate TPI Excess Claim Frequency (Non-nil claims per million vehicle years)	Ultimate TPI Excess Claim Severity (£)	Ultimate TPI Excess Burning Cost (£)	Year-on-Year Change in Frequency (% pa)	Year-on-Year Change in Severity (% pa)	Year-on-Year Change in Burning Cost (% pa)
2006	10.4	95	375,368	35.6			
2007	11.0	86	280,723	24.3	-8.9%	-25.2%	-31.9%
2008	11.3	84	359,966	30.1	-3.2%	28.2%	24.1%
2009	13.4	78	497,272	38.7	-7.0%	38.1%	28.5%
2010	14.2	68	462,973	31.3	-13.2%	-6.9%	-19.2%
2011	17.5	66	450,610	29.6	-2.7%	-2.7%	-5.3%
2012	20.0	65	460,160	29.8	-1.5%	2.1%	0.6%
2013	20.3	60	544,948	32.9	-6.6%	18.4%	10.6%
2014	20.6	67	576,342	38.7	11.1%	5.8%	17.5%
2015	21.3	63	608,684	38.5	-5.9%	5.6%	-0.6%
2016	22.0	64	634,335	40.5	1.2%	4.2%	5.4%
Average (2009 to 2016)					-2.8%	3.5%	0.7%
Average (2011 to 2016)					-0.6%	7.1%	6.5%
Average (2013 to 2016)					1.9%	5.2%	7.2%

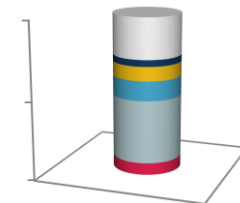


Market statistics – TPI Excess

Projected Results – Type 1

Private Car Comprehensive TPI Capped Results in Layer (all layers given in 2010 money, indexed at 7% pa)

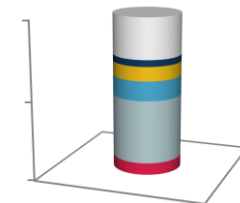
Accident Year	£100k - 250k	£250k - 500k	£500k - 1m	£1m - 2m	£2m to 5m	> £5m	>100k
Frequency exc Nils (in layer and above) (claims per million vehicle years)							
2008	83.7	30.3	15.0	7.6	3.7	1.4	83.7
2009	77.8	32.3	15.0	8.4	5.1	2.1	77.8
2010	67.5	26.3	13.2	6.9	3.6	1.3	67.5
2011	65.7	26.9	12.6	6.1	2.8	1.3	65.7
2012	64.7	25.5	12.4	6.3	2.9	0.9	64.7
2013	60.4	24.9	11.3	5.6	3.0	1.2	60.4
2014	67.1	27.1	12.1	6.6	3.6	1.3	67.1
2015	63.2	24.1	11.3	6.9	3.5	1.1	63.2
2016	63.9	25.4	11.6	6.3	3.1	1.1	63.9
Average Cost (£)							
2008	75,723	148,633	306,204	584,106	1,730,504	2,643,125	359,966
2009	85,945	155,457	345,018	705,351	1,796,564	3,110,701	497,272
2010	90,385	170,659	349,570	706,228	1,804,989	3,555,384	462,973
2011	97,463	177,494	339,398	720,058	2,340,086	2,532,858	450,610
2012	104,030	191,893	392,187	769,001	1,837,768	3,518,282	460,160
2013	114,880	202,936	405,081	876,714	2,191,213	4,137,129	544,948
2014	118,343	209,384	456,272	925,433	2,373,772	3,694,273	576,342
2015	122,510	224,060	501,353	989,904	2,378,563	4,066,571	608,684
2016	135,591	242,480	533,204	1,020,727	2,634,090	4,400,482	634,335
Burning Cost (£)							
2008	6.3	4.5	4.6	4.4	6.4	3.8	30.1
2009	6.7	5.0	5.2	5.9	9.2	6.7	38.7
2010	6.1	4.5	4.6	4.9	6.5	4.7	31.3
2011	6.4	4.8	4.3	4.4	6.6	3.2	29.6
2012	6.7	4.9	4.8	4.9	5.3	3.1	29.8
2013	6.9	5.0	4.6	4.9	6.6	4.8	32.9
2014	7.9	5.7	5.5	6.1	8.6	4.9	38.7
2015	7.7	5.4	5.7	6.8	8.4	4.5	38.5
2016	8.7	6.2	6.2	6.4	8.1	5.0	40.5



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Market statistics – TPI Excess

Projected Results – Type 1



Private Car Comprehensive TPI Capped Results in Layer (all layers given in 2010 money, indexed at 7% pa)

