

Civil Liability Act

12th September 2019



Part 1 – Whiplash Claims/Small Claims Portal (SCP)





Whiplash Definition



1 Whiplash injury etc

(1) In this Part “whiplash injury” means an injury of soft tissue in the neck, back or shoulder that is of a description falling within subsection (2), but not including an injury excepted by subsection (3).

(2) An injury falls within this subsection if it is—
back or
shoulder.
(a) a sprain, strain, tear, rupture or lesser damage of a muscle, tendon or ligament in the neck, shoulder, or
(b) an injury of soft tissue associated with a muscle, tendon or ligament in the neck, back or shoulder.

(3) An injury is excepted by this subsection if—
falling
(a) it is an injury of soft tissue which is a part of or connected to another injury, and
(b) the other injury is not an injury of soft tissue in the neck, back or shoulder of a description within subsection (2).



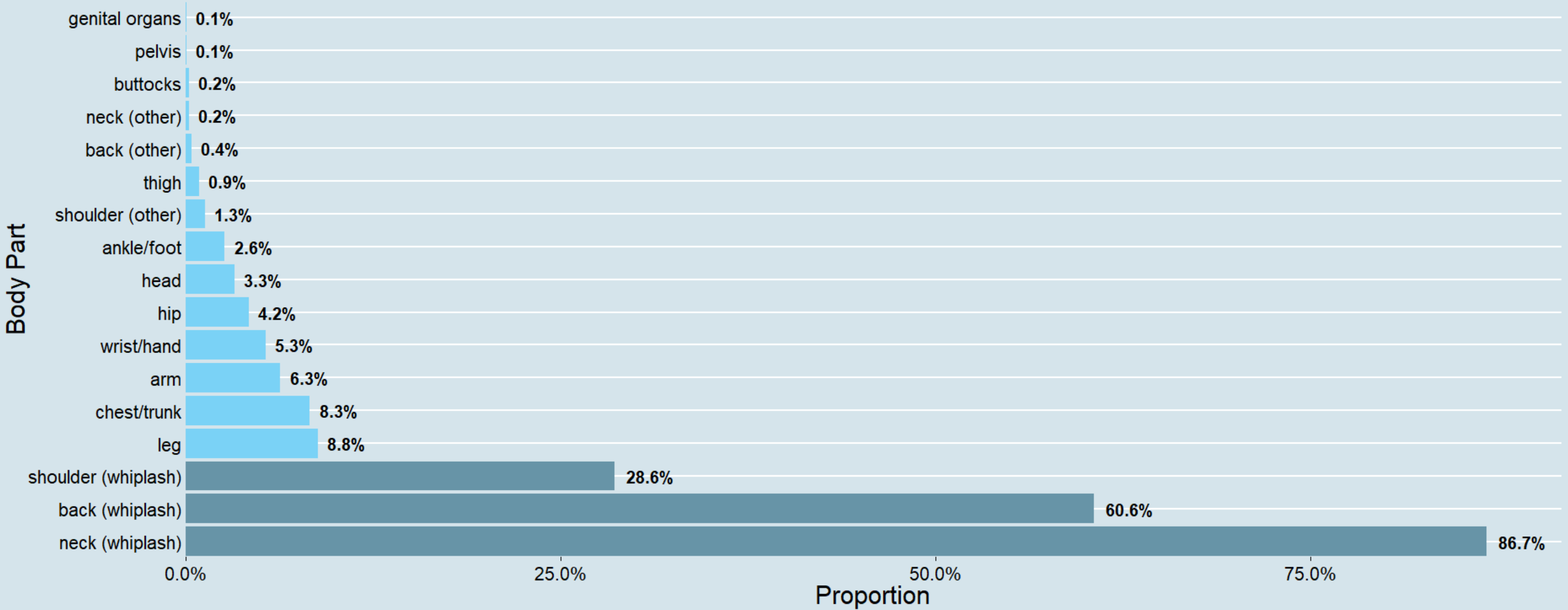
SWOT Analysis

	Strengths	Weaknesses	Opportunities	Threats
Injury Definition	Clear, objective whiplash definition	Easier to circumvent the definition	Reduce negotiation and touch points	Increase in non-whiplash injuries (displacement)



