

Claims, blames and automobiles

Aviva looks back at over 100 years of motor claims



Introduction



Andrew Morrish,
Aviva's UK Claims Director

Aviva has been helping customers in their time of need for more than 300 years, insuring all types of vehicles from carriages to cycles. But when cars first appeared on UK roads in the 1890s, things changed - a new age of transport had begun with a new kind of risk.

With new risks come new solutions which Aviva was at the forefront of from the start. In 1896 the Aviva company, General Accident, issued its first motor insurance policy. And as night follows day, the first motor claim wasn't far behind.

During the past 123 years, motor claims and policies at Aviva have changed significantly – from the types of claims we see to how we pay claims. This report delves into the Aviva archive to show how things have developed and evolved over time; from the types of claims we used to see to how policies have changed to meet new customer needs.

It will then bring us right up to date with a look at innovation in motor claims, some of which may surprise those who don't necessarily see insurance as a hotbed of innovation. This is a world that is evolving and changing to provide the best service possible for customers. And there are exciting times ahead as we gaze in to the future to see what lies ahead for motor claims.

While cars and technology have advanced over the years, the nature of claims in many ways has stayed the same – you have an accident, you want your car fixed as efficiently as possible. And Aviva continues to be there for its customers, paying 99% of motor claims last year. But by looking at the past we can see how things have changed in the claims process and how we are making life easier for our customers.

People want a quick service that they can manage easily. They don't want to have to keep calling their insurer to find out what's going on. They want a fair resolution to their claim. These are the areas that interest Aviva too and where new ideas and technology can be most useful.

Our 323 years of history shows that we have always been there for our customers, helping them get back on their feet and on the road. And that is our intention for the future too.



The **History** of Cars, Insurance and Claims

From the time that cars first appeared on UK roads in the 1890s, motor claims, in some form, have occurred. The history of cars and the insurance that Aviva has provided shows how different things were in the past.

And the risks have certainly changed. Back in 1915 the amount paid out in motor claims by General Accident was £39,146 (£4m in today's money*). By comparison, in 2018 Aviva paid out £1.37bn on motor claims – driven by an increase in cars, repairs and injury compensation. In fact, around 40% of claims costs are now for personal injury.

Here we look at some key changes during the first half of the 20th Century involving Aviva and its companies.

1896 - 1906

1896 – General Accident announced it was going to issue a specific policy for motor cars. This came just before the Locomotives on Highways Act came into force on 14th November, freeing car drivers from the strict rules which had limited their speed to four miles an hour and required them to be preceded along the road by a man carrying a red flag.

1896 – General Accident's agent at Towcester, Victor James Ashby, claimed to have been the first man to legally drive a motor car without having a red flag in front, having risen at four in the morning on 14th November to achieve this distinction.

1904 – By the end of 1904, 18,055 motor cars had been licensed in Britain and by October 1905 that number had increased to 27,065.

1906 – Red Cross Indemnity Assurance Company was the first to offer different premiums based on the horsepower, age and type of vehicle. Up to that point, motor insurance policies were based on those produced for horse-drawn vehicles.

1906 – International Motor Insurance Company looked to improve road safety by offering free checks on cars to make sure they were safe to drive, 54 years before the Ministry of Transport introduced MOTs to make such basic safety checks compulsory for all vehicles on the road.



1909 – As car numbers grew and competition for insurance increased, General Accident applied its first No Claims Discount.

1910 – Early multi-car insurance was introduced as Aviva company Commercial Union offered a 20% discount for two cars.

1912 – Consumer demand sees ‘damage during elections’ added as cars become more commonly used during election campaigns.

1912 – General Accident first began to offer accident cover for passengers as well as the driver.

1915 – Claims figures show that £39,146 was paid out in motor claims (equivalent to £4m today)*
By comparison, in 2018 Aviva paid out £1.37bn.

1916 – Commercial Union began offering cover for luggage, rugs and coats in cars as customers’ expectations about what should be covered changed.

1924 – General Accident joined forces with Morris Motors to provide one year’s free comprehensive motor insurance for each car sold. The scheme ran for two years and 83,000 policies were issued. This had an impact on claims as cover was offered regardless of driving experience.