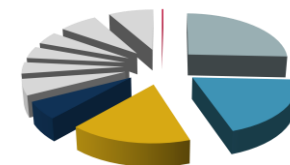
Accident Year	£100k - 250k	£250k - 500k	£500k - 1m	£1m - 2m	£2m to 5m	> £5m	>100k
Frequency exc Nils (in layer and above) (claims per million vehicle years)							
2008	-3.2%	-6.3%	4.3%	15.8%	19.8%	56.3%	-3.2%
2009	-7.0%	6.5%	-0.5%	10.5%	38.2%	49.1%	-7.0%
2010	-13.2%	-18.6%	-11.8%	-18.2%	-30.3%	-38.0%	-13.2%
2011	-2.7%	2.1%	-4.2%	-10.9%	-21.7%	-5.9%	-2.7%
2012	-1.5%	-5.0%	-2.2%	3.1%	3.8%	-29.9%	-1.5%
2013	-6.6%	-2.6%	-8.7%	-10.8%	3.6%	33.0%	-6.6%
2014	11.1%	8.9%	7.0%	16.5%	20.2%	13.2%	11.1%
2015	-5.9%	-10.9%	-6.4%	4.3%	-2.8%	-16.6%	-5.9%
2016	1.2%	5.3%	2.8%	-8.3%	-12.5%	2.8%	1.2%
Average Cost (£)							
2008	4.7%	10.5%	14.1%	8.5%	31.3%	11.8%	28.2%
2009	13.5%	4.6%	12.7%	20.8%	3.8%	17.7%	38.1%
2010	5.2%	9.8%	1.3%	0.1%	0.5%	14.3%	-6.9%
2011	7.8%	4.0%	-2.9%	2.0%	29.6%	-28.8%	-2.7%
2012	6.7%	8.1%	15.6%	6.8%	-21.5%	38.9%	2.1%
2013	10.4%	5.8%	3.3%	14.0%	19.2%	17.6%	18.4%
2014	3.0%	3.2%	12.6%	5.6%	8.3%	-10.7%	5.8%
2015	3.5%	7.0%	9.9%	7.0%	0.2%	10.1%	5.6%
2016	10.7%	8.2%	6.4%	3.1%	10.7%	8.2%	4.2%
Burning Cost (£)							
2008	1.3%	3.5%	19.1%	25.7%	57.2%	74.7%	24.1%
2009	5.5%	11.3%	12.1%	33.5%	43.5%	75.5%	28.5%
2010	-8.8%	-10.6%	-10.6%	-18.1%	-29.9%	-29.1%	-19.2%
2011	4.9%	6.2%	-7.0%	-9.2%	1.4%	-32.9%	-5.3%
2012	5.1%	2.7%	13.0%	10.1%	-18.5%	-2.7%	0.6%
2013	3.2%	3.0%	-5.7%	1.6%	23.5%	56.4%	10.6%
2014	14.4%	12.3%	20.6%	23.0%	30.3%	1.1%	17.5%
2015	-2.6%	-4.6%	2.8%	11.6%	-2.7%	-8.2%	-0.6%
2016	12.0%	14.0%	9.3%	-5.5%	-3.1%	11.2%	5.4%



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Market statistics – TPI Excess

Projected Results – Type 2



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

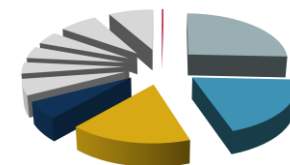
Accident Year	£100k - 250k	£250k - 500k	£500k - 1m	£1m - 2m	£2m to 5m	> £5m
Frequency exc Nils (finishing in layer) (claims per million policy years)						
2008	53.4	15.3	7.4	3.9	2.3	1.4
2009	45.5	17.3	6.5	3.3	3.0	2.1
2010	41.2	13.1	6.3	3.3	2.2	1.3
2011	38.8	14.2	6.5	3.3	1.5	1.3
2012	39.2	13.2	6.0	3.4	2.0	0.9
2013	35.6	13.6	5.7	2.6	1.8	1.2
2014	40.1	15.0	5.5	2.9	2.3	1.3
2015	39.1	12.8	4.5	3.3	2.4	1.1
2016	38.5	13.8	5.4	3.2	1.9	1.1
Average Cost (£)						
2008	131,627	298,475	609,301	1,181,364	2,914,680	7,010,319
2009	140,930	321,652	655,300	1,280,459	2,942,433	7,783,598
2010	152,342	340,813	685,577	1,387,454	3,097,794	8,555,384
2011	160,894	364,948	690,145	1,495,433	3,776,409	7,882,858
2012	174,432	389,434	775,982	1,593,681	3,437,222	9,242,782
2013	189,262	423,185	810,863	1,701,732	3,702,816	10,262,344
2014	196,533	441,621	874,771	1,761,903	4,100,079	10,248,253
2015	208,484	462,912	895,611	1,956,405	4,350,177	11,079,329
2016	226,558	505,669	1,028,612	2,059,699	4,549,170	11,904,134
Burning Cost (£)						
2008	7.0	4.6	4.5	4.6	6.6	10.1
2009	6.4	5.6	4.3	4.2	8.8	16.7
2010	6.3	4.5	4.3	4.6	7.0	11.4
2011	6.3	5.2	4.5	5.0	5.9	9.9
2012	6.8	5.1	4.7	5.4	7.0	8.1
2013	6.7	5.7	4.6	4.5	6.8	12.0
2014	7.9	6.6	4.8	5.2	9.4	13.5
2015	8.1	5.9	4.0	6.5	10.5	12.2
2016	8.7	7.0	5.5	6.6	8.9	13.5



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Market statistics – TPI Excess