Data Analysis

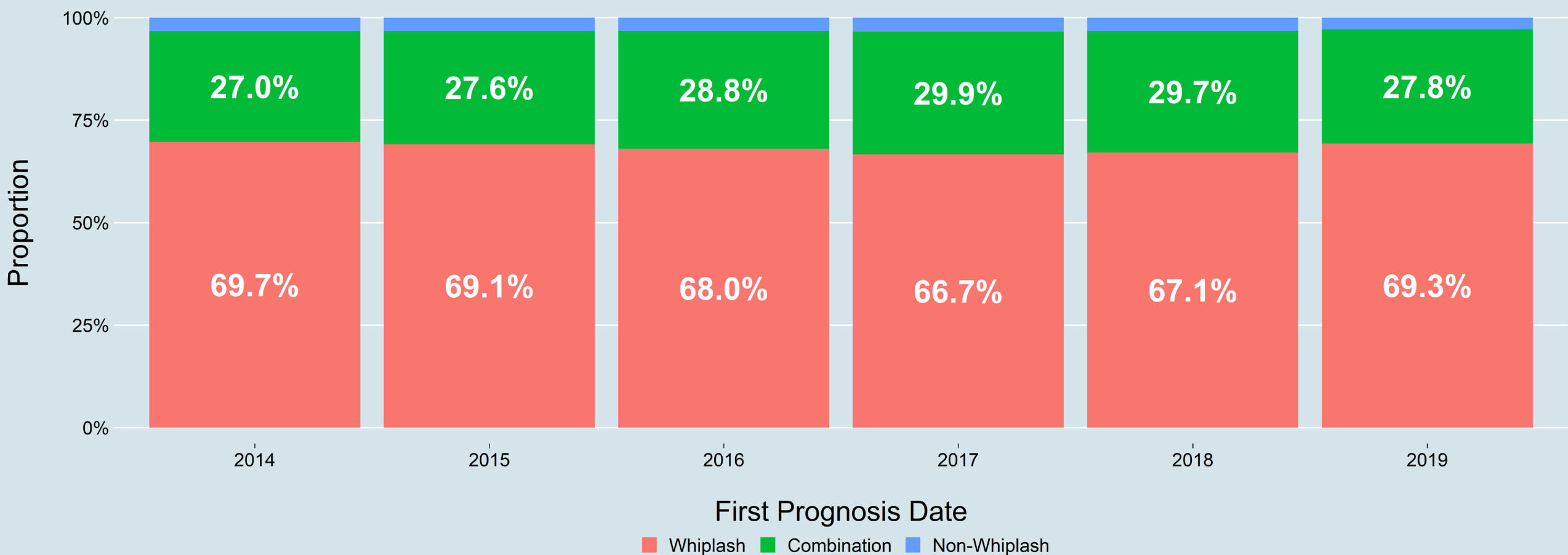
Distribution of Soft Tissue Injuries
Year of Settlement - 2014





Data Analysis

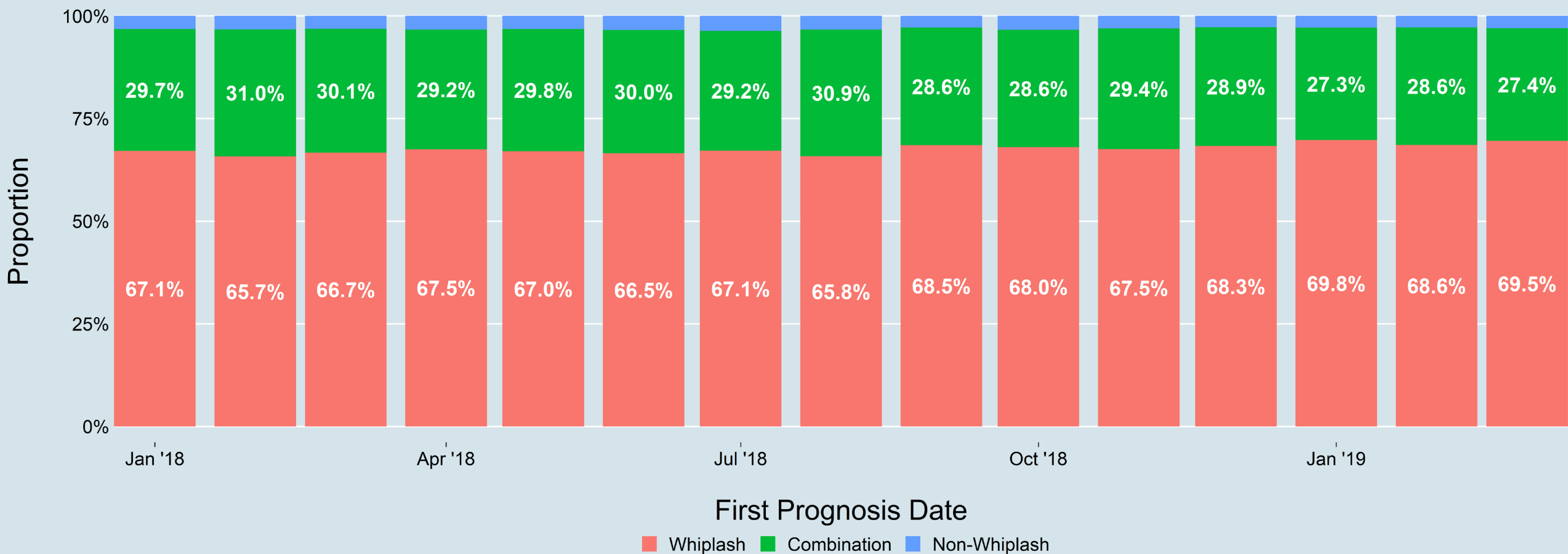
Distribution of Claim Types





Data Analysis

Distribution of Claim Types





Pre-Medical Settlements



6 Rules against settlement before medical report

- (1) A regulated person is in breach of this section if—
- (a) the regulated person knows or has reason to suspect that a
whiplash claim is being made,
 - (b) the regulated person does, or arranges or advises the doing of, an
act mentioned in subsection (2), without first seeing appropriate
evidence of the whiplash injury or injuries, and
 - (c) the regulated person is acting as such when the regulated person
does, or arranges or advises the doing of, that act.



