



# Background to vehicle inspection study

1. On 29 April 2013, as part of its investigation into private motor insurance, the Competition Commission (CC) issued a notice stating its intention to engage a company to carry out inspections of vehicles which have been involved in accidents and repaired. Party comments were received and noted. These primarily related to one party's involvement in the market (conflict of interest).
2. The three companies specified were sent a written brief and two written proposals for the inspection programme were received. Following internal review MSXI was chosen to carry out the inspection programme and a planning meeting with CC staff and MSXI was held on 14<sup>th</sup> June.
3. The intention of the vehicle assessments was to inform Theory of Harm 2, that of harm arising from the beneficiary of post-accident services being different from and possibly less well informed than the procurer of those services.
4. The objectives of the assessments were stated as 'To look into the quality of repairs which have been made on vehicles which have been involved in accidents by comparing the pre-accident condition (evidenced through documentation) with the post-accident condition (evidenced through physical inspection) of the parts of the vehicle which have been repaired; and to identify any parts damaged through the accident which have not been repaired'.
5. Many Industry sources had suggested that quality standards in the repair industry had improved greatly over the years and evidence of poor standards of repair was unlikely. This thinking helped determine the sample specification (captured claims) as we felt if there was any incentive to under-repair this group were more likely to reflect this
6. The sample of vehicles to be inspected was derived from respondents to the Not at Fault consumer survey which was conducted by IFF Research. Within the total sample we had established a group of vehicle owners:
  - a) not at fault for the incident in which their vehicle was damaged
  - b) whose claim was handled by the other driver's insurer (ie the claim was captured)
  - c) had said they were prepared to have their vehicle inspected by a professional assessor



# Background to vehicle inspection study

7. A database of contact details of these owners together with repair estimate documentation were provided to MSXI for review. They were briefed to assess the information and set up inspections of 100 vehicles where they felt they would be able to assess pre-post repair most effectively, based on the type and scale of repairs undertaken. Only MSXI central office were able to access the complete database and they were not told that the contacts selected were captured claims.
8. Over the period from the end of June to the middle of August, 77 vehicles were inspected.
9. The findings from this initial stage of inspections were contrary to expectations, with nearly half of the vehicles being assessed as returned in non PAC.
10. As a result of this finding, a subsequent stage of inspections was commissioned. The process was identical to stage 1, but stage 2 contacts were those whose claim had been handled by their own insurer. Again MSXI were unaware of this specification until after the completion of the study.
11. Acquiring repair estimates was more problematic for stage 2 than stage 1 and so the database was smaller and only 27 vehicles were inspected. The inspections were carried out between mid-September and mid-October.
12. On receipt of the stage 2 findings it was clear that the proportion of vehicles which were not returned in PAC was similar to stage 1. The data was therefore amalgamated in order to produce a bigger base.
13. A further variable, whether or not the vehicle owner had claimed they were responsible for the final decision on who would carry out the repairs on the vehicle, was also available for analysis of the vehicle inspection data. This analysis is shown after the MSXI findings.
14. The results of the MSXI inspections need to be interpreted with care. The achieved sample may not be representative of the general population of non-fault claims because:
  - i. The sample was small - only 104 cars were inspected in total.
  - ii. The sample was not designed to be random; captured claims were over-represented and MSXI was instructed to select cases where they felt they would be able to assess pre versus post repair most effectively.
  - iii. The 104 vehicles inspected are a sub-sample of the 13,000 in the original Non-fault Survey; and there may be sample selection biases in each of the several steps leading to the 104 inspections.

**All responses to this working paper to be received by 21 November 2013. Non-confidential survey results from MSXI follow:**

## Post Repair Inspection Programme for the Competition Commission



1. Background
2. Selection of Inspections
3. Results
  - Range of inspections
  - Return Condition – Returned in pre-accident Condition (PAC) or Not?
  - Evidence
4. Summary

## Background



**Team Leader**

- Collision Industry Expert
- 46 years of experience in the automotive industry including:

**3 industry experts**

- Combined 40 + year experience in Collision Aftermarket
- Skills include
  - Motor vehicle technician
  - Estimator
  - Proprietor Body Shop / Workshop
  - Manager – Fleet Preparation and Collision Centre

**Experts in consulting on:**

- Whether work on repair estimate was actually completed
- Quality of panel fitment
- Quality of panels
- Paintwork – finish
- General quality of workmanship
- Anomalies pertaining to the repair
- Assessment of the pre-accident condition with the post-accident condition of the vehicle
- Identifying parts damaged through the accident which have not been repaired

- Repair estimate
- Images
- Case History



Measurement Bureau Vernier	Measurement Bureau Vernier
<b>Administrative Information</b> Name [REDACTED] Address [REDACTED] Phone Number [REDACTED] E-mail Address [REDACTED] Organization Name [REDACTED] Organization Address [REDACTED] Organization Phone Number [REDACTED]	
<b>Security Information</b> Name [REDACTED] Address [REDACTED] Phone Number [REDACTED] E-mail Address [REDACTED] Organization Name [REDACTED] Organization Address [REDACTED] Organization Phone Number [REDACTED]	
<b>Insurance Liability</b> Insurance Company Name [REDACTED] Insurance Policy Number [REDACTED] Insurance Amount [REDACTED]	
<b>Vehicle Details</b> Vehicle Make [REDACTED] Vehicle Model [REDACTED] Vehicle Year [REDACTED] Vehicle Color [REDACTED] Vehicle License [REDACTED] Vehicle VIN [REDACTED] Vehicle Title [REDACTED] Vehicle Description [REDACTED]	
<b>Vehicle Condition</b> Vehicle Make [REDACTED] Vehicle Model [REDACTED] Vehicle Year [REDACTED] Vehicle Color [REDACTED] Vehicle License [REDACTED] Vehicle VIN [REDACTED] Vehicle Title [REDACTED] Vehicle Description [REDACTED]	

[illegible]

Serial No.	Serial Number	Part Number	Rate
2002	2104 40 00000		
2003	2104 40 00000		
2004	2104 40 00000		
2005	2104 40 00000		
2006	2104 40 00000		
2007	2104 40 00000		
2008	2104 40 00000		
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2088	2104 40 00000		
2089			

## Selection of Inspections



The project manager used all the data available, with guidance from the Competition Commission, to decide on which repairs to select for inspection. MSXI was not made aware, before the completion of its inspection, of the difference between stage 1 (claim handled by At fault insurer) and stage 2 (claim handled by Non fault insurer) vehicles.

In order to provide the best cross section of available repairs to inspect, the data was prioritised according to;

- Type and scale of repairs undertaken,
- MSXI's opinion of the ability to assess the repairs (pre-post completion) from documentation provided.

Only MSXI central office had access to the complete database.

Once the database had been prioritised, the inspection team then methodically contacted the owners in their regions in order to secure an inspection date.