Projected Results – Type 2



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

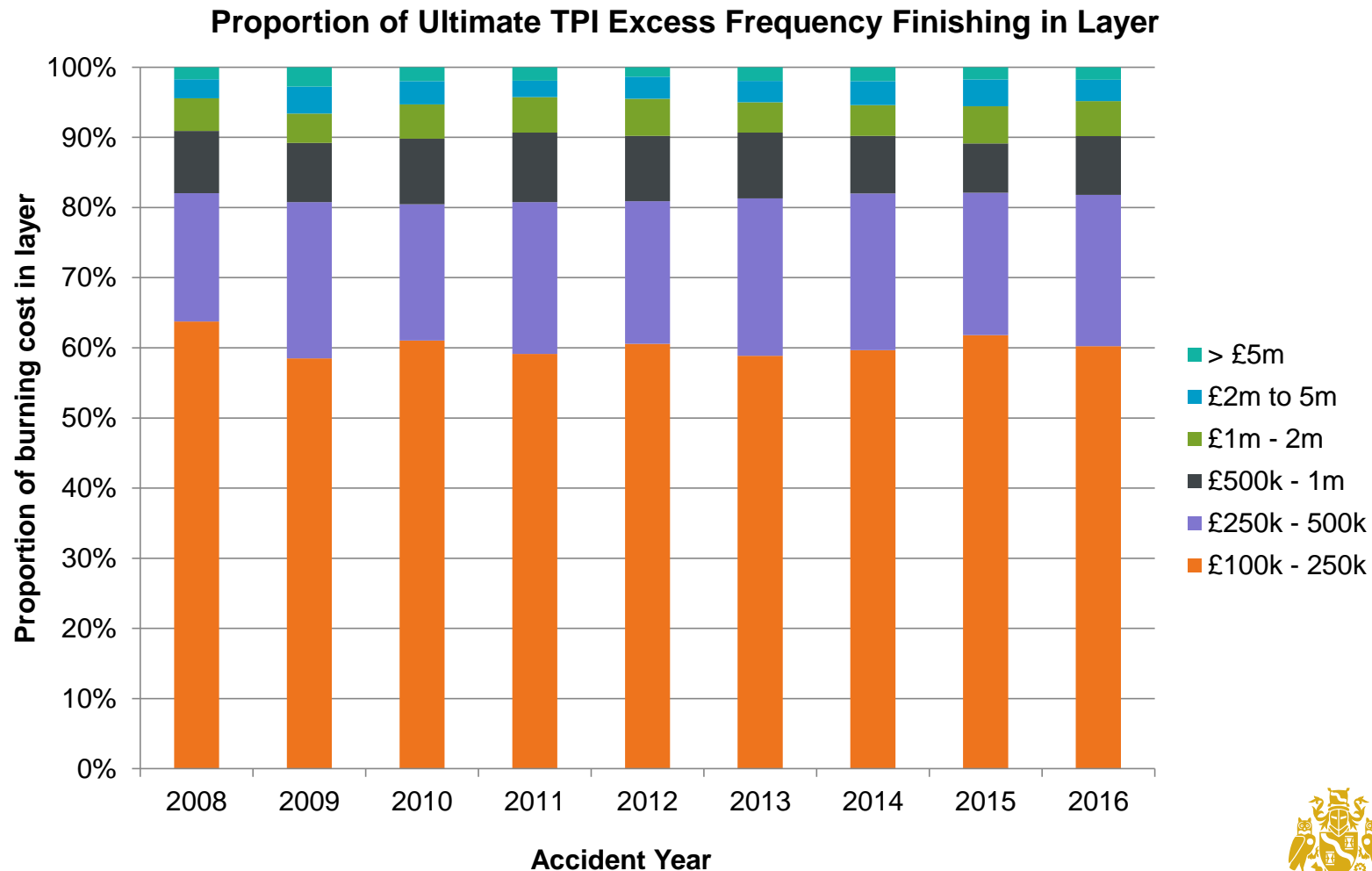
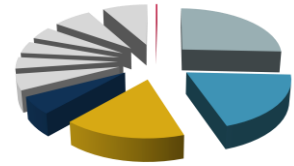
Accident Year	£100k - 250k	£250k - 500k	£500k - 1m	£1m - 2m	£2m to 5m	> £5m
Frequency exc Nils (finishing in layer) (claims per million policy years)						
2008	-1.4%	-14.8%	-5.3%	12.3%	4.4%	56.3%
2009	-14.7%	13.3%	-11.9%	-15.9%	31.3%	49.1%
2010	-9.5%	-24.4%	-3.6%	0.8%	-24.7%	-38.0%
2011	-5.8%	8.4%	3.1%	0.9%	-31.1%	-5.9%
2012	0.9%	-7.5%	-7.2%	2.6%	31.1%	-29.9%
2013	-9.2%	3.2%	-6.4%	-23.1%	-9.1%	33.0%
2014	12.6%	10.4%	-2.4%	12.2%	24.7%	13.2%
2015	-2.5%	-14.5%	-19.2%	13.2%	5.1%	-16.6%
2016	-1.4%	7.6%	19.9%	-3.9%	-19.5%	2.8%
Average (2009 to 2016)	-2.4%	-3.2%	-2.8%	-0.3%	-5.9%	-8.7%
Average (2011 to 2016)	-0.2%	-0.6%	-3.8%	-0.8%	4.7%	-2.0%
Average (2013 to 2016)	2.7%	0.5%	-1.8%	6.9%	1.8%	-1.0%
Average Cost (£)						
2008	6.2%	5.5%	8.9%	6.8%	17.8%	8.8%
2009	7.1%	7.8%	7.5%	8.4%	1.0%	11.0%
2010	8.1%	6.0%	4.6%	8.4%	5.3%	9.9%
2011	5.6%	7.1%	0.7%	7.8%	21.9%	-7.9%
2012	8.4%	6.7%	12.4%	6.6%	-9.0%	17.3%
2013	8.5%	8.7%	4.5%	6.8%	7.7%	11.0%
2014	3.8%	4.4%	7.9%	3.5%	10.7%	-0.1%
2015	6.1%	4.8%	2.4%	11.0%	6.1%	8.1%
2016	8.7%	9.2%	14.9%	5.3%	4.6%	7.4%
Average (2009 to 2016)	7.0%	6.7%	6.7%	7.0%	6.4%	6.3%
Average (2011 to 2016)	7.1%	6.7%	8.3%	6.6%	3.8%	8.6%
Average (2013 to 2016)	6.2%	6.1%	8.3%	6.6%	7.1%	5.1%
Burning Cost (£)						
2008	4.7%	-10.1%	3.2%	20.0%	23.0%	70.0%
2009	-8.6%	22.1%	-5.2%	-8.8%	32.6%	65.6%
2010	-2.1%	-19.9%	0.8%	9.2%	-20.7%	-31.8%
2011	-0.5%	16.1%	3.8%	8.7%	-16.1%	-13.3%
2012	9.4%	-1.2%	4.4%	9.3%	19.3%	-17.9%
2013	-1.5%	12.1%	-2.2%	-17.9%	-2.1%	47.7%
2014	16.9%	15.2%	5.3%	16.2%	38.1%	13.1%
2015	3.4%	-10.4%	-17.3%	25.7%	11.5%	-9.9%
2016	7.1%	17.5%	37.7%	1.2%	-15.8%	10.4%
Average (2009 to 2016)	4.5%	3.2%	3.6%	6.7%	0.1%	-3.0%
Average (2011 to 2016)	6.9%	6.1%	4.1%	5.8%	8.7%	6.4%
Average (2013 to 2016)	9.0%	6.7%	6.3%	13.9%	9.0%	4.0%