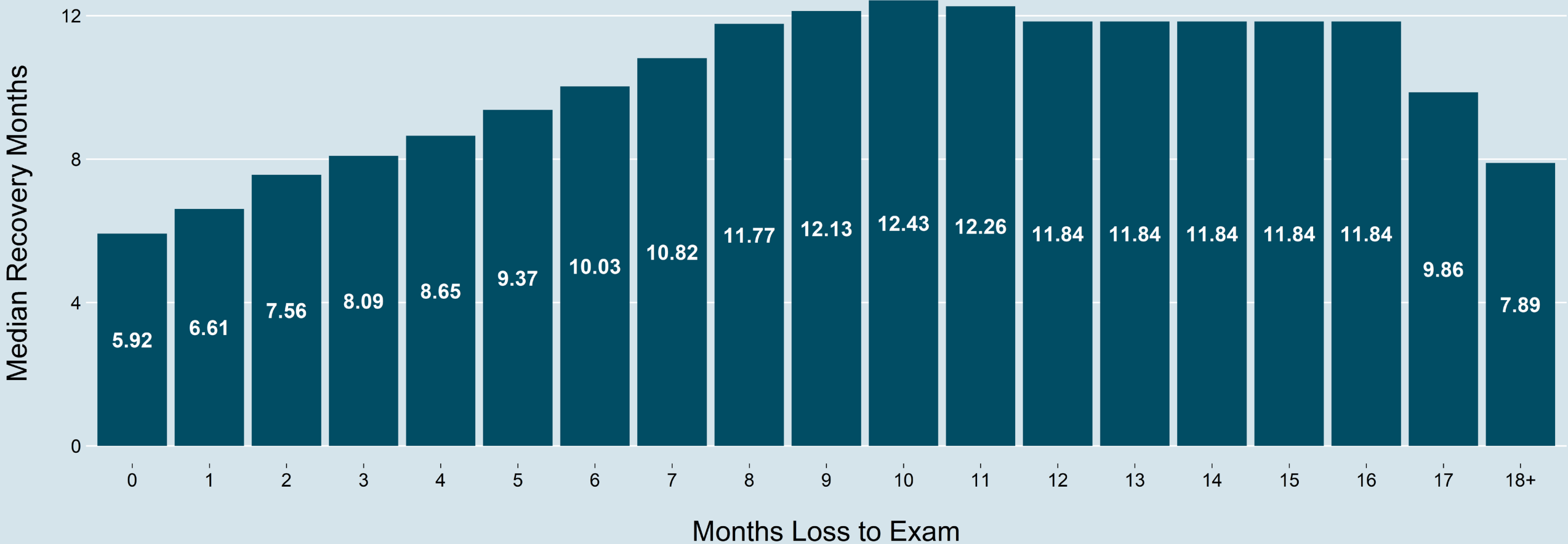
SWOT Analysis

	Strengths	Weaknesses	Opportunities	Threats
No Pre-Medical Settlements	Possible deterrent	Increased number of examinations could result in backlog/delay	Increased medical data and analysis	Risk of extended recovery duration



Data Analysis

Loss to Examination Vs Recovery Duration





Part 3 – Impact Reporting



Part 3 – Impact Reporting

- Civil Liability Act report on savings provision: consultation on implementing regulations - published 21 March 2019
- Consultation set out government's suggested approach to obtaining information necessary to make a reasoned assessment of whether insurers have passed on savings to their customers
- New statutory requirement for insurers to provide FCA with costs and premium prices:
 - from April 2020 – April 2023 (or earlier)
 - including what these **figures were expected to be, had the act not passed**
- Information to be provided to the FCA on a one-off basis, delivered by 01 November 2023, for each of the three years of the reporting period
- Treasury to lay a report before Parliament which assesses whether policyholders have benefitted from any savings made by insurers

Part 3 – Impact Reporting

Part 3 Requirement

Declare whether in scope by selling over 10,000 relevant policies in any of the reporting years

Demonstrate changes to pricing made in anticipation of CLA, including data from April 2018 onwards

Collate, store and anonymise data

Information audited by a qualified auditor:

- Total amount paid by insurer to settle PI claims brought by third parties
- The mean of the amounts paid by the insurer during the reporting year for these settlements
- These amounts in separate totals in respect of claims with a settlement value:
 - a) Up to and including £100,000
 - b) In excess of £100,000
 - Total premium income from relevant policies where the cover starts in the reporting year
 - The mean premium amount charged by the insurer for those policies
 - The total amount of these premiums which is calculated by the insurer as the technical price, which exclude optimisation and market pricing factors

