

## Andrew Morrish, Motor Claims Director

Of all the injury claims that Aviva deals with each year, 94% of them relate to whiplash or short term, soft tissue type injuries. If you compare that to what we see in other European countries, it's hugely different. We also know that fraud in bodily injury claims is on the increase. One in nine of all bodily injury claims that we deal with has a fraudulent element. The thing that's probably most worrying is the rate of increase of slam-ons - people deliberately stamping on the brake so that somebody goes into the back of you so that they can get compensation. We detected 50% more of those fraudulent claims last year than we did the year before. So we're really worried about the rate in which that kind of activity's growing.

We generally don't believe we've got the weakest necks in Europe in Britain, but we think we've probably got some of the weakest legislation and some of the weakest practices. That means that it's really easy to claim and get cash for whiplash claims, for example. So there's an opportunity to do something about it. There's a financial dimension to this, it's a financial problem. Insurance is more expensive than we think it needs to be. Insurance companies have got a great track record of passing savings through to consumers. If you think about it, motor insurance is probably one of the most competitive things that we all buy, so we know that savings go straight through to motorists. So we think there's a financial opportunity to make insurance less expensive and to pass that through to consumers.

There's a social reason for doing something about it: none of us want accidents that shouldn't happen. None of us want to be involved in fraudulent accidents that cause risk to us, our children, our customers, our employees. So there's a good reason why, from a social point-of-view we should do something. And finally, from a fraud perspective, simply because it's a crime and we should do something about it.

Aviva are taking a number of steps. This year we published our Road to Reform proposals, and they were really a call for engagement and dialogue, particularly with government, around a new and different way of tackling the cost of motor insurance. First is that we believe that whiplash and short term soft tissue injuries are better dealt with by treatment, by care, rather than cash. That removes the incentive for fraud, for one thing. But also, it deals with people in the way that they want to be treated at the time they're in pain, which is, they want to be made better. We already provide a rehab treatment program to people who are involved in accidents. We think that should be the standard, and remove the incentive to drive at cost.

We think that the role of lawyers should be limited to those claims where their expertise is really, really needed. And the third thing is that we want referral fees banned. So we take away the incentive to put customers into expensive car [hire?], expensive car repair, and all the other things that come on the back of referral fees in the motor insurance market. Between them, we think those things could save an average motorist 50 pounds a year.

Increasingly, we are finding the courts responsive when we hold a really firm line, when we don't believe somebody's entitled to compensation. Now if somebody is, of course we make that decision and we pay them as quickly as we can. The government challenged insurers to do something for themselves about reducing the cost and the frequency of injury claims. So one of the things we do is, where we find that people aren't entitled to injury compensation - slam-ons or minor accidents where they couldn't possibly have been hurt - then we defend those claims [now?] really, really firmly. Our customers want us to do that, they thank us for doing it, and three out of four claims that we now run to trial, we win. So we're seeing a real change in the attitude of the courts toward supporting innocent motorists.

Fleet managers, I think, would be concerned and are concerned about these issues, because they increase the cost of insurance, increases the number of claims people experience, and increases the health and safety risk to their own drivers as well. If I were a fleet manager, I'd want all of those things tackled.

