



# EMBARGOED TO

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### **2013 research from IFoA shows number of whiplash\* motor insurance claims continued to increase in 2012**

- **90% of all motor insurance third party injury (TPI) claims in England and Wales in 2012 were for \*small, whiplash like claims**
- **There was a 5% increase in the proportion of accidents involving TPI claims from 2011 to 2012**
- **'Claims farming' continues to drive increases in injury claim reporting for accidents as long ago as 2010**

The Institute and Faculty of Actuaries (IFoA) has released its 4<sup>th</sup> annual report looking at 'third party injury (TPI) and third party damage (TPD) UK motor insurance claims data'. The report collates and analyses data from across the motor insurance industry for 2012.

A key finding of the IFoA's report is the increase in the proportion of third party accidents involving bodily injury, with data showing an increase of 5% from 2011 to 2012. (See appendix for figure increases). There is also a significant increase in the number of reported claims for the years 2011 and 2010 compared to the data collected last year, suggesting that a high volume of back dated claims have been filed – this is known as 'claims farming'. The average claim size in 2012 was £9,512.

David Brown, one of the authors of the IFoA report said;

“The data we have collected for the last four years clearly shows a decrease in the number of accidents (third party damage claims - TPD) and you would expect that to correspond with a decrease in the number of injuries (third party injury - TPI) claims; instead we have seen an increase in injury claims. This could mean that people are driving less safely. However

Police data shows that the number of motor accidents involving casualties has decreased. The other conclusion that you can draw is that claims farming is on the increase\*.

“90% of the third party injury claims made in 2012 were what we consider ‘small claims’ for less than £20,000. Coupled with the average claim figure of £9,512, this suggests that the majority of claims continue to be for whiplash like injuries.

“The number of reported injury (TPI) claims for 2010 continues to increase and is not following the pattern of previous years’ data. This is likely to be due to late ‘claims farming\*’. We won’t know for some time if this is the beginning of a new pattern – or if it is simply a sudden one-off rush of activity in advance of the introduction of LASPO\*\* measures in April of this year.”

“Last year our report showed a clear correlation between claim ‘hotspots’ and the location of claims management companies (CMCs). The proportion of claims for insured accidents involving bodily injury is higher in the UK than in the USA which is generally considered the most litigious jurisdiction. Recently the Transport Select Committee suggested that the UK was the whiplash capital of the world, and they may well have a point.”

*\* claims management companies retrospectively filing claims on behalf of clients*

*\*\* LASPO – legal aid and sentencing punishment offenders, a package of legislation implementing many of the recommendations of the Jackson Report that was published in 2010 came into force from April 2013.*

~ENDS~

**For further comment, an in-depth summary of the findings of the report inclusive of charts, a full copy of the report, a jpeg image of David Brown or to answer any questions that you may have please contact Karen Wagg at the IFoA on 077 255 58 551 or by emailing [Karen.wagg@actuaries.org.uk](mailto:Karen.wagg@actuaries.org.uk)**

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### **Editorial notes:**

Please find below data supporting this media release.

### Ratio of TPI/TPD Claim Numbers from 2006 to 2012: annual percentage change

	2012 data	2011 data
Year	%	%
2011 – 2012	4.5	n/a
2010 – 2011	18.8	17.7
2009 – 2010	10.9	6.9
2008 – 2009	9.3	10.9
2007 – 2008	8.3	12.4

Source: the Institute and Faculty of Actuaries, Update from the Third Party Working Party, June 2013

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