# Inspectors Reporting Sheet

## Vehicle Inspection Sheet

Inspectors Name	
Reference number	
Date of Inspection	
County of Inspection	
Bodyshop Used	
Insured	
Vehicle Rectified?	
Registration Number	
Vehicle Make	
Model	
Type	
Mileage	
Paint Type	
Colour	
Ramp Used	
Area of Damage	
Severity of Damage	

<p>The Owner agrees to the inspection of their vehicle and understands that the information is collected for the sole purpose of assisting the market investigation carried out by the Competition Commission in the private motor insurance industry, and is not to be used in any other context.</p> <p>The Inspection is opinion based, limited by the circumstances and location of the vehicle and does not constitute a full engineering report.</p> <p><u>Overview</u></p>	<p>Owners Signature</p>
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<p>Inspectors Opinion:</p> <p>Was the vehicle returned to the customer in pre accident condition Y/N?</p>	
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### Reasons and supporting evidence for Vehicle not being considered repaired to pre accident condition – include Images

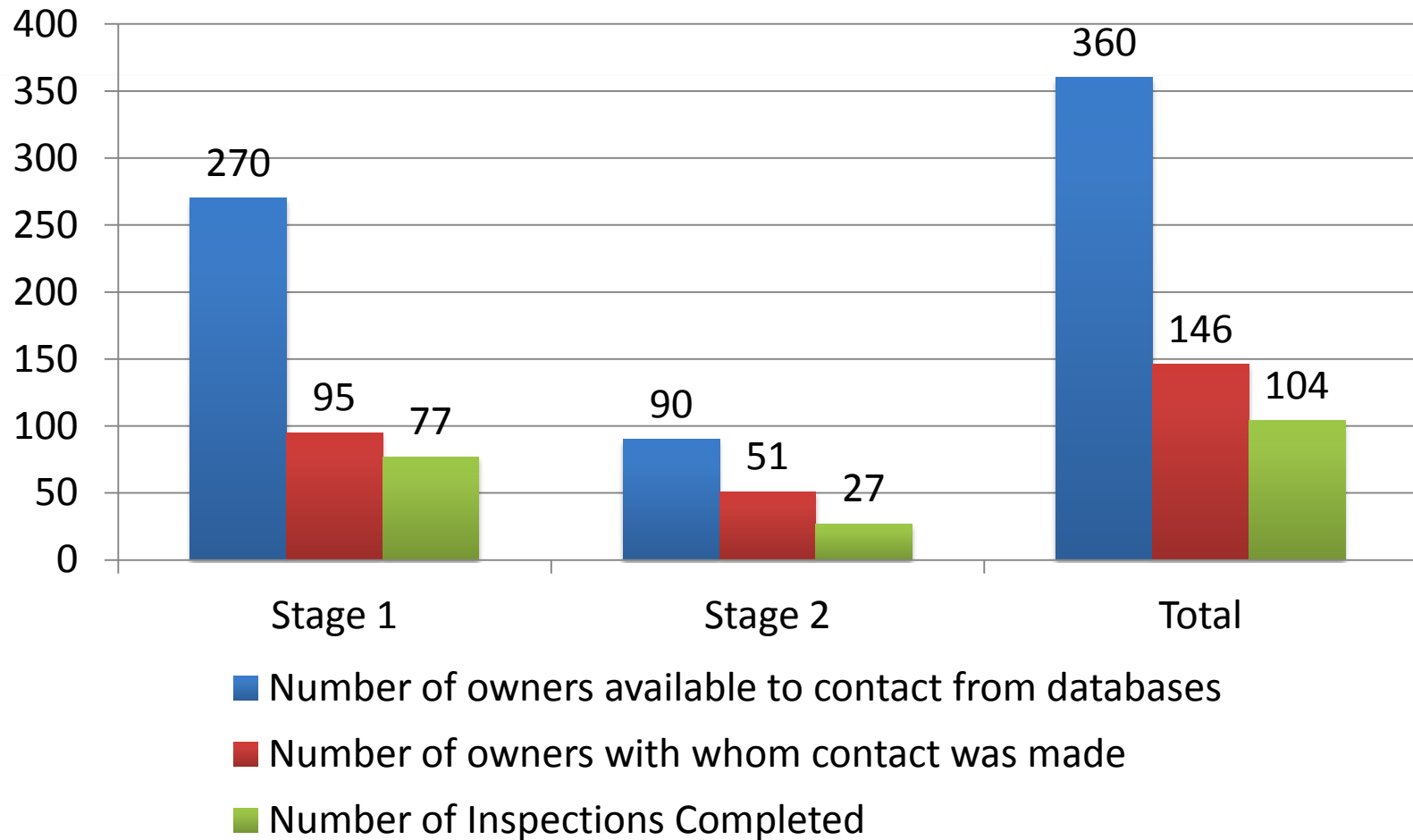
Reasons	
1	
2	
3	
4	
5	
6	
7	

## Results



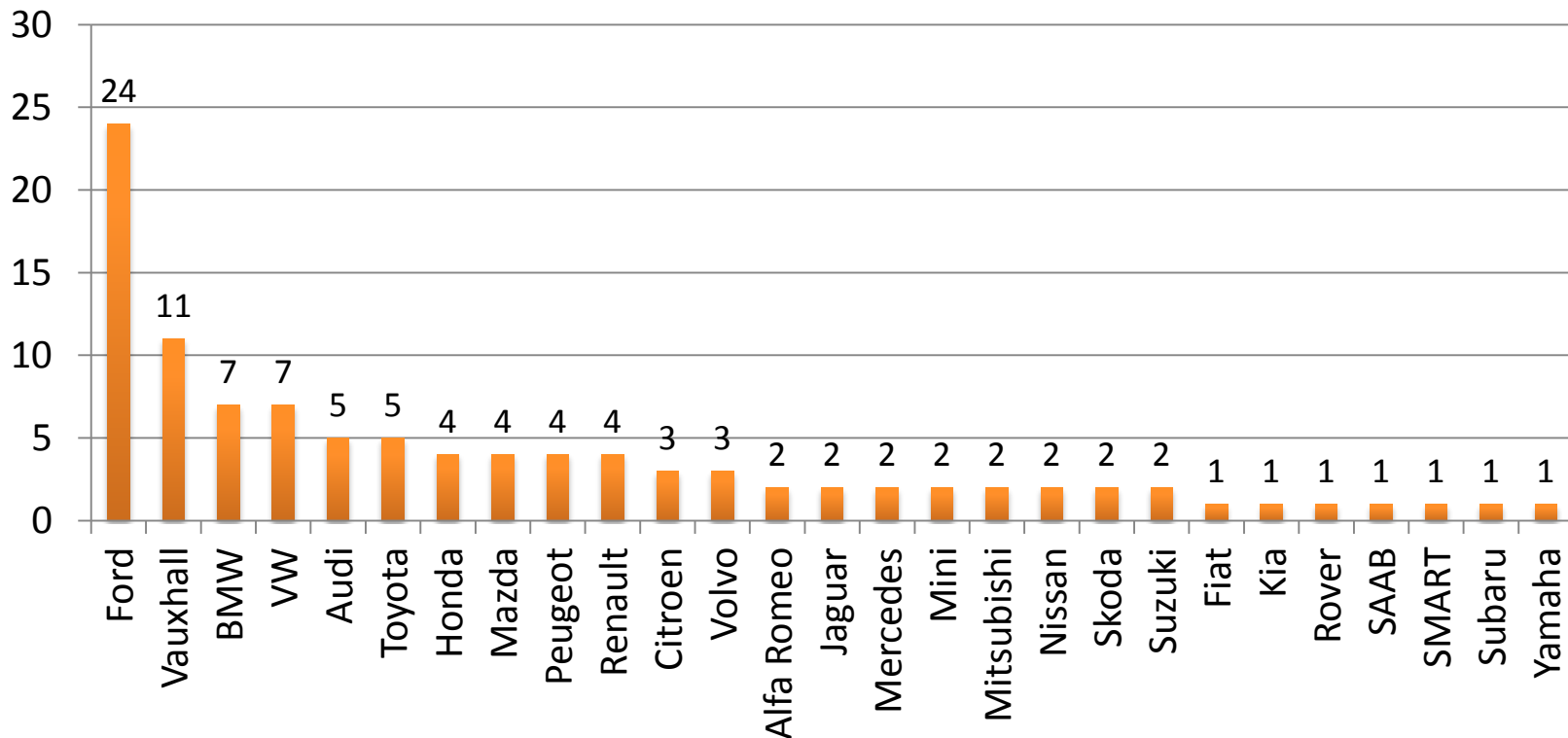
# Range of Inspections

## Summary of Inspections Made



# Range of Inspections Across Vehicle Models

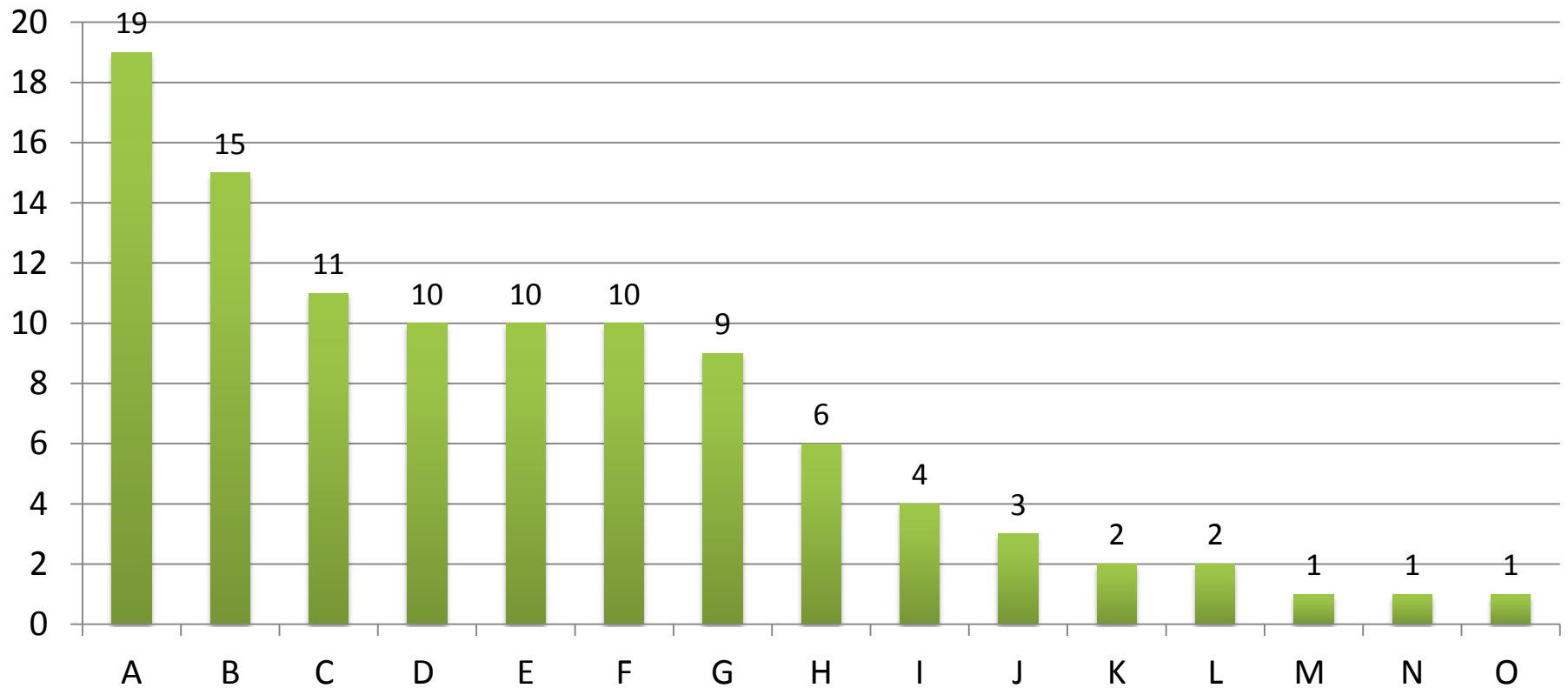
## Number of Inspections



The 104 inspections completed in stage 1 and stage 2 have provided a fair cross section of vehicle brands

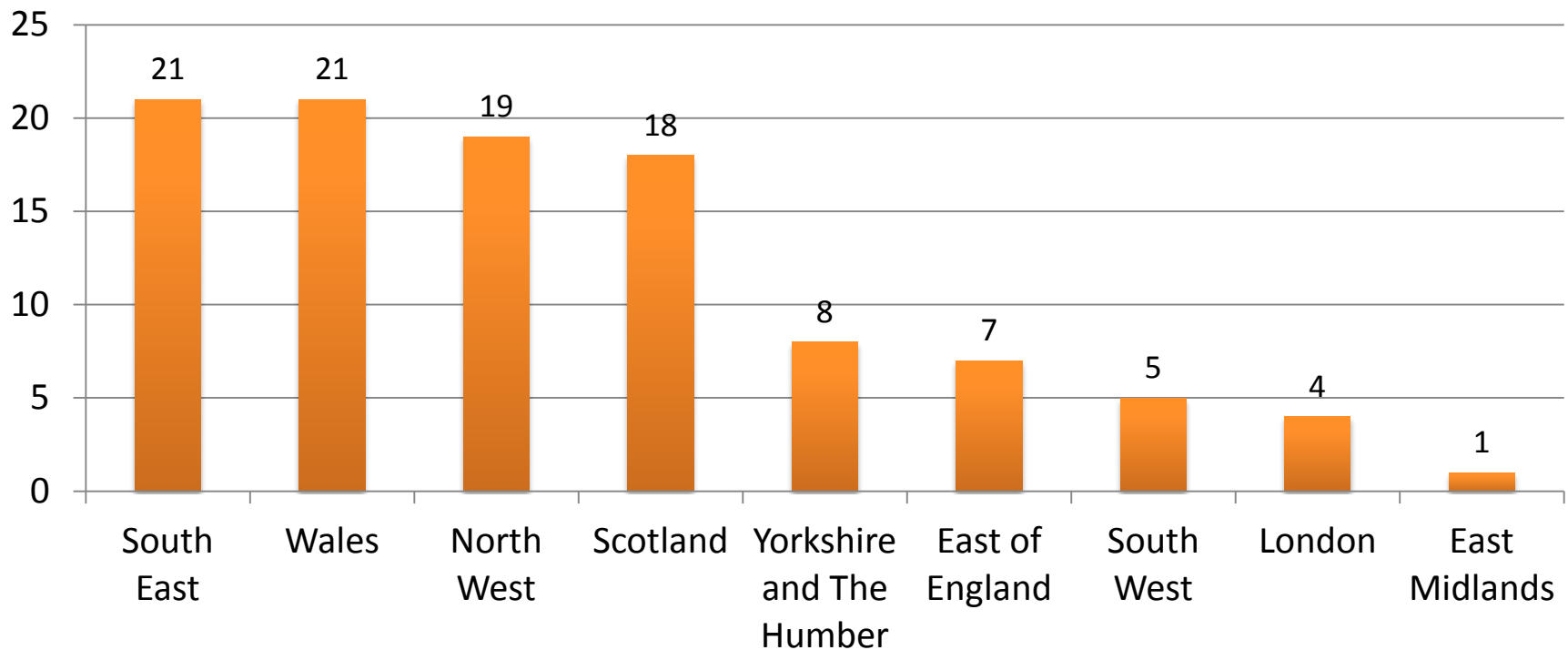
## Range of Inspections Across insurance providers

### Inspections Completed



The 104 inspections completed in stage 1 and stage 2 have provided a fair cross section of providers of car insurance

## Inspections Completed



The Inspections completed have provided a good National geographic spread, although availability of owners meant that some regions are not represented - N.I. proved particularly problematic in coordinating owners availability.