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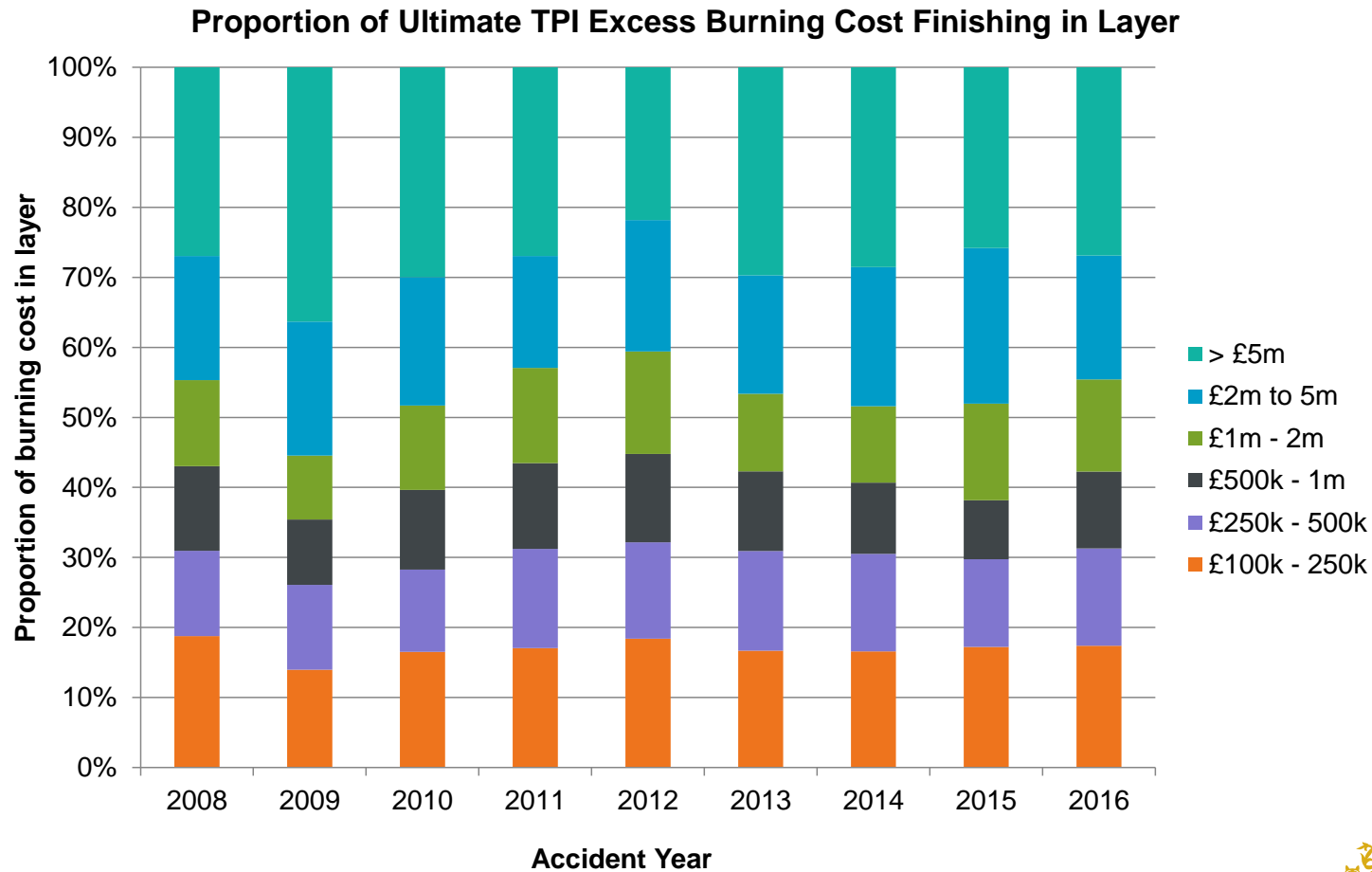
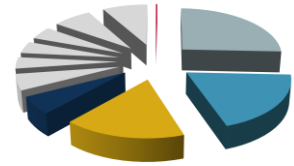
Market statistics – TPI Excess

Projected Results – Type 2



Market statistics – TPI Excess

Projected Results – Type 2



Market statistics – TPI Excess

Ogden

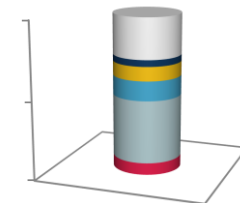
- We have looked at the impact of the Ogden rate change from 2.5% to -0.75% on 4000 large open claims.
- The impact on case reserves by band is summarised below on a type 1 and type 2 basis.
- Note the reduction in type 2 uplift % for £5m+ compared to £2m to £5m is likely to be due to the presence of settled PPOs in the data which are un-impacted by an Ogden rate change.

Band	Ogden impact Type 1	Ogden impact Type 2
£100k to £250k	3.3%	12.0%
£250k to £500k	15.9%	19.4%
£500k to £1m	23.4%	32.9%
£1m to £2m	35.9%	47.2%
£2m to £5m	58.2%	54.5%
£5m +	126.3%	50.9%
Total	46.3%	41.3%



Market statistics – TPI Excess

Projected Results – Adjusted for Ogden



Projected Ultimate Excess TPI Results for Private Car Comprehensive

Accident Period	Earned Exposure (millions of vehicle years)	Ultimate TPI Excess Burning Cost (£) Ogden 2.5%	Ultimate TPI Excess Burning Cost (£) Ogden -0.75%	Impact on Burning Cost (% pa)
2006	10.4	35.6	44.3	24.3%
2007	11.0	24.3	27.1	11.7%
2008	11.3	30.1	34.4	14.1%
2009	13.4	38.7	46.9	21.2%
2010	14.2	31.3	39.0	24.6%
2011	17.5	29.6	35.9	21.2%
2012	20.0	29.8	37.2	25.0%
2013	20.3	32.9	43.9	33.2%
2014	20.6	38.7	53.5	38.2%
2015	21.3	38.5	53.6	39.3%
2016	22.0	40.5	56.4	39.2%

- We have adjusted our projected TPI excess results by applying the Type 1 uplifts to the reserve estimated by band.



