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**NAB Output from the “Data Room” review of MSX International Report relating to the Competition  
Commission Private Motor Insurance Market Investigation**

**Submitted by**



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## NAB Report on MSXi Data Room

### Preface

As part of NAB's analysis of redacted data relating to the *MSXi Vehicle Inspection Report*, we alert attention to crucial documentation deficiencies identified within the vast majority of data packs examined.

**Due to the extent of these deficiencies, NAB is of the opinion the survey contributes minimal value to the PMI investigation.**

NAB urges CC to review the completeness and consistency of this data and, in particular, the potential reason or reasons for these shortcomings.

We suggest possible errors and omissions may have arisen from:

- i) Data availability
- ii) Consultancy briefing
- iii) Consultancy competency
- iv) Data inadequacies in material provided (either unwittingly or as a result of attempts to undermine the survey)

Furthermore, we suggest vehicles that were repaired outside the framework of the insurer-repairer claims process should either be removed from the MSXi data sample or be highlighted separately as they should clearly fall outside the scope of PMI parameters. Furthermore these cases have been collated within the statistics as "not repaired to Pre-Accident Condition", thus the output of statistical reports are inaccurate and misleading.

Finally, because of these shortcomings, we recommend that it would be unwise to draw meaningful conclusions from the survey's output, thus any suggestion of proposed remedies relating to the under provision of repairs should not be based on this inadequate sample. We further recommend that a much more robust study of both first and third party post-accident repairs should now be undertaken.

### 1.0. Summary

- 1.1. The National Association of Bodyshops (NAB) welcomes the Report by MSXi, commissioned by the Competition Commission to look into possible under provision of repair.
- 1.2. NAB commends MSXi for a detailed piece of work undertaken in challenging logistical circumstances and with considerable data inadequacies. We further note that since the publication of MSXi's report, the insurance industry and many industry commentators have been outspoken in denigrating MSXi outputs.
- 1.3. NAB fielded a team of three practicing body repair specialists together with a qualified ATA VDA assessor to provide "coal face" technical

responses to the information contained within the MSXi Inspectors' reports.

- 1.4. Over a two-day period the NAB team reviewed over 100 file packs and to date have spent in excess of 150 man hours on this review.
- 1.5. NAB's position outlined within its *"Response to the MSX International Vehicle Inspection Report relating to the Competition Commission Private Motor Insurance Market Investigation"* has not deviated following our Data Room evaluation of the MSXi outputs.

We re-emphasise our concerns relating to:

- 1.5.1. the validity of the statistically small sample of post-repair inspections undertaken by MSXi
  - 1.5.2. the need for a deeper understanding of what drives behaviour in the sector
  - 1.5.3. the apparent failure of industry standards to indemnify consumers
- 1.6. NAB does not view this process as the end of the journey; we see this as an opportunity to now engage with all stakeholders to address the dysfunctional elements of the industry, which have led to alleged consumer detriment.
- 1.7. What the NAB team found:
  - 1.7.1. We noted that none of the inspections had been carried out using a vehicle lift or inspection pit and, in most cases, had taken place in far from "ideal" conditions
  - 1.7.2. Redaction or absence of information within most data packs meant we could not identify how outcomes had been arrived at eg had repair methodology, and therefore repair costs, been changed at any point during the repair process?
  - 1.7.3. Where data was available, we noted evidence of insurer interference on repair methods contributing to poor repair outcomes and adding frictional costs
  - 1.7.4. We noted some evidence of so-called "fixed price repairs" and "zone repairs" contributing to alleged poor quality outcomes. We would also add that it would be impossible to identify the exact area of damage in those cases specifying a zone repair; this would then make it extremely difficult to determine if the vehicle had been reinstated to pre-accident condition.
  - 1.7.5. We noted an absence of data, including in most instances, pre-repair images and vehicle condition reports; these would have provided a better understanding of pre-repair vehicle condition. Most reports used inadequate baseline

assessments as the means of determining pre-repair condition.

- 1.7.6. We noted several vehicles that had been “written-off” as part of an insurance claim and settled on a “cash in lieu of repairs” basis. As previously highlighted, these have been included within this study as not being returned to pre-accident condition when, in fact, they should not have been included within the statistical reporting.
- 1.7.7. We found inconsistency in the reporting information contained within many data packs including an absence of communication notes between insurance companies and repairers, or between repairers and customers or insurers and customers, as well as the absence of final repair invoices in most cases.
- 1.7.8. We noted use of intemperate, inflammatory, inconsistent and ambiguous opinion, descriptions and language in many assessment packs, some of which found its way into the MSXi report (now in the public domain).
- 1.8. We began by welcoming this Report and the work done by MSXi. We remain of that view.
- 1.9. The industry now needs to have a grown up conversation asking some searching questions:
  - 1.9.1. Do current supply chain arrangements adequately meet the indemnity requirements of consumers?
  - 1.9.2. Are certain practices, terms and conditions driving the wrong behaviours?
  - 1.9.3. What is the definition of a quality defect? Should these be graded?
- 1.10. We see this as the beginning of discussions addressing the dysfunctional nature of the sector and reinstating the value of putting consumers at the centre of our activities.
- 1.11. Our detailed feedback on those vehicles deemed by MSXi to have not been returned to customers in pre-accident condition is provided below. We have not commented on cases that were regarded as satisfactory by MSXi, although it should be noted that we considered data packs for these vehicles also, and found similar deficiencies of information.

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