1929 – In order to improve risk management, age and how long the driver had held a licence was asked when taking out a motor policy.

1931 – Motor insurance became compulsory resulting in a significant increase in policies. General Accident issued over 50,000 more motor policies in 1931 than it did the previous year.

1939 – Cover for car radios became part of the standard General Accident motor insurance.



* Bank of England Inflation Calculator

During the second half of the 20th Century, Aviva companies became increasingly focussed on road safety with initiatives to help prevent accidents and keep drivers safe:

1970 – Norwich Union sent a memo to staff encouraging them to wear their seat belt when driving. This was 13 years before it became compulsory for drivers and front seat passengers to wear a seat belt.

1980s – During this period General Accident launched a variety of road safety initiatives, including: a £2m road safety campaign; The Lorry Driver of the Year; a children’s road safety initiative and virtual driving lessons for under 16s.

1990s – General Accident sponsored a variety of road safety booklets, including: A Department of Transport booklet to improve bad driving habits and a professional drivers guide to the art of defensive driving .

2010s – Aviva campaigned to change the law on whiplash claims which will make the roads safer by removing the financial incentive for crash for cash fraudsters.



1970 - 2010

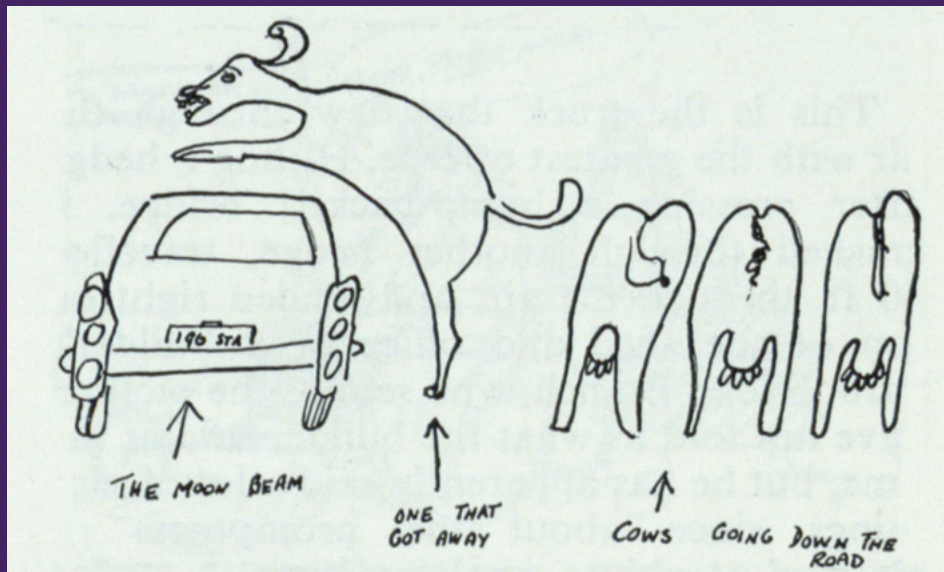


Classic Claims

From the vaults of our archive we see the variety of claims that Aviva has dealt with, which mirrors not just the emergence of the motor vehicle as the preferred mode of transport, but also reflects something of Britain as a society. Fortunately, the vast majority of claims are straight-forward to sort out, however our archive does show a host of claims that are far from standard.

For example, Aviva had a claim from a farmer after his horse allegedly died from shock at the sight of a passing motor car. We also received claims for horses chewing a car's lamp and one where a car's soft-top was destroyed by a horse which was said to be 'chewing with a very satisfied look on his face'.

But it wasn't just horses causing destruction, in 1934 an elephant from a passing circus smashed a car windscreen and ate the driver's lunch. There was also a claim in 1953 when a van came under siege from an aggressive ram which took its own reflection for a rival male and butted the side of the vehicle.



Before the onset of cameras on phones, claimants would normally have to draw a picture of the incident – sometimes giving an interesting perspective of events. For example, this customer in 1964 had an incident with some cows... well one in particular. And it was covered.