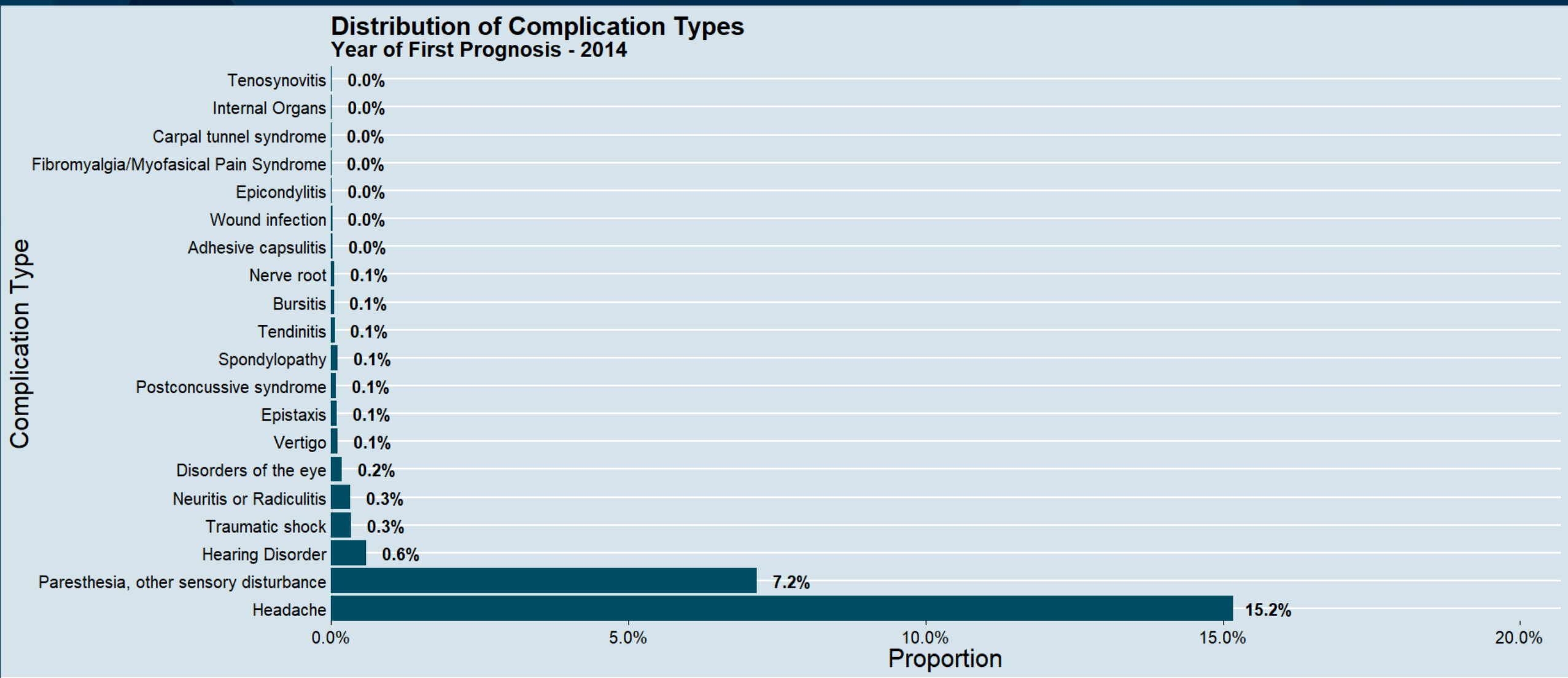


Part 3 – Impact Reporting

Part 3 Requirement
Trends in the insurance market for the reporting year which could have effect of influencing or distorting the information provided
Capability of providing the data for an additional full year before the reporting period begins (two years if preferred by insurer)
Note whether intermediaries are acting in relation to policies and disclose proportion of GWP of relevant third party PI policies of insurance is so affected, and intermediaries' costs
Provide information to the FCA that is clear, concise and adheres to the specified format by 01 November 2023 (this may be a web form)
Any other information which is, in the insurer's opinion, relevant to the aim of assessing whether benefits from savings made have been passed on to customers i.e. general market trends, significant event
<ul style="list-style-type: none">Displacement as a result of the implementation of the CLA