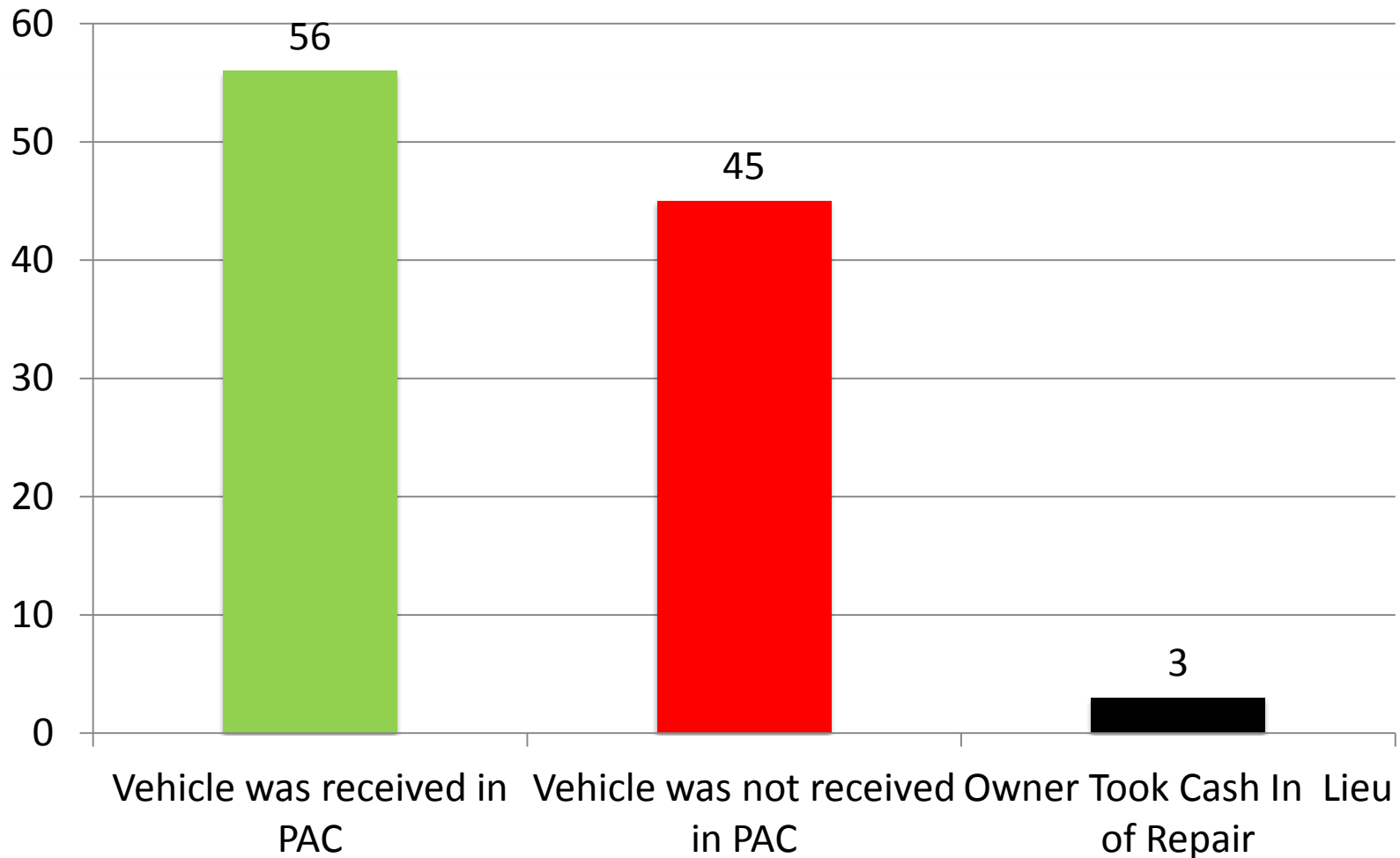
## Return Condition

The investigation was carried out in two stages.

Stage 1 related to repairs managed by a fault insurer.

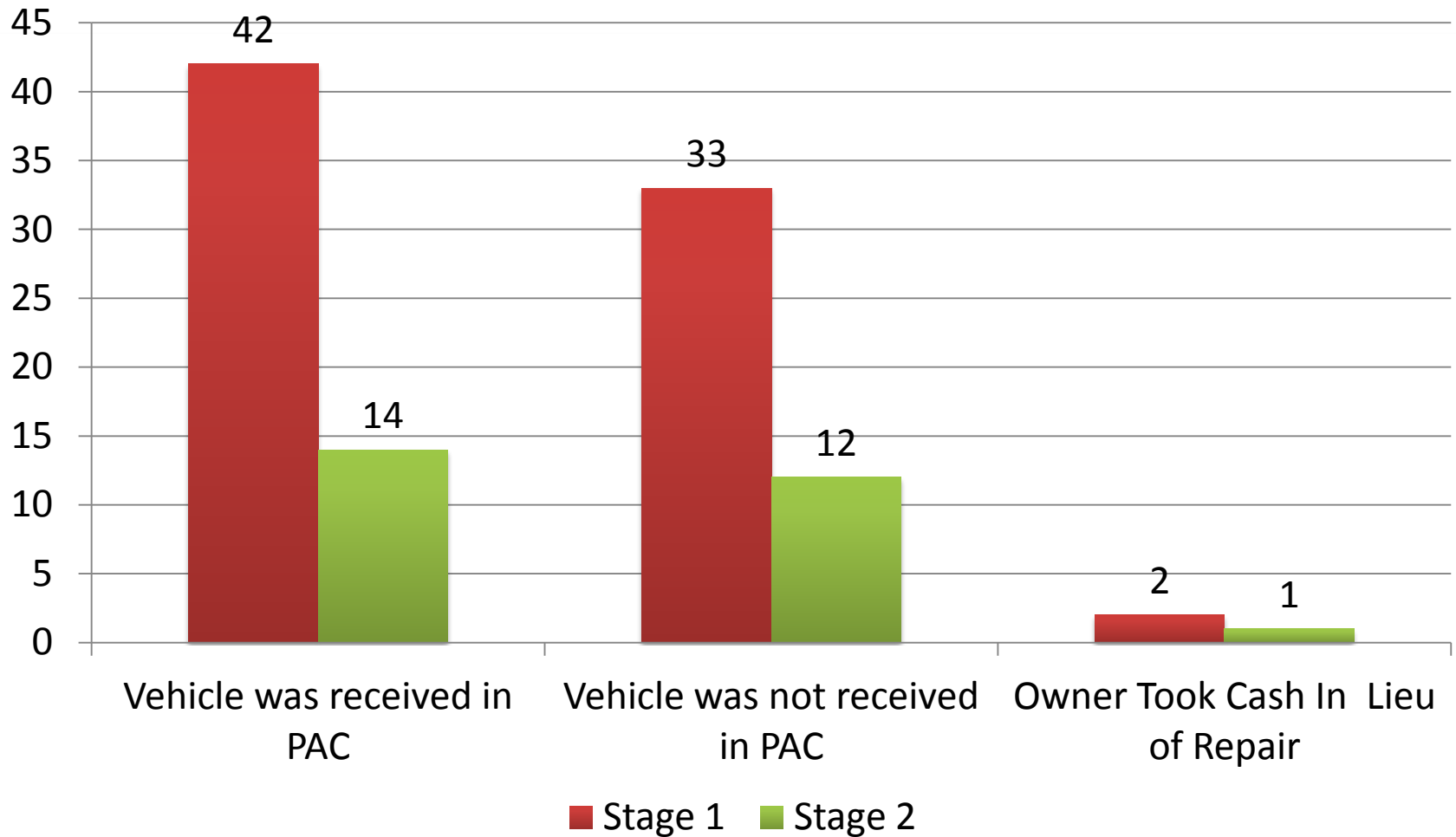
Stage 2 related to repairs managed by non-fault insurers or brokers.

