

SURVEY OF PRIVATE MOTOR INSURANCE POLICYHOLDERS

Qualitative Research Findings

June 2014

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Introduction

Background and objectives

The key objectives of this research were to test three remedies that have been identified by the CMA, as follows:

1. **Remedy 4B:** How to explain to consumers the costs and benefits of No Claims Bonus (NCB) Protection when purchasing their motor insurance policy.
2. **Remedy A:** How to inform customers of their legal and contractual rights following an accident. This would cover information given in their policy documentation and information given at FNOL (First Notification of Loss), which would typically be by telephone call.
3. **Remedy 1F:** How best to ask questions at FNOL to claimants who are not at fault in an accident regarding their need for a replacement vehicle (mitigation questions.)

Method and sample

Research took place in Sheffield, Bristol, Coventry and London between 15th and 28th May 2014

METHOD	Experienced an MVA in the last 12 months		Not experienced an MVA
	Not at fault	At fault	
Mini-group	Group 1 17-24 years BC1	Group 3 45+ years BC1	Group 5 25-44 years BC1
	Group 2 45+ years C2DE	Group 4 25-44 years C2DE	Group 6 17-24 years C2DE
Depth interview	Depth 1 17-24 years	Depth 4 17-24 years	Depth 7 17-24 years
	Depth 2 25-44 years	Depth 5 25-44 years	Depth 8 25-44 years
	Depth 3 45+ years	Depth 6 45+ years	Depth 9 45+ years
	Depths 10 - 12 Claimed via CMC		-
	Depths 13 - 15 Experienced an MVA but did not claim		-

Important to note:

- For most, the information shown during the research was brand new, and not something they had previously considered.
- None had proactively looked for this type of information in day-to-day life
- This meant that the research had a cumulative effect, and encouraged participants to engage in a topic they previously had not considered → resultantly, stimulus shown was analysed in much more detail than would be expected in day-to-day life.

Key Findings

Key findings: Remedy 4B

- NCB has a high assumed value making NCBP attractive for those with a high number of NCB years.
- NCBP is not a key factor or point of differentiation when purchasing an insurance policy.
- Current NCBP purchase decision making is based on either a desire for peace of mind or rejection of an additional cost.
- Current NCBP purchase decision making is not an informed decision – many with NCBP assume it is unlimited protection.
- There is a desire for NCBP to be shown as an add-on product with a stand-alone price.
- There is limited desire to see the financial value of NCB as consumers are unlikely to use this to choose their policy (although some would like the option).
- However, consumers are keen to have an understanding of the general value of NCB and therefore are positive towards seeing % values by year.
- Overall there is a strong desire for greater NCBP product information and detail including the impact of number of at fault/ not at fault claims on both NCB and premium.

Key findings: Remedy A

- There is little awareness of legal rights and entitlements. Consumers turn to their insurer following an MVA to seek confirmation about entitlements under the terms of their individual policy.
- FNOL is the ideal time to provide this information
 - Consumers do want to receive information at FNOL. Main interest is in their entitlements.
 - A long script or lengthy document might encourage them to ‘switch off’ – key points preferred.
 - Desire for brief, key facts, with optional detail.
- Remedy A documentation is likely to have limited impact
 - Likely to be filed unread, along with policy documents.
 - Legalistic, official tone suggests it is a legal requirement for the insurer, rather than something to support the customer.
- Importance of this information is not well understood
 - Currently, there is little motivation to attend closely to legal entitlements, as insurers are trusted to provide all required information.
 - Wider awareness-raising may be required.

Key findings: Remedy 1F

- Overall there is mixed awareness of entitlement to a temporary replacement vehicle often clouded by whether people included 'courtesy car' as part of their policy.
- The mitigation questions are considered easy to understand but suggest to consumers that the insurance company aims to avoid providing a temporary replacement vehicle.
- There are concerns regarding questions that ask about temporary repairs and roadworthiness of the vehicle with consumers feeling unable to confidently answer these.
- Consumers are unsure why they are asked if they have already received an offer of a temporary replacement vehicle.
- The question asking about family vehicle availability is considered intrusive and met with a negative response.
- Overall consumers feel that the similar temporary replacement vehicle question works well in assessing their needs for a vehicle that enables you to carry out required activities during the time you have the vehicle.
- There are some questions regarding how long you are entitled to a temporary replacement vehicle.

Main Findings

Please note that stimulus shown to participants throughout the research is referred to and provided in the appendix.

Setting the context

Mind sets and circumstances

Attitudes towards insurance driven by a range of mind sets and circumstances...