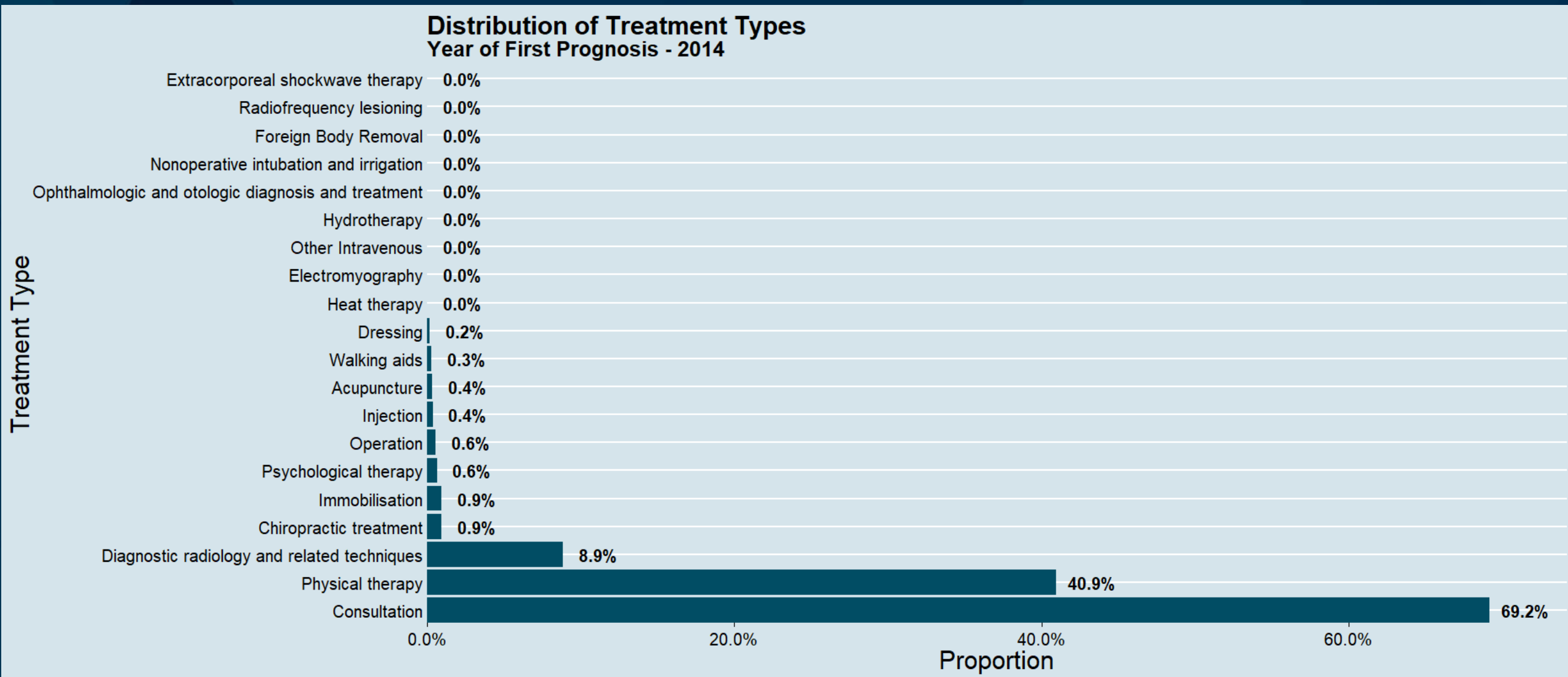


Possible Displacement - Complications

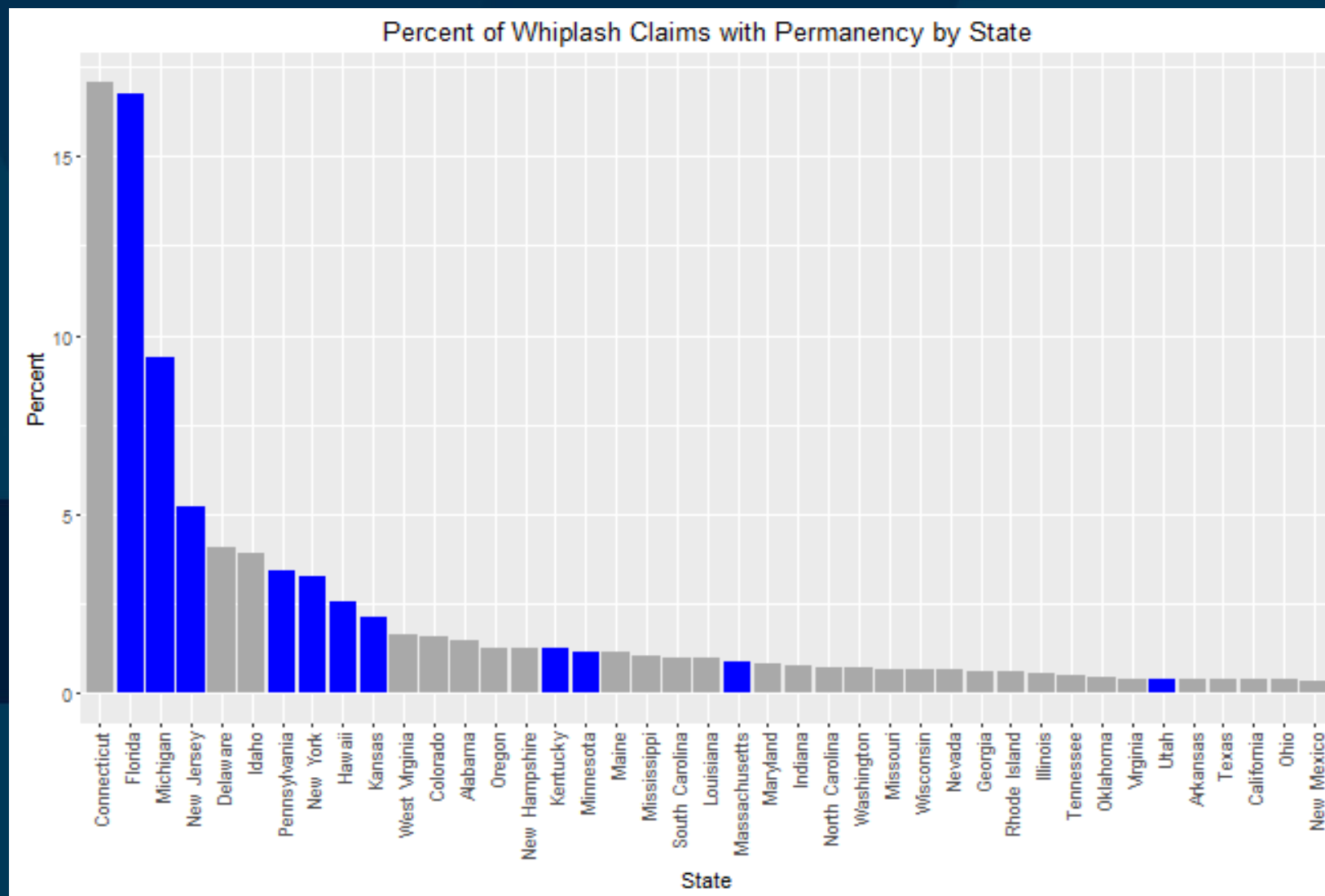




Possible Displacement - Treatment

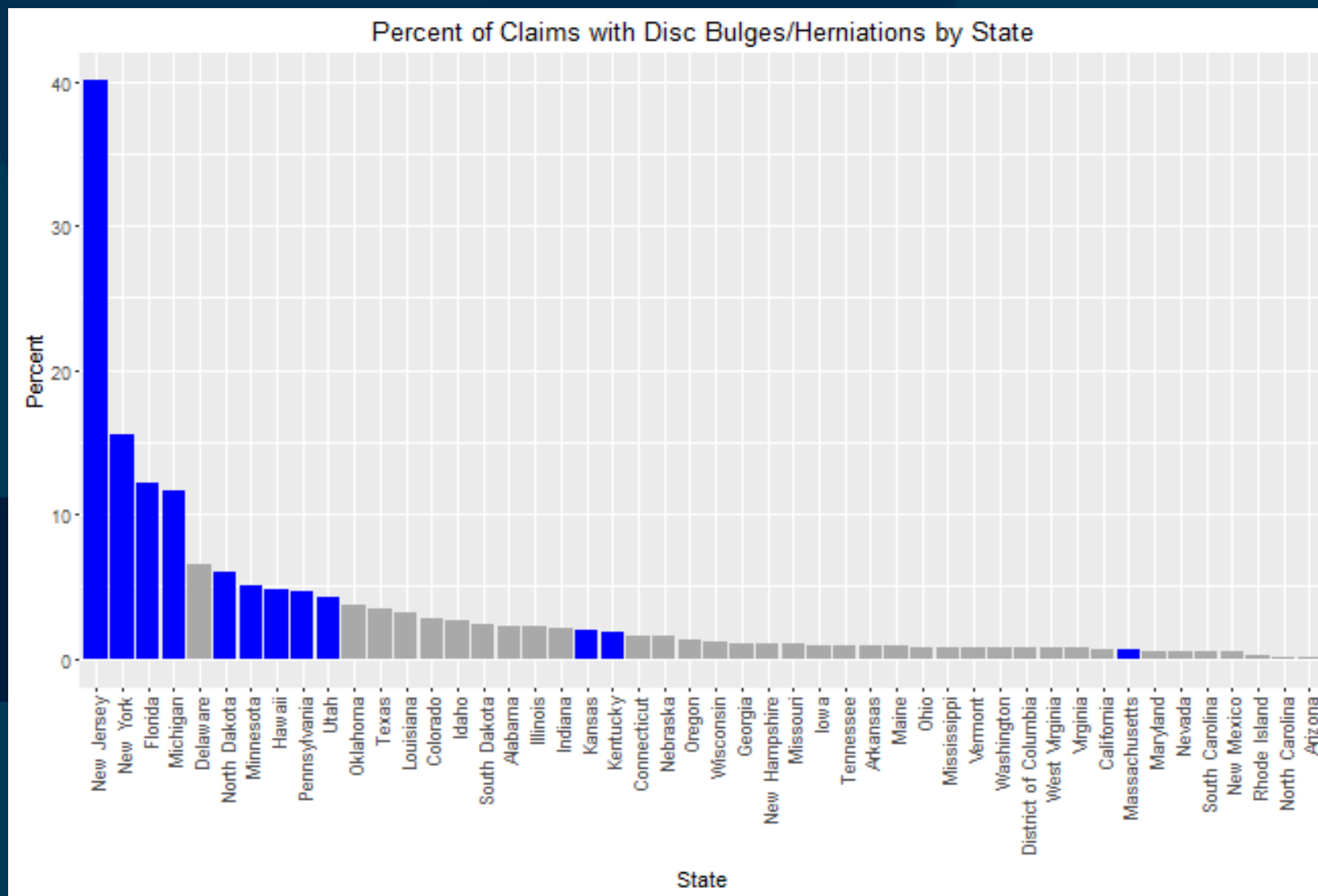


Possible Displacement – Experience from other jurisdictions





Possible Displacement – Experience from other jurisdictions