Was the Vehicle Returned in pre-accident Condition (PAC)?



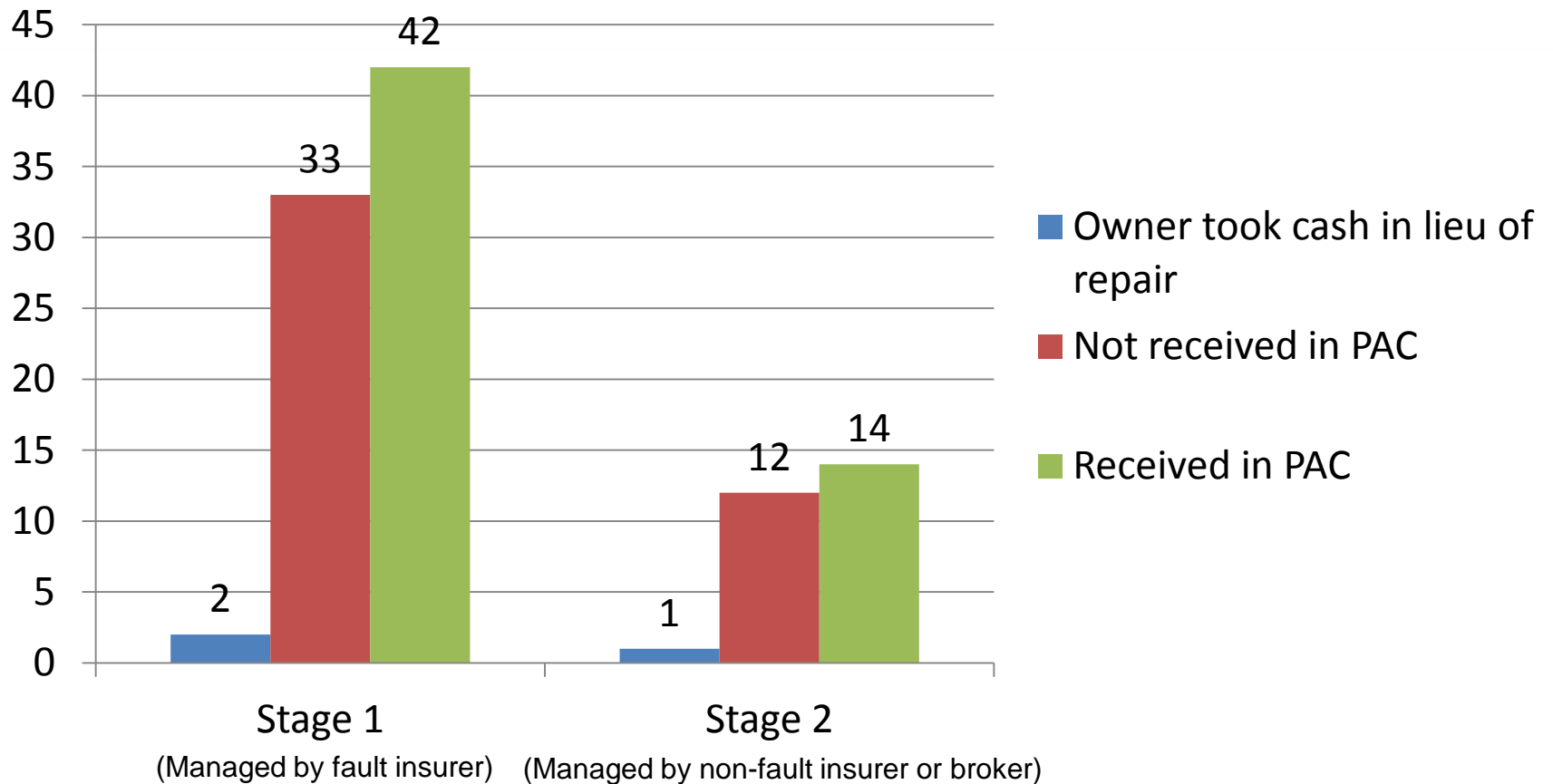
## Return Condition - Inspectors View:

Was the Vehicle Returned in PAC by Stage?

