

Latest  
claims trends  
2024/25



# Introduction

When it comes to inflation in claims costs, we're not out of the woods yet.

While there's been a significant drop-off from the dizzying rises of 2023, the UK continues to be exposed to a higher-than-normal level of inflation – a situation we expect to continue into 2025.

Let's explore the market context and major trends shaping claims services and costs, and the measures we're putting in place to keep them down.



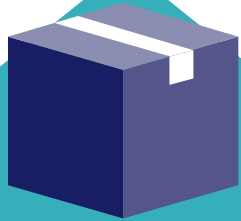
What's driving up the cost of claims?



How are we tackling claims fraud?



# What's driving up the cost of claims?



## 1. Supply chain disruption

### Vehicle parts and paint

Particular areas where supply disruption is causing price pressures to remain and costs to inflate.

### Property rebuild costs

Material supply struggles have contributed to a 21% rebuild costs increase in the last 2 years.\*

\*Association of British Insurers February 2024



## 2. Motor vehicle trends

### Repairs are taking longer

As car tech advances, the time and specialist knowledge needed to fix them goes up. This has driven up repair costs by 31% from the end of last year.\*

### Hire car costs are up 47%

Longer repair times lead to higher replacement car costs.

### Cars cost more to replace

The cost of new cars has risen 43% in five years. The second-hand car market has slowed in recent months, but costs remain high.

\*Association of British Insurers April 2024



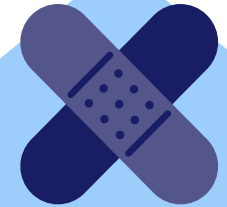
## 3. Labour costs

### Labour supply

A skills shortage in the labour market is driving up wages.

### Labour cost pressures continue

The construction industry body BCIS report labour rate costs peaking at 10%, remaining high until 2025.



## 4. Bodily injury

### The Whiplash Tariff

Set to be reviewed in 2024, an increase is expected for whiplash injury payments to reflect inflation.

### Non-whiplash injuries

Updates to the Judicial College Guidelines in March 2024, included an inflation increase of 22%, in line with our expectations.

### Services and wages

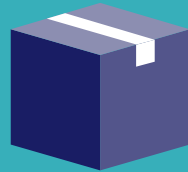
Care availability and wage inflation are driving up care and legal costs.

# How are we helping?

Supply chain disruption —

Motor vehicle trends +

Bodily injury +



## Supply chain disruption

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With material supply issues driving up rebuild costs on property claims, our in-house surveyors and desk-adjusting teams can assess claims, leveraging our in-house capabilities and helping to deliver a quicker claims settlement.

Our external building repair networks can provide claims fulfilment for those customers without local suppliers and can support a quicker claims resolution.

To help mitigate increased material costs we can, where possible, consider salvage to offset against the claims settlement. Or, through working with our trusted suppliers, we can look at alternative repair methods and solutions that allow customers to remain within their property, limiting disruption and additional distress while keeping costs that could impact future premiums to a minimum.

# How are we helping?

Supply chain disruption



Motor vehicle trends



Bodily injury



## Motor vehicle trends

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Solus, our Aviva-owned network of accident repair centres, helps mitigate repair delays and increased costs of new parts thanks to their in-house expertise and workflow processes.

Our Solus experts manage the wider UK network of approved accident repair centres, so customers benefit from having trusted options close to their location, pre-agreed costs and consistent standards.

And, if customers choose to use their own repairer, our Solus engineers can assess the repair requirements to ensure a 'right-first-time' repair allocation. This assessment can streamline the claims process and help to get the customer back on the road with minimal disruption.

Where appropriate, Solus also sources and uses recycled parts. These are pre-used, genuine and original equipment, and are all certified by the Vehicle Recyclers Association UK standard.

All recycled parts are graded against this standard, which is independently audited by UKAS-accredited companies to ensure the standards are maintained, checked and completed by the recyclers to confirm that the donor vehicle is free of any manufacturer's recalls. This is an effective process that allows for a repair to be more sustainable, lessens delays and creates more cost-effective customer outcomes.

They also pre-assess requirements for parts to make sure they're on site before the vehicle turns up, so turnaround times are kept shorter, and it helps keep long-term hire car costs under control.

By reducing repair lifecycles and getting customers back in their vehicles quicker, we can control the cost of claims and reduce the impact on our customers' premiums.

# How are we helping?

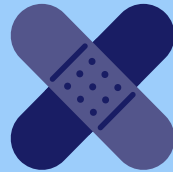
Supply chain disruption



Motor vehicle trends



Bodily injury



## Bodily injury

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To help protect our customers' premiums, our strategy focuses on tackling behaviours around non-whiplash injury claims including injury exaggeration and claims layering.

Claims layering happens when people involved in a claim, such as medical experts, rehab providers and solicitors, work together to increase the claim's cost. They might add fake injuries or exaggerate real ones, often requesting additional medical reports and rehab treatments.

Our aim is to stop these practices, protect our customers' premiums and ensure that those who are genuinely injured get their claims paid quickly and fairly.



# How are we tackling claims fraud?

Paid ad spoofing	<p><b>Fraud trend</b></p> <p>Unscrupulous accident management companies are using search engine ads to mislead and intercept consumers from reaching their insurer.</p>	<p><b>What are we doing?</b></p> <p>We are launching a joint awareness campaign with the Insurance Fraud Bureau to raise awareness of this scam to help your clients not get caught out.</p>	<p><b>Battling fraud, winning awards</b></p> <p>Here are just some of the industry awards our hard-working counter-fraud team have been proud to collect.</p> <p><b>Counter Fraud Team of the Year</b> <i>Insurance Times Claims Excellence Awards 2024</i></p> <p><b>Claims Innovation of the Year - Insurer</b> <i>Insurance Post Claims &amp; Fraud Awards 2024</i></p> <p><b>Customer Claims Award 2024</b> <i>Insurance Post Claims &amp; Fraud Awards 2024</i></p> <p><b>Outstanding Services to Policyholder (with DWF)</b> <i>British Claims Awards 2024</i></p>
Non-whiplash motor claims	<p>Whiplash claims have fallen, but we've seen a 65% increase in non-whiplash injury reporting as compensation fraudsters and their enablers seek to make up their shortfall.</p>	<p>We're tracking solicitor, medical expert, and rehab provider behaviour to spot parties who may be facilitating spurious claims, to guard against policy premiums rising.</p>	
Opportunistic false claims	<p>Opportunistic fraud is up across all lines – a common issue in times of economic downturn.</p>	<p>We have evolved our operating model and invested in our people and technology to improve our fraud detection capability.</p>	
Motor damage fraud and commercial property fraud	<p>Both have risen significantly in the last 12 months.</p>	<p>We have a robust claims costing strategy in place to help mitigate this behaviour and keep costs down.</p>	

# Thank you

To find out more about our claims service,  
speak to your broker.

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