Possible Displacement – Experience from other jurisdictions

France

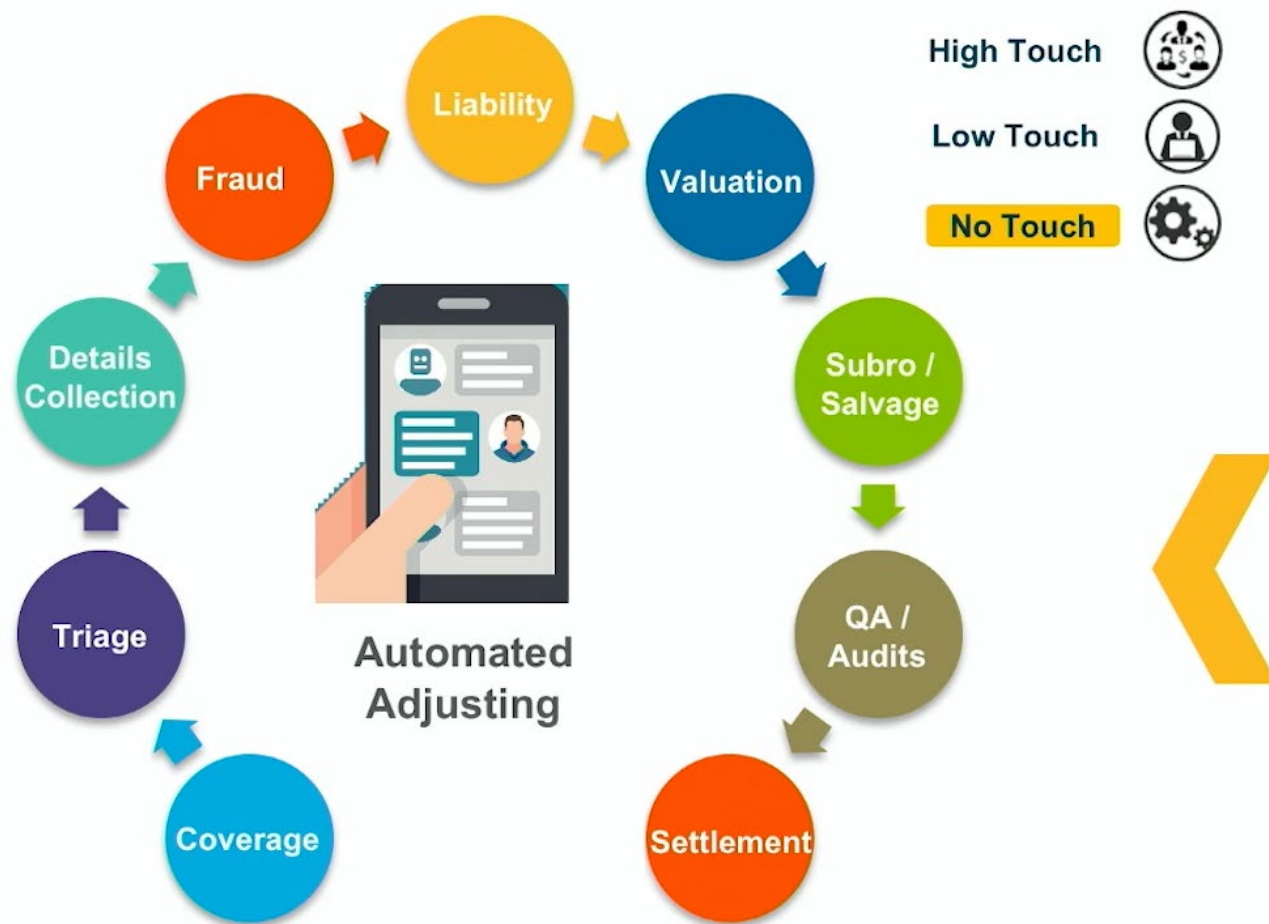
- Additional components around pain and suffering:
Temporary disability (100% of personal injury claims)
Permanent disability (around 53% of personal injury claims and
Disfigurement/scarring (around 11% of personal injury claims)
- Average amounts are: €1,950 base pain and suffering (a range based on point-based severity) + €670 temporary disability + €3,500 permanent disability + €1,200 scarring
- Equivalent average for general damages = €4,607 (£4,113 at current exchange rate)
- Compares to current average of £2,818*
- 46% higher than England & Wales compensation level



