

**DIRECT LINE INSURANCE GROUP PLC**  
**PRIVATE MOTOR INSURANCE MARKET INVESTIGATION**  
**RESPONSE TO MSXI VEHICLE INSPECTION WORKING PAPER**

Please see below Direct Line Insurance Group plc's (**DLG**) response to the MSXI Vehicle Inspection Working Paper (the **Working Paper**) which was published by the Competition Commission (**CC**) on 31 October 2013.

1. DLG, like the CC, is surprised by the findings of the vehicle inspection study carried out by MSXI. However, the CC is right to point out that the results of this study need to be interpreted with care, for all the reasons given at point 14 of the Working Paper. In particular, the small sample size, the fact that the sample was not designed to be (and was not) random, that captured claims were over-represented, and that there may well be sample selection biases in the steps leading to the selection of the 104 vehicles to be inspected out of the 13,000 vehicles covered by the original non-fault survey, means that no statistically significant conclusions can be drawn from these results.
2. DLG's understanding from the cases which the CC requested from DLG for this study is that **[CONFIDENTIAL]** cases could be located, of which **[CONFIDENTIAL]** were repairs handled by DLG and **[CONFIDENTIAL]** were not handled by DLG (likely to be cases settled in cash, or cases where DLG's policyholder was captured by another insurer, etc.). Additionally, of the **[CONFIDENTIAL]** cases that were handled by DLG, **[CONFIDENTIAL]** of these were non-network repairs, where customers would have chosen their own repairer. In these cases, as outlined in previous submissions, **[CONFIDENTIAL]** DLG would want to see the detail of the inspections to understand **[CONFIDENTIAL]**. Without knowing the details of the individual cases inspected by MSXI, and without knowing whether the repairs were conducted by DLG's UKARRCs, its third party repairer networks, or a garage/repairer of the customer's choice, it is not possible for DLG to offer any meaningful comment on the standards of workmanship in those cases.
3. Nonetheless, DLG is concerned by the findings of the vehicle inspection study given the importance that DLG attaches to the quality and safety of repair work undertaken within its repairer network. All members of DLG's repairer network are required to conduct repairs in accordance with British Standards Institute PAS125 standards. DLG conducts independent quality audits on repairs carried out by its repairer network, using its own engineers, to assess performance against PAS125 standards. **[CONFIDENTIAL]**
4. To the extent that any of the cases identified by MSXI relate to DLG's repairer network, DLG would be happy to re-inspect the vehicles in conjunction with MSXI to determine whether any further remedial work is necessary.

20 November 2013