Cost-driven (car insurance is a necessity/ premium is high)

Attitude towards risk - risk averse (peace of mind in being covered)

Previous experience of accident/ claiming

Attitude towards claiming (do not claim for 'bumps')

Reliance on car (important for work, family use)

Financially savvy/ familiar with official documents

Influencers (reliance on advice from friends/ family)

Scepticism (just a way to make money)

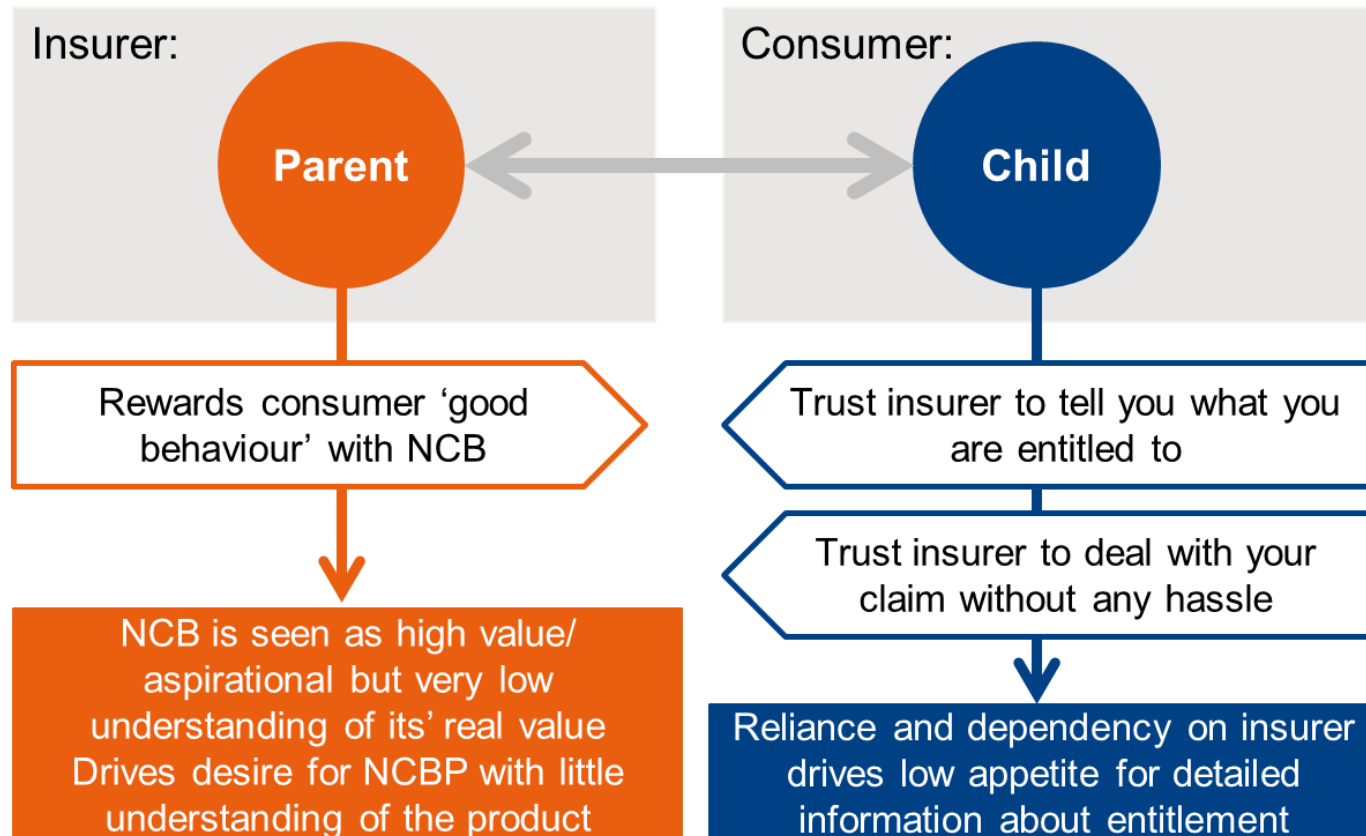
Car type (new, spec)

Self-efficacy (confidence in buying insurance)

Attitude towards risk – 'it won't happen to me'