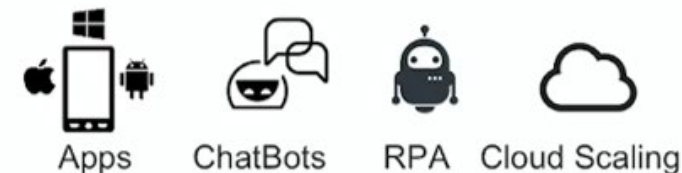
Opportunities



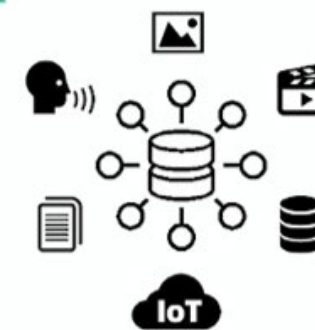
Opportunities for claims automation



TECHNOLOGIES



DATA



AI / ANALYTICS



New fraud trends are emerging with the rise of claims automation!

Increasing claims automation

Insurers are keen to introduce that seamless self- service claims customer experience.....the so called **“Race to zero”**

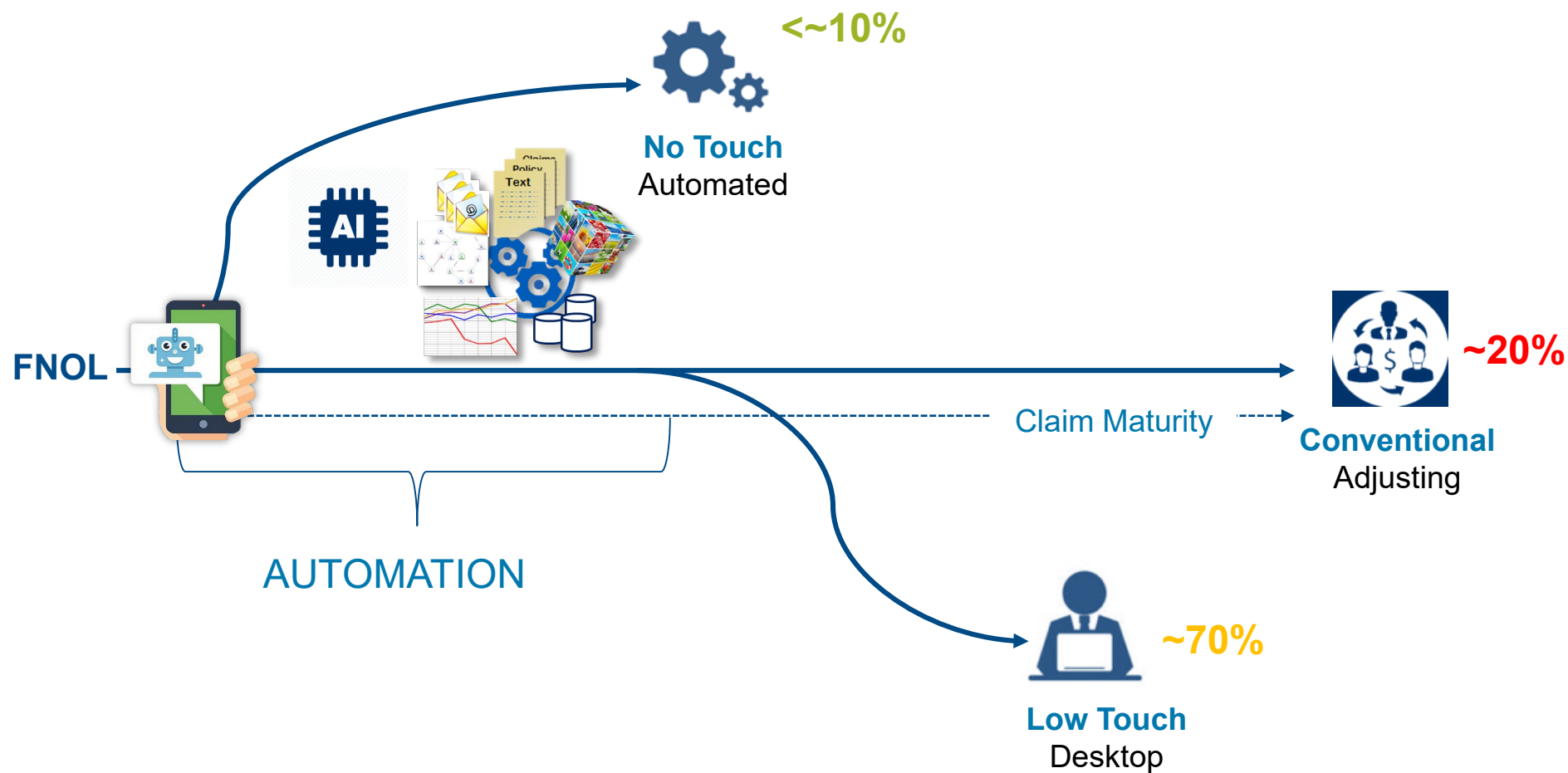


Straight Through Processing (STP)

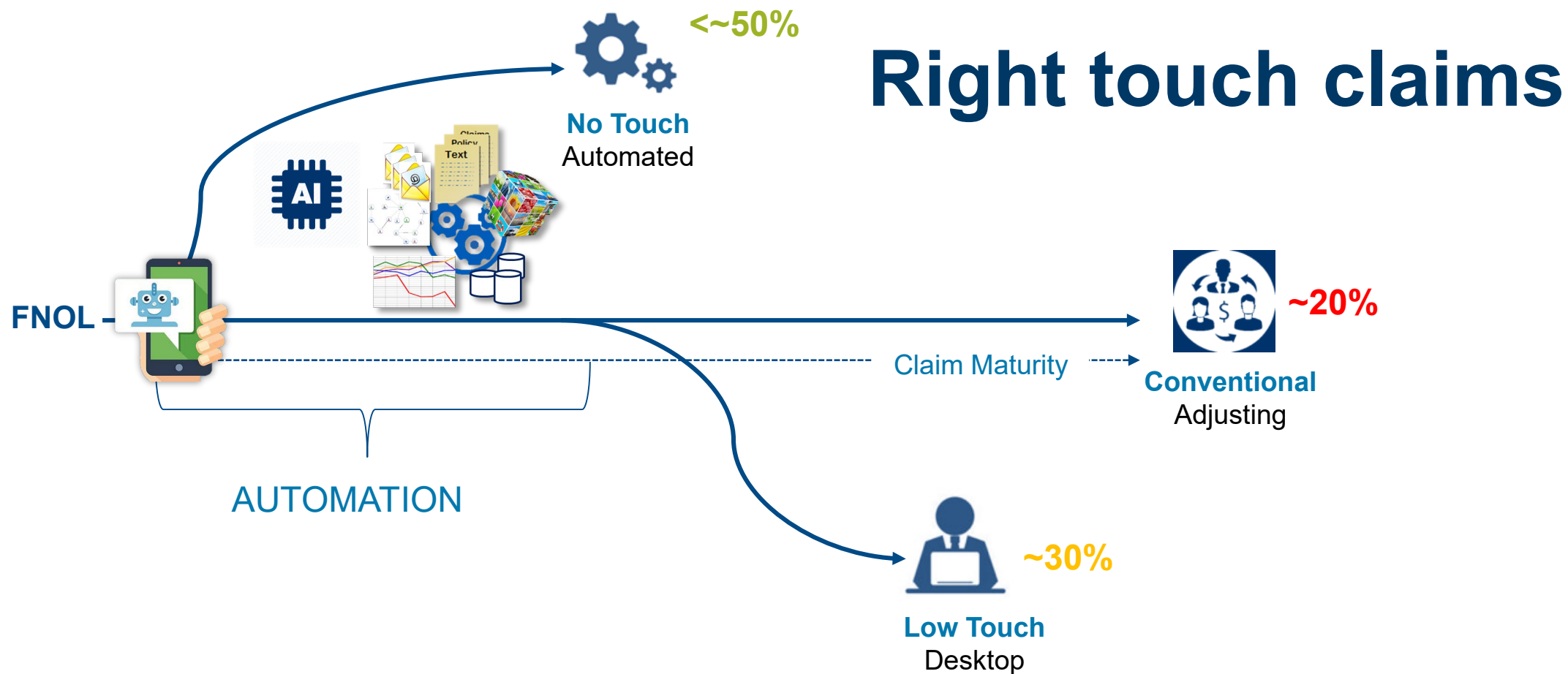
Typically these projects involving the use of “Claims handling bots” evolving into automated “Straight Through Processing” (STP) also known as “One touch” or “Fast track” processing. Claims are under set thresholds and do not involve loss adjusters.

New fraud trends are emerging with the rise of claims automation!

At the moment



In the next few years





Anti-fraud integration for a digital era

Injury



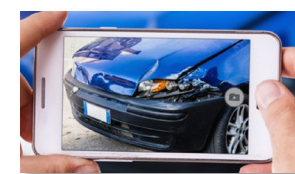
Damage



Property



Vehicle inspection



**Other
(future)**

Real-time Shared Intelligence



Emails & attachments



Images



Analytics & machine learning



Third party data



Rules with configurable threshold levels



Social network analysis



Q & A

Closing remarks





Verisk™

SERVE | ADD VALUE | INNOVATE