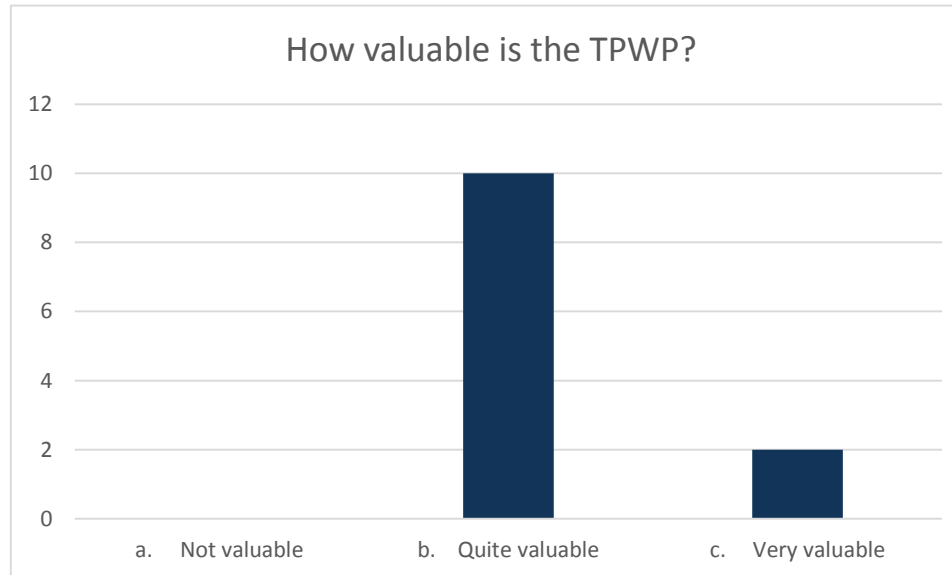
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1. Market Info
2. Market Statistics: TPD
3. Market Statistics: Capped TPI
4. Market Statistics: Excess TPI
5. Survey results

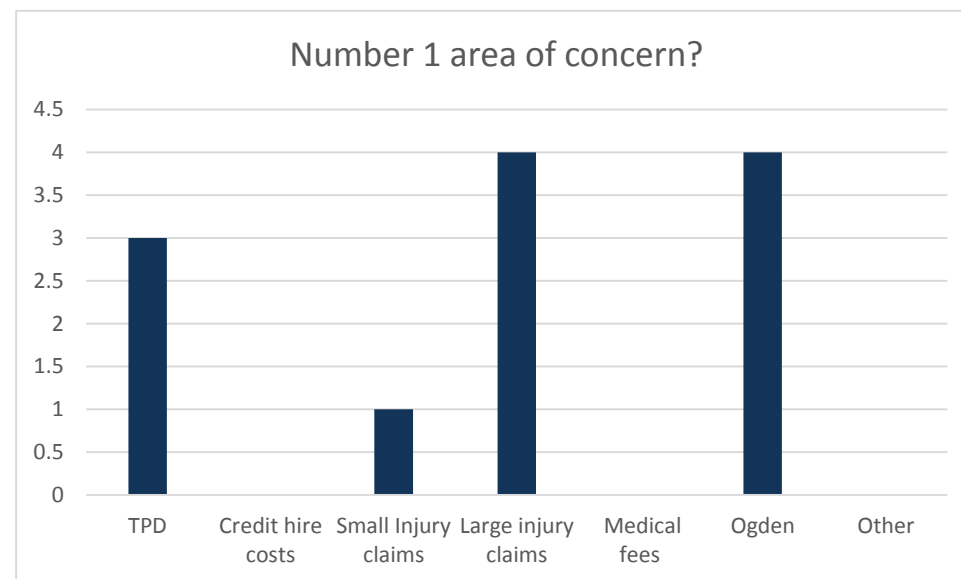
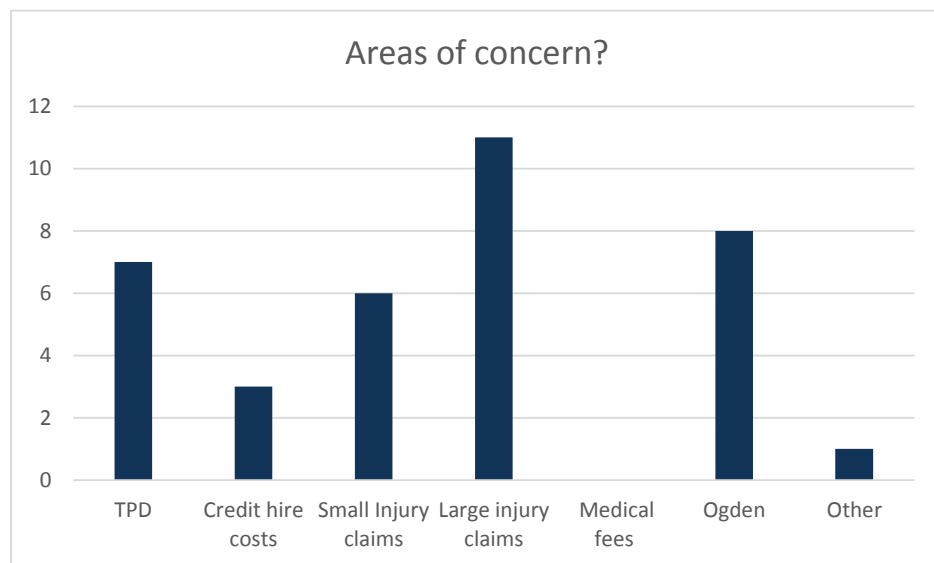
Survey Results

How valuable is the TPWP?