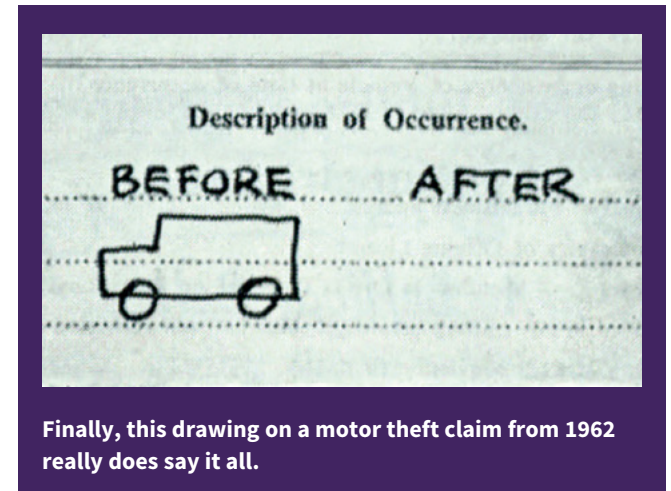


Classic Claims

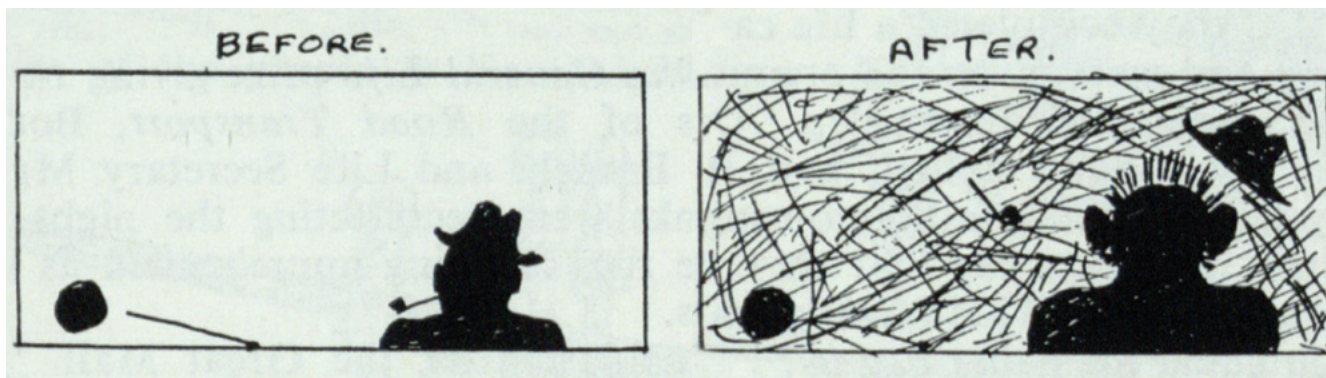
As cars became more affordable and common, it wasn't just animals who struggled to cope with the novelty of widespread car ownership. One driver cancelled his insurance in 1955 after his first foray in to motoring ended in disaster saying poetically: "the tortured metal of the engine... has scattered itself broadside about the roads of Buxton. In view of this I am retiring disillusioned from the field of modern mechanics and returning to the faithful friend of man, the horse with four legs."

In another claim, a car in Scotland was damaged by a tide of neeps (turnips) after a farmer loaded a trailer with the vegetables at the top of a sloping field. The trailer bounced down the field, jumped a low wall and crashed into the front of the car. Drawing a sketch on the claim form to illustrate the incident, the claimant went so far as to indicate which turnip in particular did the damage.

And in 1938 the lack of familiarity with the car also had a dangerous side, with one injury claim from a man who had "struck a match to endeavour to discover a petrol leak."



Finally, this drawing on a motor theft claim from 1962 really does say it all.



This driver's drawing of a broken windscreen from 1964 could be in a comic strip.