Relationship with insurer

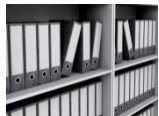
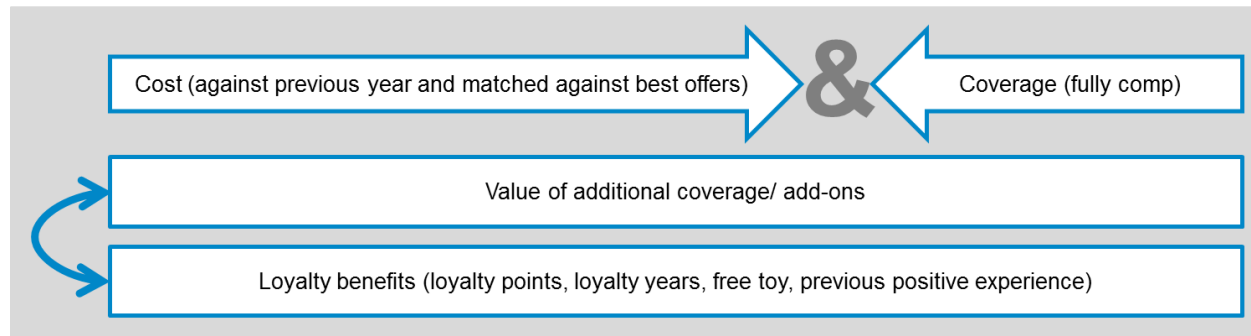
For many there is a 'parent', 'child' relationship with insurers



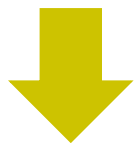
Policy purchase

Overall low awareness of and engagement with intricacies of insurance policy

Purchase is often cost-driven:



- Policy documents are briefly scanned and filed
- Most double check for coverage
- Key facts sheet received if use a broker



- Low awareness of how car insurance is calculated
- Tick box approach means people have limited engagement in policy specifics
- Low awareness of how different claims impact on premium

Policy/ insurance language

Overall there is a desire for simple and clear language and information

Jargon-free

- Plain English/ avoid unfamiliar terms
- E.g. 'premium'; 'NCB discount'; 'excess'; claims management company'; 'split-liability'.
- Avoid abbreviations

Avoid the need for complex calculations

- Reflect that people are not familiar with interrogating these figures

Personalised to you/ your policy

- Show information relevant to you/ your policy
- Avoid navigating information that is not relevant

Transparent

- Avoid vague terms e.g. 'may'; 'typical'; 'reasonable'; 'claim'.

Remedy 4B

No Claims Bonus & No Claims Bonus Protection

No Claims Bonus (NCB) (Stimulus 1)

NCB has an assumed high value and considered very important

NCB...

is something to be proud of

is not affected if
you have a MVA
and are not at fault

is valuable because it takes a long time to build up

saves you money

is worth safeguarding by not
claiming for 'small bumps'

is aspirational

shows you are a low risk driver

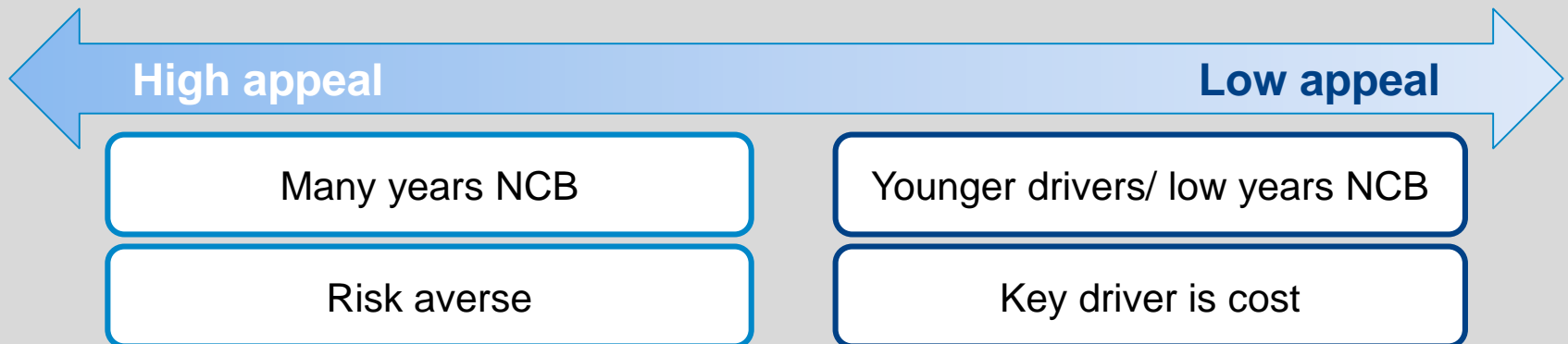


- What is the real financial value?
 - A couple thought they knew a % figure
 - Not thought about this before but then query whether different insurers offer different discounts or if there is an industry standard
- Surprised that it caps at 9 years
- What role does NCB play in determining your premium (e.g. vs. other factors such as post code)?