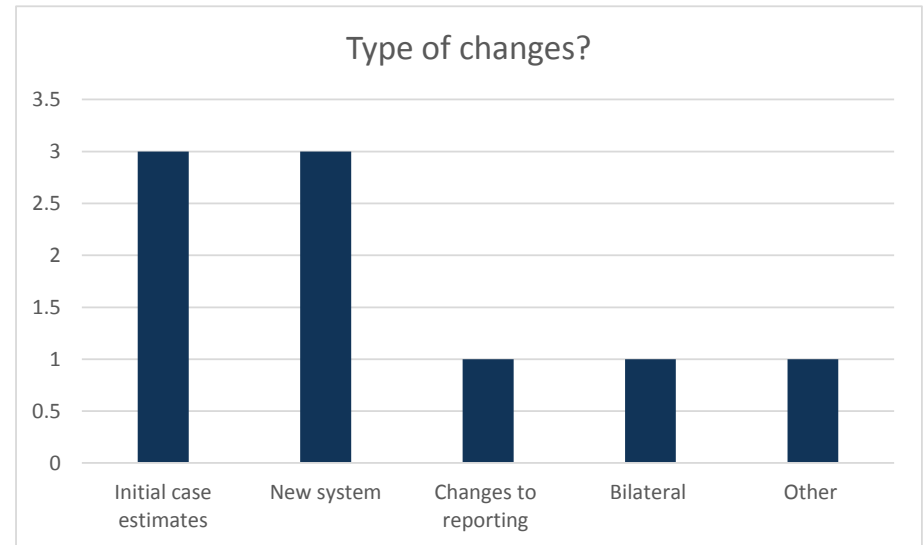
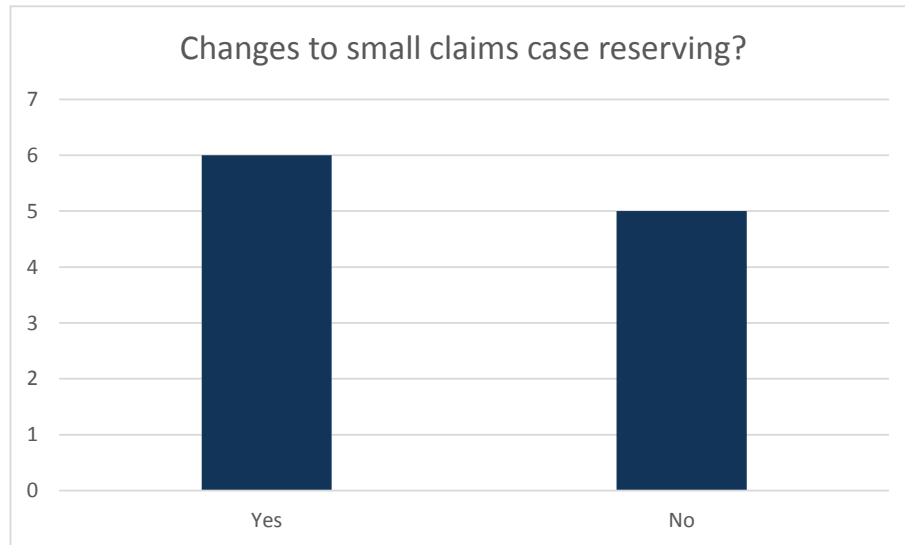
Survey Results

Areas of concern?



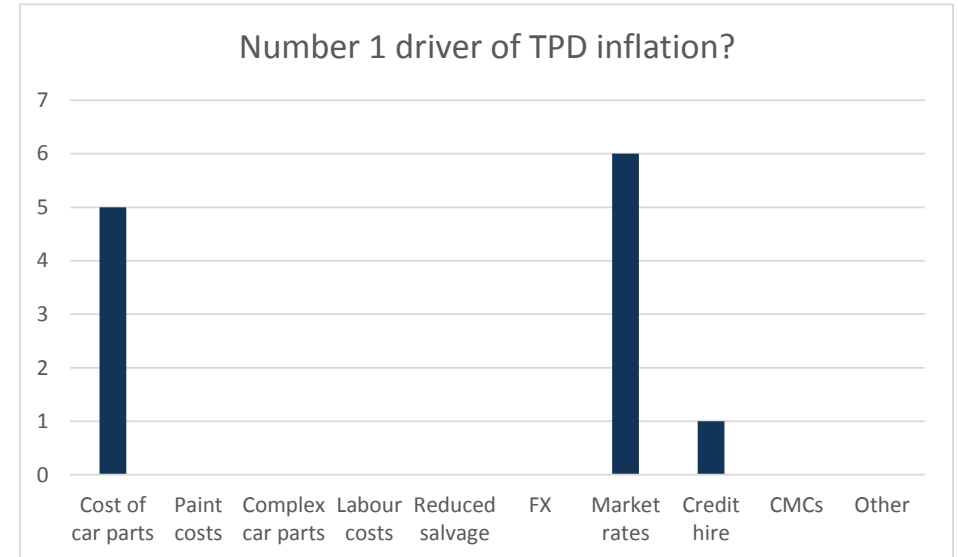
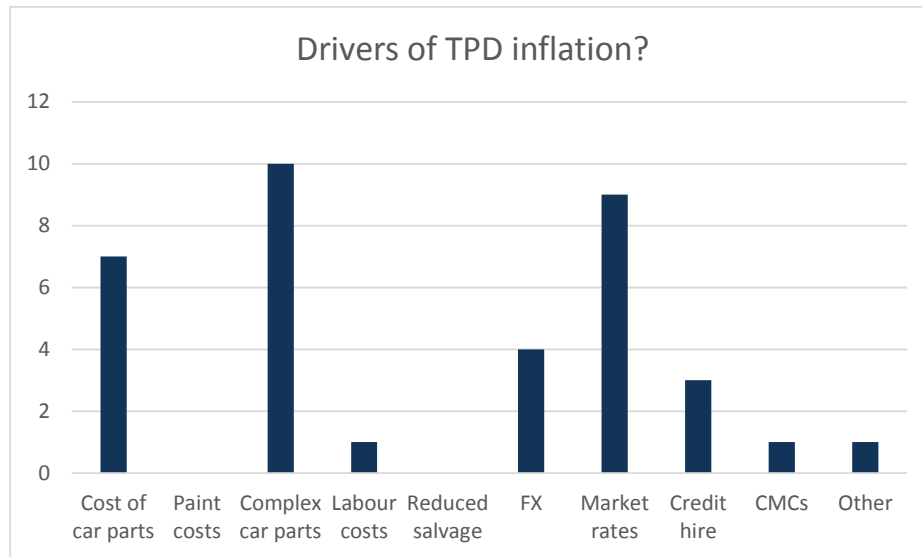
Survey Results

Changes to case reserving on small claims?