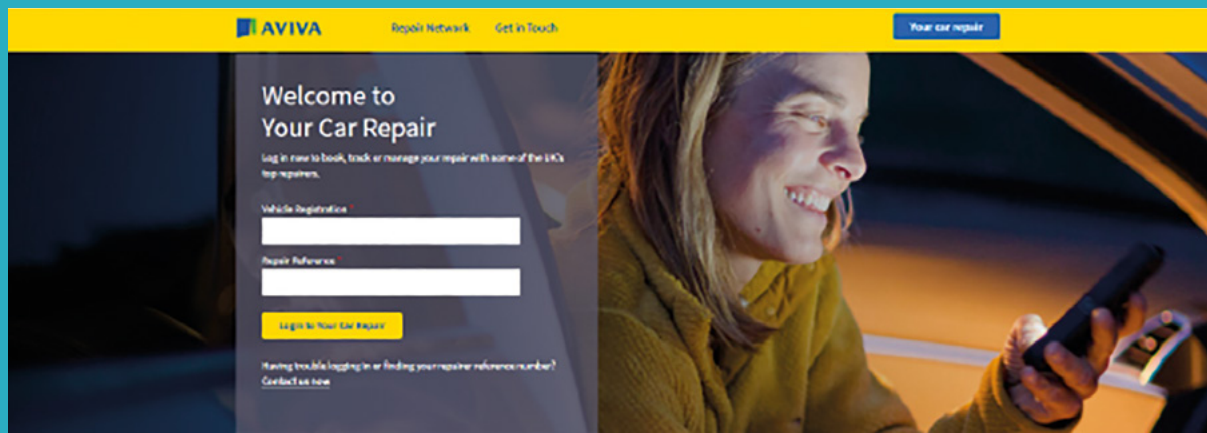
Motor Claims Today and Tomorrow

As you have seen, artistic skills were an essential part of making a motor claim. Now things have changed with smartphones giving people the opportunity to take photos at the scene of an accident. And the time it takes to make a claim has improved dramatically. No more waiting for a claim form to arrive – you can do it at the touch of button.

But how much has it really changed for customers? What is Aviva doing to make things easier for customers? Claims can now be serviced online through Aviva's Your Car Repair tool which makes it easier for customers and provides real-time information about the claim. Customers are able to choose the date, time and location of their repair and also book their courtesy car at the same time.

Once the repairs are booked in, customers are able to track the repair easily, keeping them informed about its progress. They can also upload photos of the damage directly to the repairer and send special instructions.

The onset of the digital revolution has clearly moved things on with regards to motor claims service - and customers are certainly buying into it. Four out of five customers choose to manage their motor claim with Aviva online. This means that customers aren't having to use their free time to call up and find out what's going on with their repair – a great result all round.



Motorists are also using technology to help with the claims process. Dash cams have become more prevalent in cars over the past few years with drivers wanting the added security they provide. Although it can be fairly straight-forward to determine liability in most claims, dash cam footage can really help where liability is contested or there is a suspicious injury claim. And to help motorists, Aviva has produced its own free dash cam for a smartphone which can be used by anyone – not just Aviva customers.

But it doesn't end there. Customers will continue to expect quick, convenient and efficient service -so motor claims will have to continue to develop. But where next? Artificial Intelligence is becoming more common within the claims service and as it develops and learns more from claims data the possibilities will grow.

It could help establish liability or know there's been an accident and book the car into a garage. It could know what's wrong and what parts are required. It could calculate the cost of a claim. If they happen these things will continue to make things easier for customers. And we at Aviva will continue to see how we can develop them to improve our customer service.



The future of **car safety** and the **impact** on claims

Car safety is constantly improving and, in the near future, it's set to change significantly. The European Union has provisionally approved new laws meaning a host of car safety technology will be fitted as standard on all new vehicles from 2022. And the UK government has confirmed that it will adhere to these rules despite Brexit.

So what is this new technology and how will it make roads safer? The key one is Autonomous Emergency Braking (AEB) – which will brake for you if you're likely to hit something. This has been available on cars for a while now, but not necessarily as standard. Including this in all new cars will have a significant impact on claims, preventing a large number of crashes – an estimated 38% reduction in rear-end crashes according to a study by Euro NCAP and Australasian NCAP. So, from a safety perspective it really is a game-changer.