No Claims Bonus Protection (NCBP) (Stimulus 2)

NCBP is not a key factor/ point of differentiation when purchasing policy

- Most had heard of it and either elected to take it (peace of mind to cover a valuable asset) or dismissed it (focussing on final cost of policy or generally sceptical towards add-ons)
- Limited knowledge about how it works
 - Do not know the cost of the protection
 - Assume unlimited protection
 - A few know there is a limit on number of claims but unsure/ confused about how many/ what type of claim (e.g. at fault and not at fault)
- A couple of queries about whether having NCBP reduces your premium the following year



Remedy 4B

Overall NCBP is seen as an 'add-on' and consumers want it to be presented in that way

Show the individual price of adding NCBP to your policy

- Currently sold as part of insurance package
- NCBP not treated as an individual add-on drives:
 - No understanding of its' cost
 - Limited understanding of product features

Limited desire to use NCBP/ NCB value as point of differentiation between insurers

- Would like option to see value of NCB discount (very few make financial calculations weighing up value of NCB and cost of NCBP)
- General idea of % value per NCB year is more useful

Clarify product features

- Impact of at fault/ not at fault claims on NCB and premium
- Number of claims covered by NCBP

Remedy 4B: PCW information (1)

(Stimulus 3 and 4)

All participants were shown the following tables:

	POLICY FEATURES													
	Annual premium you pay	No Claims Bonus	Annual premium before your NCB	Net monthly premium	Excess	Windscreen cover	Courtesy car cover	Breakdown cover	Personal accident cover	Legal expenses cover				
Insurer C	£250	£110	£360	1x £50 10x £24.90	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35				
Insurer D	£250	£20	£270	1x £51.66 10x £25.83	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35				
Insurer A	£300	£60	£360	1x £54	POLICY FEATURES									
				10x £27.50	Annual premium you pay	Annual premium without NCB Protection	NCB deducted from your premium	Monthly premium	Excess	Windscreen cover	Courtesy car cover	Breakdown cover	Personal accident cover	Legal expenses cover
Insurer B	£310	£100	£410	1x £58 10x £29.17	£100	£225	£110	1x £50 10x £24.90	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
				Insurer C	£250	£225	£20	1x £51.66 10x £25.83	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
				Insurer D	£250	£225	£20	1x £51.66 10x £25.83	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
				Insurer A	£300	£270	£60	1x £54 10x £27.50	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
				Insurer B	£310	£275	£100	1x £58 10x £29.17	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35

Remedy 4B: PCW information (2) (Stimulus 3)

Additional information in this format causes confusion

Premium is not a term widely understood. 'Final cost' is preferred

Could show NCB discount as a deducted amount by clicking on annual premium

	POLICY FEATURES									
	Annual premium	No claims Bonus	Annual premium before your NCB	Net monthly premium	Excess	Windscreen cover	Courtesy car cover	Breakdown cover	Personal accident cover	Legal expenses cover
Insurer C	£250	£110	£360	1x £50 10x £4.90	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
Insurer D	£250	£20	£270	1x £16.66 10x £5.83	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
Insurer A	£300	£60	£360	1x £54 10x £27.50	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
Insurer B	£310	£100	£410	1x £58 10x £29.17	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35

Would like to see NCBP shown as an add-on with a price

- This information is confusing
- Columns are not in a logical order
- Unsure if NCB has been deducted
- Does not help decide which policy to purchase (look at first column)

Remedy 4B: PCW information (3) (Stimulus 4)

Where understood, this information is used to calculate cost of NCBP – preference for this to be shown as a standalone figure

Could be made clearer by saying 'with' and 'without' NCBP

	Annual premium you pay	Annual premium without NCB Protection	NCB deducted from your premium	Monthly premium	Excess	Windscreen cover	Courtesy car cover	POLICY FEATURES Breakdown cover	Personal accident cover	ex
Insurer C	£250	£225	£110	1x £24.17			✓	From £30	✓	
Insurer D	£250	£225	£20	1x £53.33 10x £25.00			✓	From £30	✓	From £35
Insurer A	£300	£270	£60	1x £54 10x £27.50	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
Insurer B	£310	£275	£100	1x £58 10x £29.17	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35