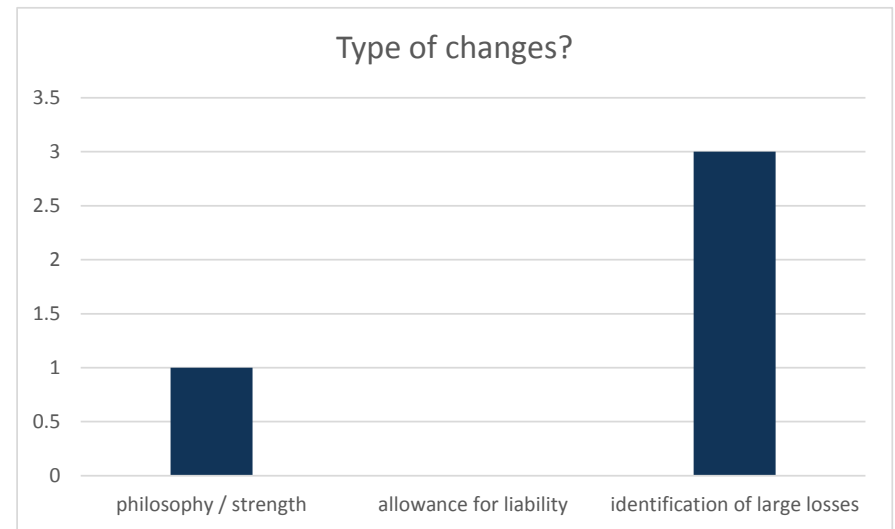
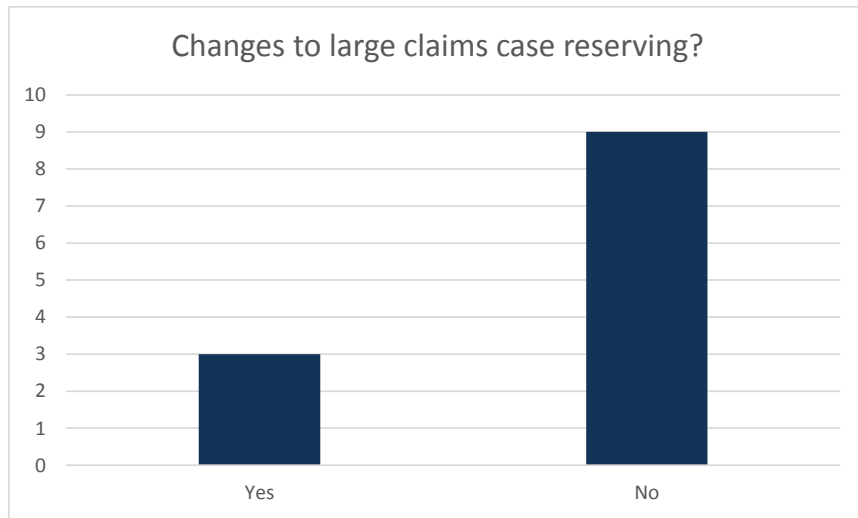
Survey Results

Drivers of TPD inflation



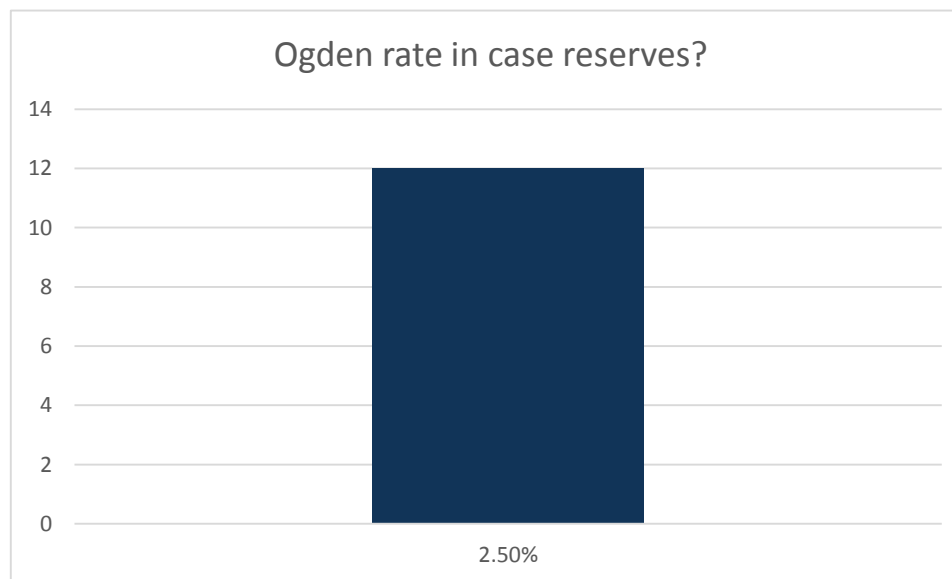
Survey Results

Changes to case reserving on large claims?