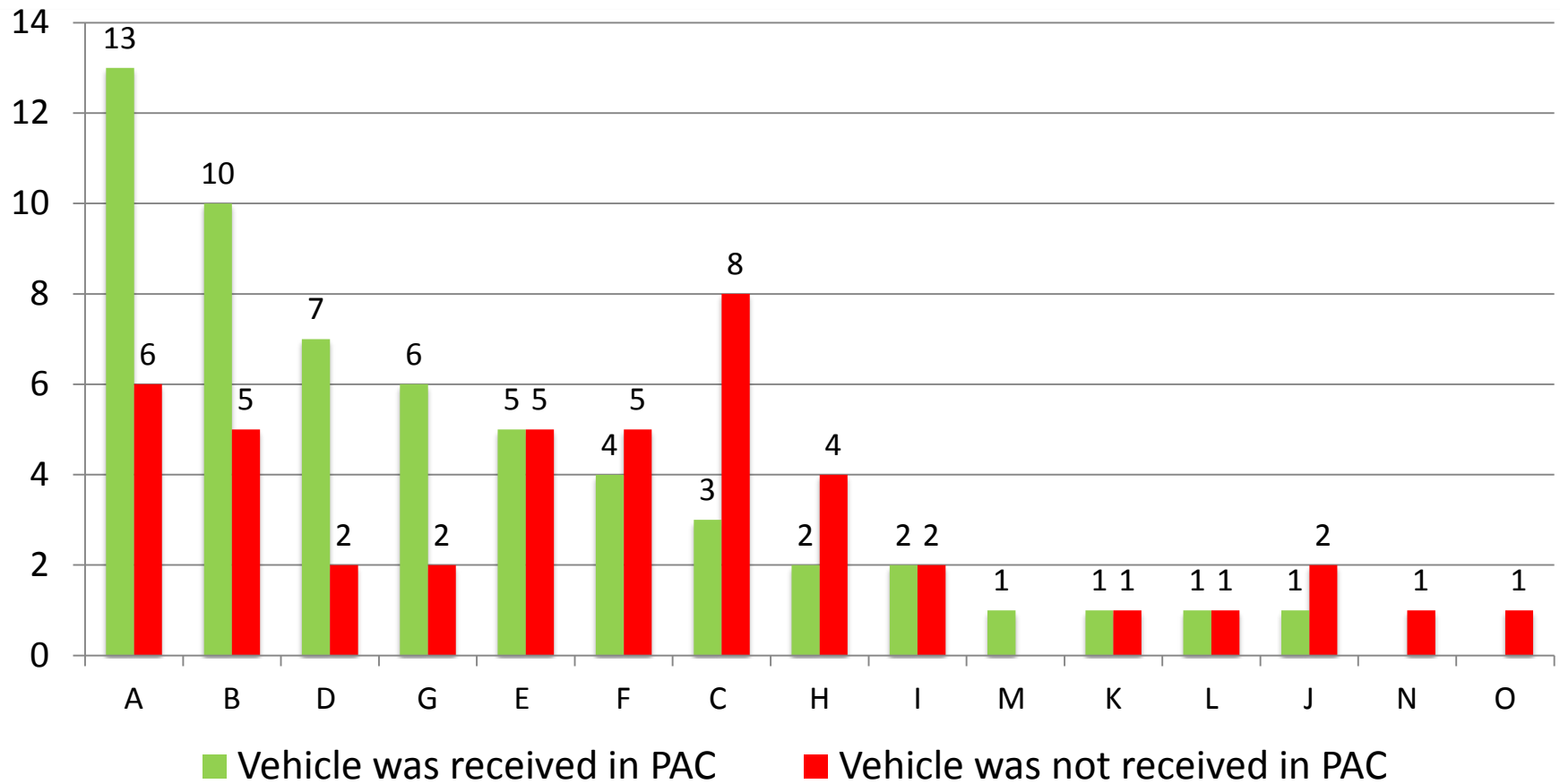


## Return Condition - Inspectors View:

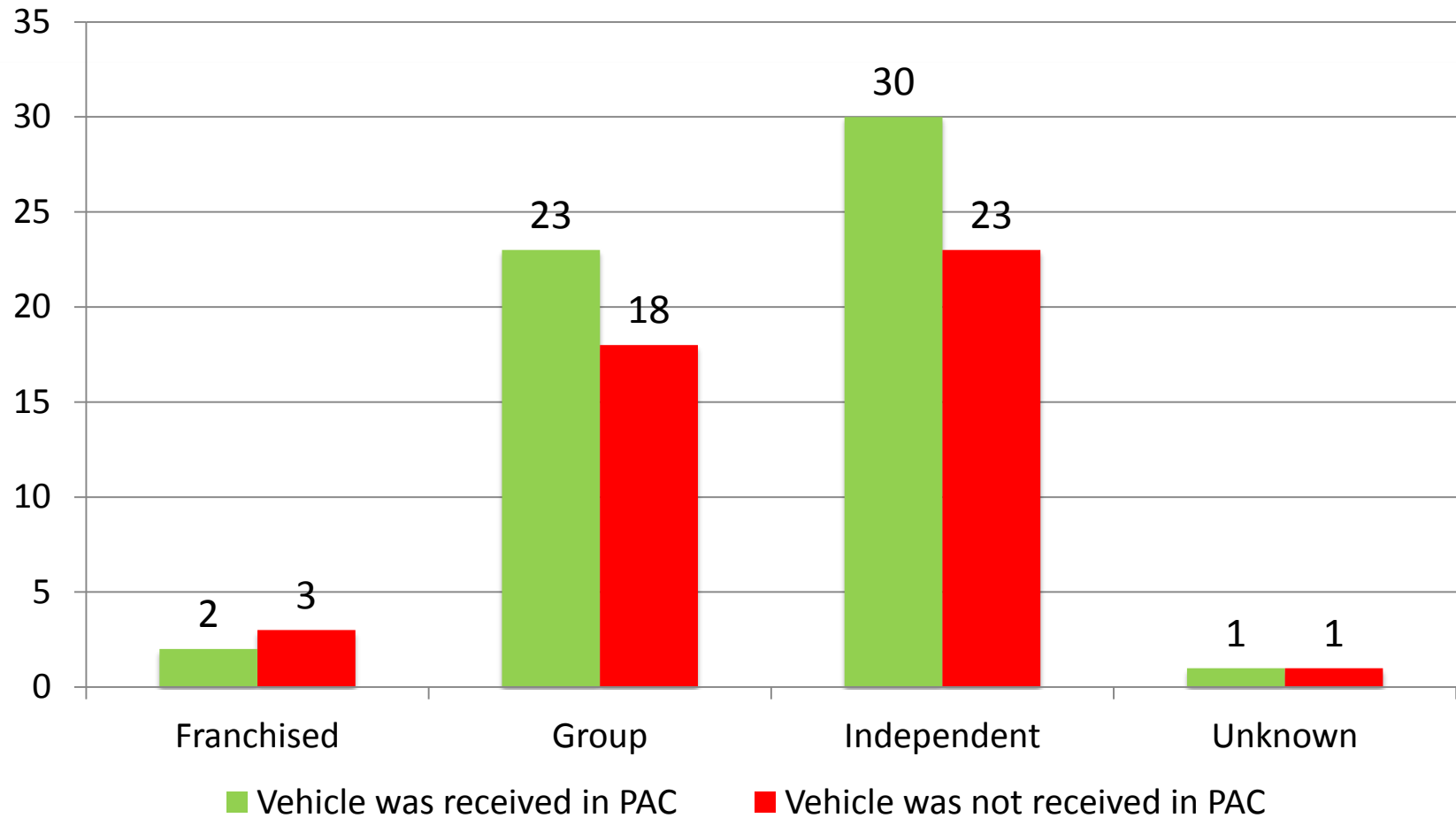
Was the Vehicle Returned in PAC by Stage?



# Return Condition: By Insurer



## Return Condition: By Type of Bodyshop Used



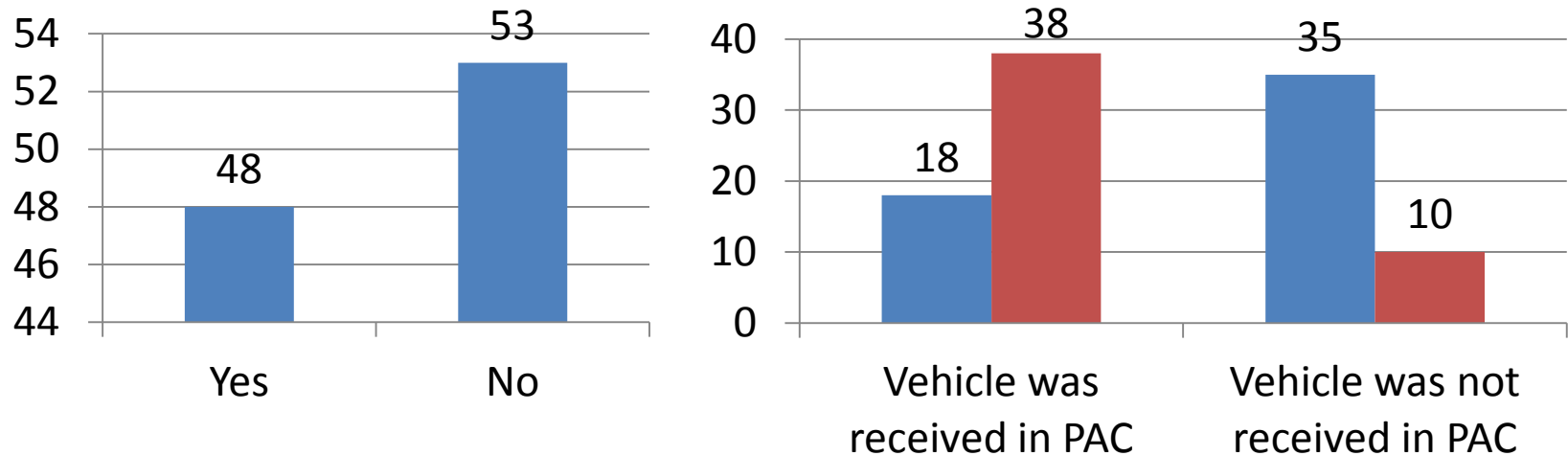
Franchised – Insurer owned or Manufacturer owned

Group – More than three sites

Independent – three sites or fewer

## Return Condition: Where a vehicle was rectified

Rectification –When, after the initial repair, the car owner highlighted ‘faults’ on its vehicle and returned the vehicle to the body shop in order to have these remedied.