Unsure if this figure has already been deducted

Regardless of where NCBP is shown there is strong desire for a '?' button to provide product feature information

Remedy 4B: Insurer/ broker information (1)

(Stimulus 5, 6 and 7)

All participants were shown the following tables:

	No Claims Bonus at next renewal date <u>without</u> NCB protection			No Claims Bonus at next renewal date <u>with</u> NCB protection				
Number of years No Claims Bonus at this renewal	1 claim in next 12 months	2 claims in next 12 months	3 claims in next 12 months	1 claim in next 12 months	2 claims in next 12 months	3 claims in next 12 months		
One year NCB	Nil	Nil	Nil	N/A	N/A	N/A		
Two years NCB	Nil	Nil	Nil	N/A	N/A	N/A		
Three years NCB	One year	Nil	Nil	Three years	One year	Nil	Number of years No Claims Bonus at this renewal	Typical NCB discount
Four years NCB	Two years	Nil	Nil	Four years	Four years		One year NCB	5%
Five years or more NCB	Three years	Nil	Nil	Five years or more	Five years or more		Two years NCB	10%
							Three years NCB	20%
							Four years NCB	30%
							Five years NCB	40%
							Six years NCB	45%
							Seven years NCB	50%
							Eight years NCB	55%
							Nine years or more NCB	60%

	No Claims Bonus at next renewal date <u>without</u> NCB protection			No Claims Bonus at next renewal date <u>with</u> NCB protection				
Number of years No Claims Bonus at this renewal	1 claim in next 12 months	2 claims in next 12 months	3 claims in next 12 months	1 claim in next 12 months	2 claims in next 12 months	3 claims in next 12 months		
Three years NCB	One year = 10% discount	Nil	Nil	Three years = 40% discount	One year = 10% discount	Nil		

Remedy 4B: Insurer/ broker information (2) (Stimulus 5)

Whilst often difficult to comprehend, this information is useful in understanding the product features → there is a strong desire for this detail

Challenges existing assumption that protection is unlimited

Clarifies queries regarding impact of number of claims made

Lacks detail regarding what a 'claim' is/ impact of at fault and not at fault MVAs

Would need to be shown alongside cost of NCBP

Overall confusing – colour coding could improve clarity

	at this renewal	without NCB protection			No Claims Bonus at next renewal date with NCB protection		
		3 claims in next 12 months			1 claim in next 12 months	2 claims in next 12 months	3 claims in next 12 months
One year NCB	Nil	Nil	Nil	Nil	N/A	N/A	N/A
Two years NCB	Nil	Nil	Nil	Nil	N/A	N/A	N/A
Three years NCB	One year	Nil	Nil	Nil	Three years	One year	One year
Four years NCB	Two years	Nil	Nil	Nil	Four years	Four years	Four years
Five years NCB	Three years	Nil	Nil	Nil	Five years or more	Five years or more	Five years or more

Unclear whether reduced to one year or reducing by one year

Some would prefer drop down box to show only rows relevant to your NCB years

Remedy 4B: Insurer/ broker information (3) (Stimulus 6)

Very positive response to this table – clear and easy to relate to

Clear and easy to understand way of gauging value of NCB – is helpful in deciding whether to purchase NCBP

Number of years No Claims Bonus at this renewal	Typical NCB discount
One year NCB	5%
Two years NCB	10%
Three years NCB	20%
Four years NCB	30%
Five years NCB	40%
Six years NCB	45%
Seven years NCB	50%
Eight years NCB	55%
Nine years or more NCB	60%

‘Typical’ can cause some confusion (though most did not notice this until prompted)

- What does this mean for me? Will my NCB be ‘typical’?
- Is this the average across insurers – so will some insurers be different?
- Or is this an average within the one insurer – and if so how much of a difference is there across insurers?

BUT still strongly liked as a general way to understand the value of NCB/ NCBP

Remedy 4B: Insurer/ broker information (4)

(Stimulus 7)

There is value in showing both sets of information together – but in isolation this is confusing

	No Claims Bonus at next renewal date <u>without</u> NCB protection			No Claims Bonus at next renewal date <u>with</u> NCB protection		
Number of years No Claims Bonus at this renewal	1 claim in next 12 months	2 claims in next 12 months	3 claims in next 12 months	1 claim in next 12 months	2 claims in next 12 months	3 claims in next 12 months
Three years NCB	One year = 10% discount	Nil	Nil	Three years = 40% discount	One year = 10% discount	Nil

Prefer to see both sets of information separately

Small number would prefer to see the % lost e.g. one year = 30% lost. Whilst there is a desire to see this loss as a financial £figure, some recognise that this would be difficult to do as would be based on future premium calculation. However – the research suggests that this level of detail is likely to cause confusion

Remedy 4B: NCBP statements (1) (*Stimulus 8 and 9*)

All participants were shown the following statements:

Your premium may increase following an accident in which you are not at fault even if you have No Claims Bonus Protection.