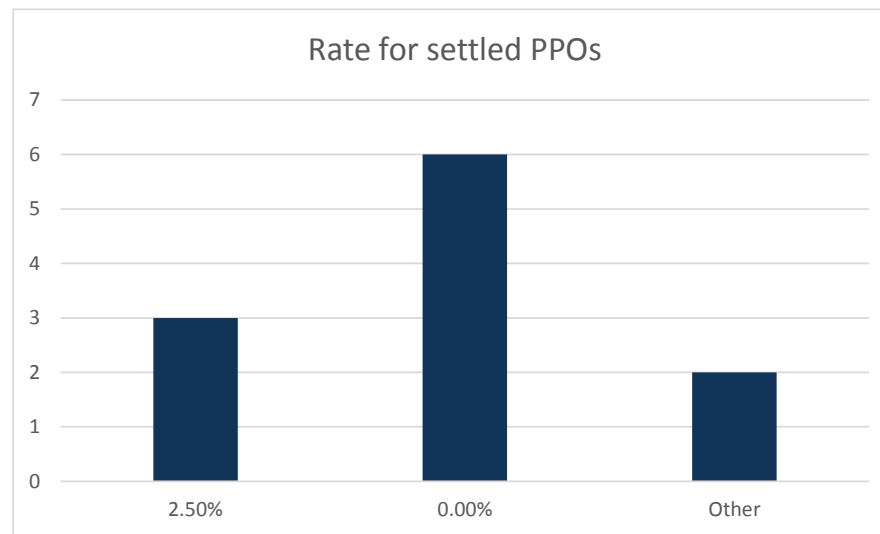
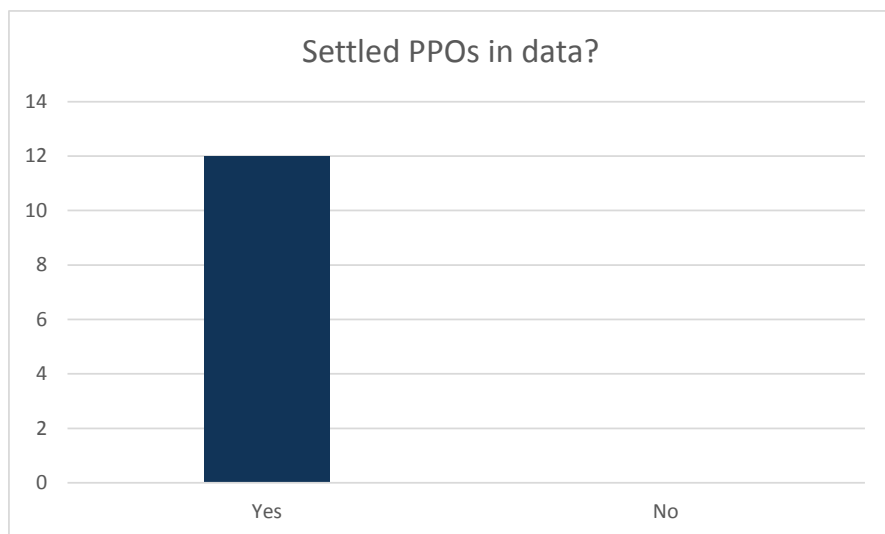
Survey Results

Ogden rate for open claims?



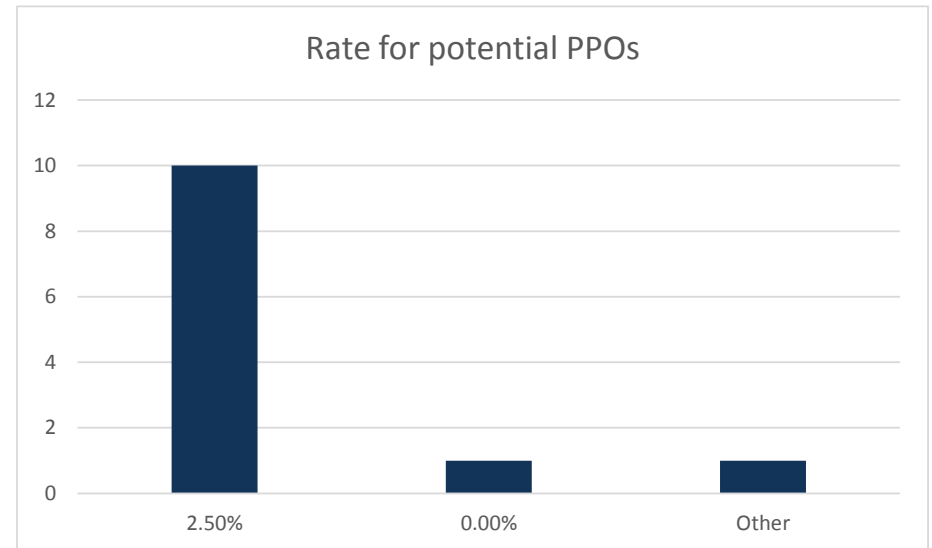
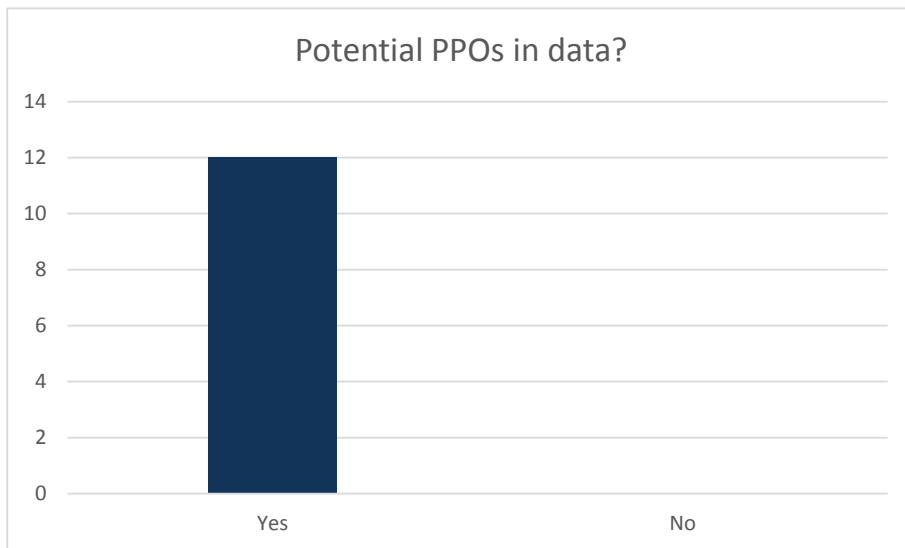
Survey Results

Settled PPOs



Survey Results

Potential PPOs



Survey Results

Definition of large claims

