



**Aviva Response to the  
Competition Commission  
Investigation into  
Private Motor Insurance  
"MSXI Vehicle Inspection  
Survey Working Paper"**

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## 1. Executive Summary

This response relates to the Competition Commission's (**Commission**) investigation into private motor insurance (**PMI**) and the Commission's **MSXI Vehicle Inspection Survey Working Paper** sent to Aviva on 30 October 2013.

If, at any stage, Aviva can assist the Competition Commission further please feel free to contact either;

Robert Townend, Claims Director, Aviva Insurance

Or

Stephen Treloar, Retail Director, Aviva Insurance

Or

Gavin Leeder, Project Manager

We would be more than happy to meet with you to discuss any of our responses.

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## **2. Aviva Response to Working Paper**

We recognise and acknowledge that the paper clearly states that the results need to be interpreted with care. We consider that the sample size is too small to make any truly informed further conclusions from the data but are pleased to note that the findings suggest that none of the vehicles inspected suggest any form of safety defect.

It is noteworthy that the paper clearly states that the inspection findings are opinion based and therefore allows for different interpretations of pre-accident condition. There is no clear statement as to the methodology used to decide how the pre-accident condition was determined. This is especially important as a repair is just that, i.e. a repair. It is not a manufacturing process where vehicles are created from scratch or a re-manufacture. We are responsible for repairing used vehicles with all their inherent defects, wear and tear and varying pre-existing conditions therein which can of course include previous accident damage. Unlike robotic manufacturing, our repair work is carried out by trained and experienced engineers/mechanics/technicians and may involve minor, variable tolerances such as around panel alignment, etc. Although this does not affect safety there can be deviations from what is perceived to be the "perfect" manufactured standard.

We fully support a stance that says vehicles should be returned to pre accident condition, however, circumstances will on occasion make this extremely difficult, e.g. older vehicles with badly oxidised paintwork are in most cases impossible to match with fresh paint application and some overall compromise is required. This is also one of the examples where opinions are likely to differ and is also dependant upon the age and condition of the vehicle and whether the customers have specifically requested that the car is repaired and not declared a total loss.

We do not necessarily agree with the finding that all the defects found would have a negative effect on the car valuation should the customer decide, in the future, to sell. Examples of where we would suggest that valuation would not be impacted would be the rounded bolt on the bonnet hinge, the photograph used to highlight the misaligned part and the damaged exhaust housing. This view is also supported by our complaint data and transactional net promoter data, which has not highlighted any issues with valuations of vehicles following repairs.

In our opinion the severity of the issues highlighted by the Commission report is variable, as is their materiality in relation to the quality of the repair and the subsequent future valuation of the vehicle.

We do, however, acknowledge that some of the examples highlighted are clearly unacceptable from a quality perspective and these appear to be a representative (albeit very small) cross section of the motor insurance industry. However, as stated above, the results need to be interpreted with care and the sample size is too small to make any truly informed conclusions from the data.

We have a good customer feedback mechanism that immediately deals with any customer quality repair issues. We have also implemented standards across our network that should ensure consistent quality. As procurer of the services (on behalf of our customer), we strive to ensure we receive the highest level of quality of repairs for our customer and cannot accept that there is any evidence that customers are disadvantaged due to a lack of expertise or information and we provide a full

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guarantee to customers where we have arranged the repair which is a genuine customer benefit and service.

Aviva agrees that the CC have correctly commented that no statistical significance can be placed on the suggestion that the proportion that are not supposedly repaired to PAC is lower where the customer chooses as opposed to the insurer.

Aviva has noted that in the 5<sup>th</sup> of July annotated issues statement that there was no evidence of under-provision by insurers and in our view the statement by MSX International that "insurer managed repairs is often poor" is simply not accurate and no conclusions should be drawn from this evidence.

We would respectively request sight of the [X] Aviva vehicle inspection reports (including available photographic evidence) highlighted within the survey where the vehicle was believed to be returned below pre-accident condition.