Your premium may increase and your No Claims Bonus discount may decrease following an accident in which you are at fault even if you have No Claims Bonus Protection.

Remedy 4B: NCBP statements (2) (Stimulus 8)

Most were shocked by this statement driving deep cynicism towards insurance companies and NCBP

Your premium may increase following an accident in which you are not at fault even if you have No Claims Bonus Protection.

Reactions...



Remedy 4B: NCBP statements (3) (Stimulus 8)

Most felt it was unfair for your premium to be affected when not at fault

Do not expect premium increase for not at fault MVAs

Use of words 'may' are seen as deliberately vague

Reinforces perceptions that it is best not to report bumps to insurance company/ not to make a claim where possible

Some confusion between impact on NCB and premium – some reflected that you would not expect NCBP to protect your premium

Remedy 4B: NCBP statements (4) (Stimulus 9)

Expectation that an at fault MVA will increase your premium but lack of clarity regarding whether NCBP is dependent on at fault/ not at fault status

Your premium may increase and your No Claims Bonus discount may decrease following an accident in which you are at fault even if you have No Claims Bonus Protection.

Those who take NCBP at face value assume unlimited protection

Use of the word 'may' is again considered deliberately vague

Overall, it is agreed that these statements are very important and must be clearly provided to consumers. For many, these statements changed how they felt about NCBP.

Remedy 4B: Recommendations

- Do not include NCB (as a standalone cost or before/ after cost) as a breakdown column on PCW
- Provide breakdown as optional information if you click on/ hover over annual premium and clarify that the NCB has already been deducted.
- Show NCBP as an add-on (not a before/ after cost).
- Show the standalone cost of NCBP.
- Provide more information about NCBP through a '?' or 'more information' button to include impact of having NCBP on number of not at fault/ at fault claims on NCB and premium.
- When showing impact of NCBP on NCB make it clear that the information shows that you will be reduced to 'x years' (not reducing by 'x years').
- Provide table detailing % discount by NCB years. Provide this information in a separate table to keep it clear and simple.
- Avoid the term 'premium' or explain what this means.
- Avoid vague terms 'may' or 'typical' unless there is an accompanying explanation.

Remedy A

FNOL telephone and written documentation

Awareness of legal entitlements

Uncertainty surrounding legal rights following an MVA:

- Some limited awareness of basic principle that you must be put back into the position you were in before an accident.

Following an MVA...



Key questions:
What is the relevant procedure: what are **my responsibilities**?
What will my **insurance policy** cover?



Insurer or broker contacted by phone, to seek **clarification** and **reassurance** about entitlements relevant to their policy.
Desire for a **hassle free resolution**, and to minimise impact on **future cost** of insurance premium.



Unlikely to consult **written policy** documents.

Remedy A: FNOL telephone (1)

(Stimulus 10)

The following script was read out to all participants:

- You are required by law to report the accident to your insurer.
- If an accident is found not to be your fault, you are entitled under law to be put back into the position you would have been in had the accident not occurred through the submission of a claim against the insurer of the other driver who is responsible for paying the costs of this claim, provided that those costs are reasonable.
- Your rights include compensation for:
 - Repair of your vehicle to its pre-accident condition.
 - A replacement vehicle that is similar to your vehicle while you are without your vehicle, provided that you need such a vehicle.
 - Personal injury damages (e.g. for pain, suffering and loss of amenity, and the costs of care).
 - Other losses (e.g. loss of earnings, vehicle recovery and storage and the use of public transport).
- Your non-fault claim can be handled in the following ways:
 - By your own insurer.
 - By the insurer of the other driver.
 - By a claims management company.
 - By you.
- Your legal entitlements are the same under all of these options. We are your insurer.

Remedy A: FNOL telephone (2) (Stimulus 10)

The script was generally thought to be longwinded, and too much to take in after an accident → likely to switch off.

Some were not previously aware of their responsibility to report an accident.



- You are required by law to report the accident to your insurer.
- If an accident is found not to be your fault, you are entitled under law to be put back into the position you would have been in had the accident not occurred through the submission of a claim against the insurer of the other driver who is responsible for paying the costs of this claim, provided that those costs are reasonable.