In addition, other safety features will become compulsory on all new cars including intelligent speed assistance, lane departure warning systems and distraction monitors. Intelligent speed assistance, otherwise known as speed limiters, has generated a lot of interest because they will control the maximum speed of the car by using GPS technology to understand the speed limit on the road. This changes the level of control the driver has over the vehicle's speed, but will be designed to be overridden if the driver needs to accelerate beyond the limit.

Intelligent speed assistance could be seen as controversial, however the British public do seem to be in favour. A survey carried out by Aviva¹ found that almost two-thirds (63%) agree that speed limiters should become law. This is consistent across the other safety measures with 65% agreeing that AEB should become law, 68% in favour of Lane Departure Warning Systems and 62% agree with the need for distraction monitors.

This is just the start of the motoring revolution. As we move towards further automation - which will ultimately lead to fully-autonomous driving - road safety, claims and insurance will continue to change as mobility evolves and transportation develops.

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Here and now

While the future of motoring indicates a new era of safety-conscious driving supported by technological advances, there is much that today's driver can do to manage the risks the roads undoubtedly bring. Collisions are the main reason for a motor claim, with also theft, fire and windscreen damage accounting for a significant number of claims.

A significant issue today is the theft of keyless cars. Figures from the Association of British Insurers show that claims for theft of or from a motor vehicle increased by 14%² in Q1 2019 compared with the same period in 2018, with car thieves using technology to capture the signal from the car to the key fob to access the vehicle.

Motorists also need to be aware about the potential risk of fraud. Motor fraud accounts for 66% of all fraud detected by Aviva and 1 in 7 whiplash claims received are rejected for fraud. It remains a significant issue which motorists need to be aware of when involved in an accident.



And driver distractions are becoming more of an issue with both in-car and personal technology available which can both help and hinder driving. It's something that does concern many with 38% of drivers surveyed by Aviva saying technology can be distracting. Even so, 8% admit to briefly looking at their phone screen while driving which highlights the significant risks that technology can bring to the road³.

Driver distractions are becoming more of an issue.

Top Tips

- If involved in a motor collision stay safe and check if you and others in your vehicle are injured.
- Take photos of any damage and the details of those involved in the accident.
- Install a dash cam which can help prove liability and help if there is a suspicion of fraud.
- Put your phone into 'Do Not Disturb While Driving' mode.
- If you have a keyless car don't leave the fob close to an external door or wall as thieves can intercept the signal and steal the car. A metal case for the key also provides additional protection.
- If possible park your car off-road to protect it from theft and damage.
- Don't leave expensive items in the car that can be stolen.
- Check the limit on personal belongings cover and ensure it's suitable for your needs. If it's not, then you can take out personal belongings cover on your home insurance which could cover items stolen or damaged while in your car.

Conclusion



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Motoring is changing and what insurance customers expect is changing with it. Customers don't have to request a claim form anymore, fill out a long form and draw a picture of the incident – this can now all be done on mobile phones. Which all helps to speed up the claim process and keep customers in control. This is what customers expect and we're here to provide that service.

Even so, the nature of motor claims hasn't fundamentally changed over the years. Predominantly, claims occur following a motor accident – that has always been the case and will continue to be so. But what insurers can do is make things as easy and straightforward for customers when an incident occurs. This is what Aviva is looking to do through the Your Car Repair tool, so we can settle the claim as quickly as possible.

The developments don't stop there though. The level of autonomy in vehicles is increasing along with artificial intelligence. These will have a massive impact on motoring which will ultimately pave the way for fully-autonomous vehicles. As the technology on vehicles changes, insurers will have to adapt in order to provide the policies and cover that consumers require. And with over 300 years of experience in helping our customers, we are ready for that change.



¹ Survey of 2000 UK adults conducted by Censuswide between 29 April 2019 and 1 May 2019.

² <https://www.abi.org.uk/news/news-articles/2019/05/gone-in-20-seconds-payouts-every-8-minutes--car-crime-continues-to-rise-in-2019/>

³ Survey of 1496 drivers conducted by YouGov between 21st and 22nd March 2019.