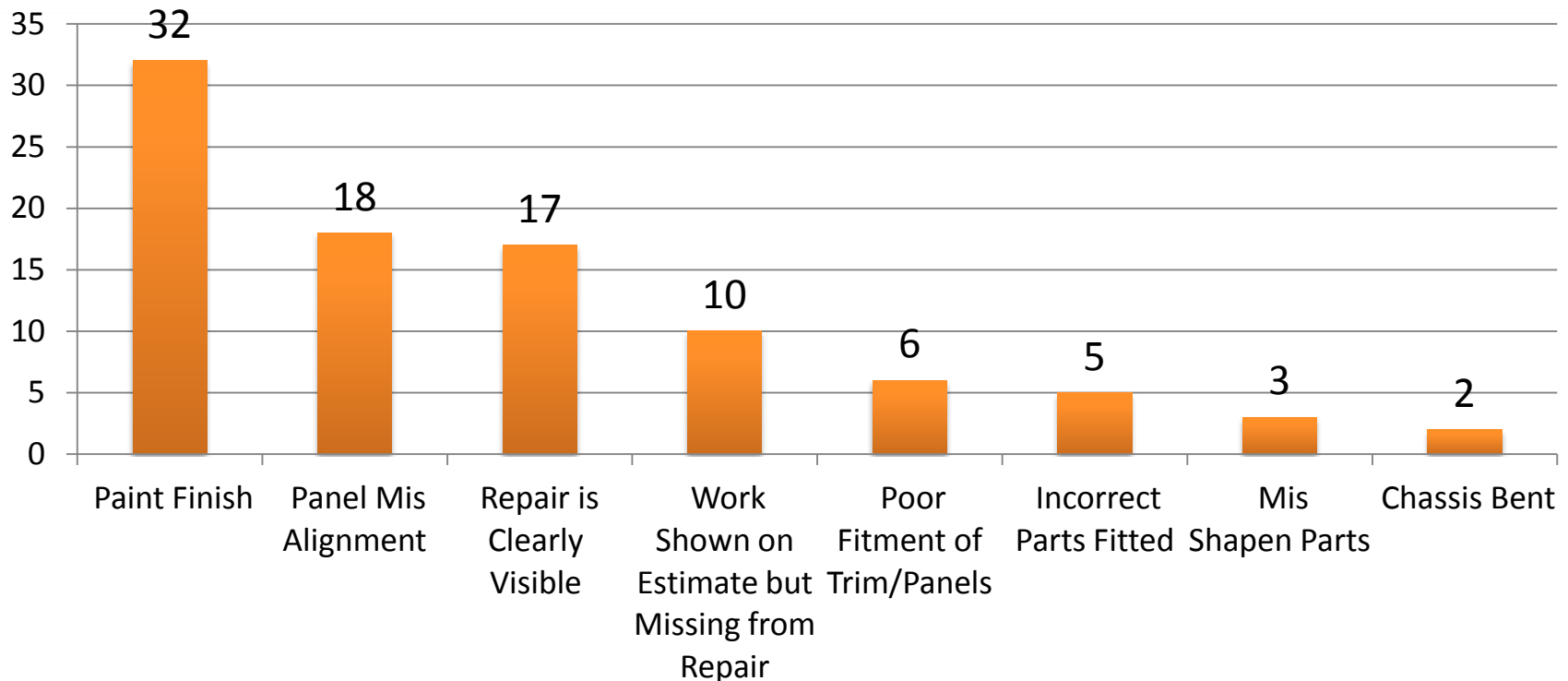


1. 18 of the 101 vehicles were returned to the owner in PAC without any need for rectification
2. 38 vehicles were returned to the owner in PAC after the vehicles had been further rectified
3. 10 vehicles were still not in PAC even after rectification

■ Vehicle had not been rectified  
■ Vehicle had been rectified

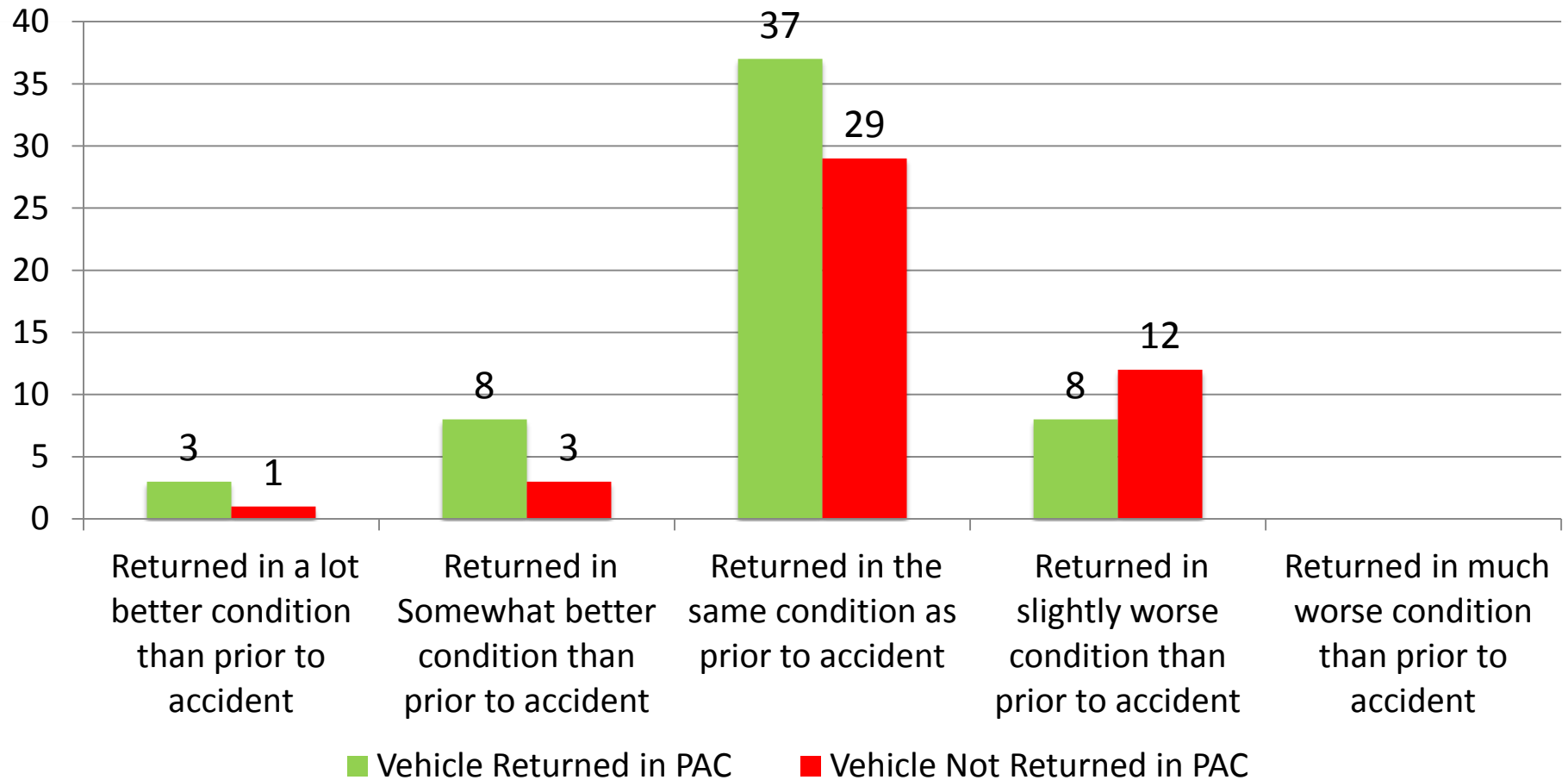
## Consultants View:

Reasons why the vehicle was considered **NOT**  
to have been returned in PAC



Of the 45 Vehicles deemed not to have been returned in pre-accident condition, many had multiple issues. The individual inspection reports have the full details.