Likely to get 'lost' when listening to long sentences.

Remedy A: FNOL telephone script (3)

(Stimulus 10)

- Your rights include compensation for:
 - Repair of your vehicle to its pre-accident condition.
 - A replacement vehicle that is similar to your vehicle while you are without your vehicle, provided that you need such a vehicle.
 - Personal injury damages (e.g. for pain, suffering and loss of amenity, and the costs of care).
 - Other losses (e.g. loss of earnings, vehicle recovery and storage and the use of public transport).
- Your non-fault claim can be handled in the following ways:
 - By your own insurer.
 - By the insurer of the other driver.
 - By a claims management company.
 - By you.
- Your legal entitlements are the same under all of these options. We are your insurer.

Information about entitlements is of most interest. Reassuring.

Information surrounding options for who should handle the claim is not easily understood - assumption that your own insurer will handle the claim.

Timing of the information at FNOL is right, but there is a high likelihood of switch-off. Timing and channel are crucial to ensure that the information is highlighted as important, and worth attending to.

Prefer to have summary of this information at FNOL, then detail later – e.g. via email or text.

Remedy A: documentation (Stimulus 11)

All participants were shown the 5-page document

Remedy A

Statement of consumer rights following an accident

1. This statement provides a summary of:
 - (a) Your responsibilities following an accident;
 - (b) Your rights following an accident; and
 - (c) How your motor insurance claim may be handled.

Your responsibilities following an accident

2. Following an accident, you are required by law to report the accident to your insurer.
Your insurer and the insurer(s) of the other driver(s) involved in the accident will investigate the accident circumstances and determine who is responsible for the accident.

Your rights following an accident

Your rights if an accident is found to be your fault

3. If an accident is found to be your fault, your entitlements are determined by the terms and conditions of your motor insurance policy. Please refer to your motor insurance policy, the Frequently Asked Questions attached with your policy documentation

Language:

Generally clear and comprehensible, although contains some jargon.

Tone:

Legalistic, official tone suggests it is a legal requirement for the insurer, rather than something to support the customer.

Content:

Somewhat longwinded, but provides some reassurance. Generic. Would it apply to every policy? Preference for shorter, key facts list.

Format:

Mixed preferences: many like to see this in writing, as it can be filed with policy documents. Others prefer phone.

Impact:

Although reasonably clear, this is unlikely to be read without its relevance being clearly highlighted.

Remedy A: Recommendations

- A clear call to action should be provided, to ensure that people attend to the information in remedy A:
 - Highlight the relevance of the information to the consumer
 - An independent channel would help to avoid switch-off
- Immediately following an accident is seen as the appropriate time to provide this information:
 - Information must therefore be brief, clear and easy to digest, even in the aftermath of an accident
 - More detail later, around 24 hours after the accident
 - Information provided alongside the policy is unlikely to be read
- Preferences vary for the ideal format:
 - Brief, key facts are preferred to a lengthy document
 - Verbal delivery preferred by others, avoiding a jargon-heavy 'standard spiel' which causes switch-off
 - A two-stage process could include both formats
- General awareness-raising is required to promote the idea of legal entitlements separate from individual insurer policy
 - Awareness campaign and culture change

Remedy 1F

Mitigation questions

Remedy 1F (1)

Mixed awareness of entitlement to temporary replacement vehicle when not at fault

Overall confusion over whether you needed to tick 'yes' to courtesy car when you purchased policy



If ticked 'yes' to courtesy car assume you are entitled

If did not tick 'yes' then unsure/ most likely to assume not entitled

Some reflect that if not at fault and fully comp then should be entitled – but often not a top of mind assumption

Many noted that they would expect the insurer to tell them or would ask insurer if they thought about it and were unsure

Remedy 1F (2)

(Stimulus 12)

Many felt that the mitigation questions were a way of insurance companies avoiding providing people with a temporary replacement vehicle

Language considered easy to read and clear

Make of vehicle?
Model of vehicle?
Do you require a temporary replacement vehicle for the period whilst your vehicle is being repaired or is otherwise unavailable?
Do you believe your vehicle to be not roadworthy and/ or unusable?
Do you believe that your vehicle could be temporarily repaired such that you could continue to use it while awaiting its permanent repair?
Have you received an offer of a temporary vehicle from the other driver's insurer? If yes, why was this offer not accepted?
For the period while your vehicle is unavailable do you have access to another suitable vehicle owned by you or by your immediate family? If yes, is there a reason why you could not use this vehicle?
Do you require a temporary replacement vehicle that is similar in size, number of doors and engine capacity to your own vehicle? If yes, why?