## Vehicle Condition: Customer Perception/ Consultant Opinion



# Evidence

The following slides provide some excerpts and pictures taken from individual reports

## In the Inspectors Words

### Example 1: Multiple Issues on a single repair

Reasons and supporting evidence for Vehicle not being considered repaired to pre-accident condition – include Images

#### Reasons

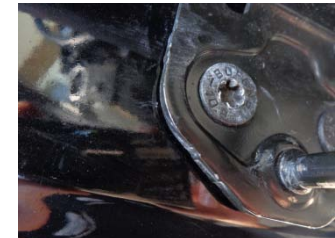
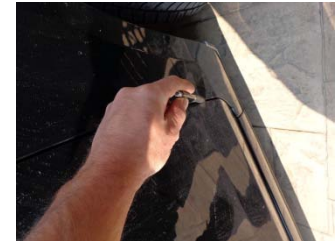
- Poor colour match charged for blending and only painted new wing
- Poor fitment to bonnet
- Paint on the edge of headlight rear
- Splash guard not fitted correctly
- Moulding not fitted back in place correctly
- Company has charged more than work carried out



Reasons and supporting evidence for Vehicle not being considered repaired to pre-accident condition – include Images

Reasons

- Chassis plate decal missing. Not replaced after repair
- Wind noise on Drivers front corner since repair
- Paint chipped of hinge bolts
- Paint sink marks on A Pillar / Sill area
- No paint on inner sill. Bare metal, see images
- Untidy flanges
- Mirror backing missing. Customer told by repairer it is on order ?
- Upper front door moulding badly distorted
- Door gap tight to front wing
- Door latch striker plate damaged and bolts rounded. (due to wrong tools being used)



Reasons and supporting evidence for Vehicle not being considered repaired to pre-accident condition – include Images

#### Reasons

- Evidence of damage still on bonnet. Bonnet frame still slightly distorted. Filler edge visible
- Dirt inclusions in bonnet have been partially removed but still visible
- Front bumper misaligned on passenger side. Rough edges on bumper edge under paint (see image)
- Issue over bonnet lock failing 3 months after repair. Garage said unrelated. I would personally disagree as it was hit on the lock. The lock failed the first time the customer opened his bonnet and used it. !



Reasons and supporting evidence for Vehicle not being considered repaired to pre-accident condition  
– include Images

#### Reasons

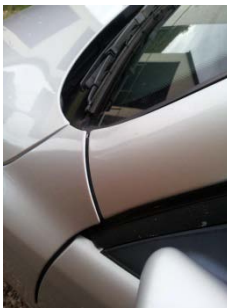
- Very Unsatisfactory Repair
- Parts on invoice have not been fitted. i.e. Grille, bonnet, arch moulding
- Damage parts still on vehicle
- Overspray on bumper trims
- Poor paintwork on bonnet



Reasons and supporting evidence for Vehicle not being considered repaired to pre-accident condition – include Images

#### Reasons

- Colour slightly out
- Suspect non OE wing has been fitted. Poor pressing on front edge nr bonnet
- Poor alignment around rear of bonnet / A pillar



## Paint colour mismatch



Paint finish different to original

## Trim misalignment



Trim misaligned

## Repair visible (dent)



Damage not repaired



## Misaligned part



Panel edges do not line up

Damage not repaired

Inner boot distorted, seam edge exposed



## Misshapen parts & 'orange peel' paint finish



Part out of shape



'Orange peel' paint finish compared to original

## Wrong tool used



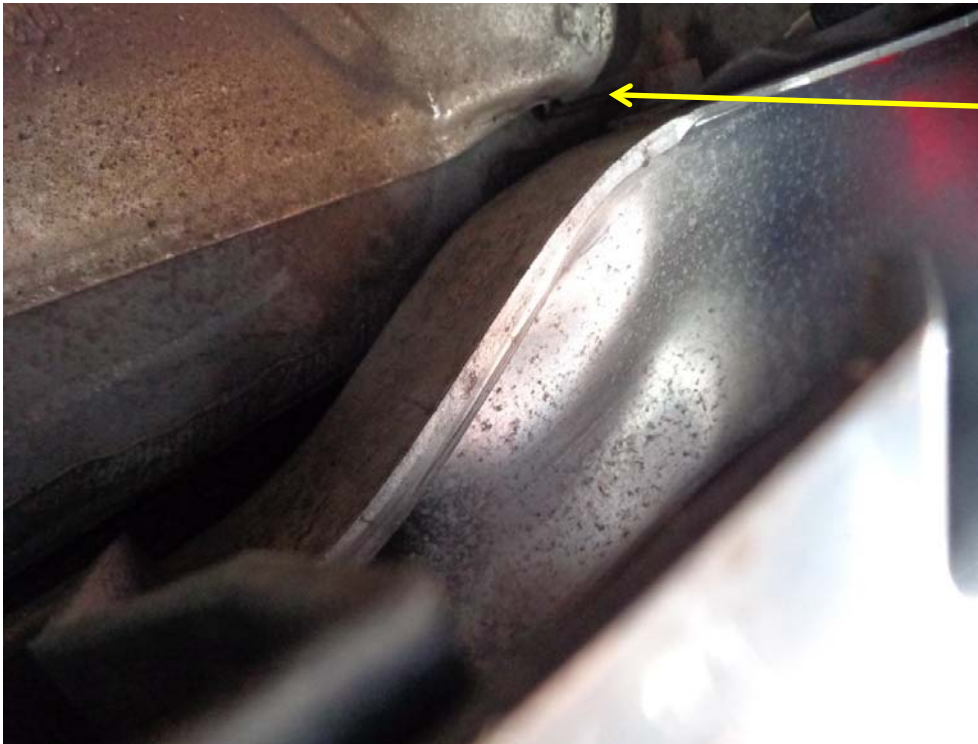
Rounded bolt – Suggesting wrong tool was used in the repair process

## Fitment issues



Large gap between new  
and original parts

## Repair not carried out



Damaged exhaust housing not repaired

## Summary



The following caveats need to be considered when analysing the results

- The inspection reports are opinion based – Our consultants are recognised experts in their field, but the inspections were not carried out under scientific or workshop conditions. Although the best efforts have been made to fulfil the programme criteria we can not guarantee that all defects were reported.
- The availability of the owner was the key factor in scheduling inspections

- Where the vehicle was considered not to have been returned to pre-accident condition the range of repairs did not show any particular trend towards vehicle model, the type of repairer, or insurance company.
- The most common causes for not meeting pre-accident conditions were
  - Paint finish,
  - Panel alignment
  - Repair work clearly visible
- Although limited by the parameters of the physical inspection, as far as the inspectors could tell none of the defects found could be seen as dangerous, but all would have had a negative effect on the car valuation
- In our opinion all of the issues found that resulted in a vehicle not being considered to have been returned to pre-accident condition, could have been detected during an efficient quality control process, prior to the car being handed back to the customer



# %PAC based on who chose the repairer

**Table 1: % PAC vehicle split by who made the final decision as to who would carry out the repairs and how the decision was taken**

	All	Choice made by you: repairer you knew of	Choice made by you: options provided by insurers/CMC	Choice made by Insurer/CMC	Other*
Condition of the car after the repair:					
PAC	56	15	9	31	1
Not PAC	45	4	5	35	1
base (unweighted)	101	19	14	66	2

Source: CC PMI NAF Survey, questions C6, C8

\* Two claims where “who made the final decision?” was reported as being “the repairer” and “don't know”.

The table shows that the proportion of non-PAC cases is much lower when the repairer is chosen by the customer than when the repairer is chosen by the insurer/CMC, but we are unable to attribute statistical significance to the difference since the small MSXI sub-sample of the survey may not be representative of the wider population.