- Not confident in answering these questions
- Could result in driving unsafe vehicle

- Unsure why this is being asked – considered a 'redundant' question

- Considered intrusive and irrelevant
- Most had a negative reaction to this question

Expectation that replacement vehicle will be fit for purpose/ enable you to carry out required activities during the time you have it

Do you require a temporary replacement vehicle that is similar in size, number of doors and engine capacity to your own vehicle? If yes, why?

Agreed that this question asks the right questions

Key considerations are:

- Number of passengers
- Boot capacity (buggy, wheelchair)
- Spec (e.g. driving in country lanes or automatic drive)
- Ability to drive confidently
- Comparable fuel costs

Some queries about how long you are entitled to have the vehicle → desire greater clarification

Remedy 1F: Recommendations

- Clarify that people are entitled to a temporary replacement vehicle when not at fault (see Remedy A).
- Questions to re-consider:
 - Do not assume that consumers are able to/ feel confident in assessing the roadworthiness of their vehicle.
 - If including a question about the offer of a replacement vehicle from the other insurer – make it clear why this question is being asked.
 - Avoid asking people about family vehicle availability.
- Final question (similar replacement vehicle) works well. Additional prompts that could be used to determine appropriate vehicle include:
 - Number of passengers
 - Boot capacity
 - Type of journeys/ roads used
- Provide clarification regarding how long you are entitled to keep the temporary replacement vehicle.

Appendix

Stimulus shown to participants during the research

Remedy 4B: Stimulus 1

Description of NCB

Stimulus 1

No claims bonus is a discount on the price of your insurance when you do not make a claim on your insurance.

For every consecutive year when you do not claim on your insurance you build up a bigger discount.

There is usually a maximum number of no claims years you can build up, often 9 years.

Remedy 4B: Stimulus 2

Description of NCBP

Stimulus 2

No claims bonus protection is an extra payment you can add to your car insurance policy to protect your no claims bonus.

The cost depends on the insurer and your risk profile.

Remedy 4B: Stimulus 3

PCW information (grey columns)

Stimulus 3

Information provided on a price comparison website when you tick that you want no claims bonus protection

	POLICY FEATURES									
	Annual premium you pay	No Claims Bonus	Annual premium before your NCB	Net monthly premium	Excess	Windscreen cover	Courtesy car cover	Breakdown cover	Personal accident cover	Legal expenses cover
Insurer C	£250	£110	£360	1x £50 10x £24.90	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
Insurer D	£250	£20	£270	1x £51.66 10x £25.83	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
Insurer A	£300	£60	£360	1x £54 10x £27.50	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
Insurer B	£310	£100	£410	1x £58 10x £29.17	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35

Remedy 4B: Stimulus 4

PCW information (grey columns)

Stimulus 4

Information provided on a price comparison website when you tick that you want no claims bonus protection

	POLICY FEATURES									
	Annual premium you pay	Annual premium without NCB Protection	NCB deducted from your premium	Monthly premium	Excess	Windscreen cover	Courtesy car cover	Breakdown cover	Personal accident cover	Legal expenses cover
Insurer C	£250	£225	£110	1x £50 10x £24.90	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
Insurer D	£250	£225	£20	1x £51.66 10x £25.83	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
Insurer A	£300	£270	£60	1x £54 10x £27.50	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35
Insurer B	£310	£275	£100	1x £58 10x £29.17	Vol: £250 Comp: £100	✓	✓	From £30	✓	From £35

Remedy 4B: Stimulus 5

Insurer/ broker information

Stimulus 5

Imagine you have 3 years No Claims Bonus...

The cost of No Claims Bonus Protection is £20 for the year.

The table below shows what would happen to your No Claims Bonus if you did make a claim on your insurance with and without No Claims Bonus Protection.

	No Claims Bonus at next renewal date <u>without</u> NCB protection			No Claims Bonus at next renewal date <u>with</u> NCB protection		
Number of years No Claims Bonus at this renewal	1 claim in next 12 months	2 claims in next 12 months	3 claims in next 12 months	1 claim in next 12 months	2 claims in next 12 months	3 claims in next 12 months
One year NCB	Nil	Nil	Nil	N/A	N/A	N/A
Two years NCB	Nil	Nil	Nil	N/A	N/A	N/A
Three years NCB	One year	Nil	Nil	Three years	One year	Nil
Four years NCB	Two years	Nil	Nil	Four years	Four years	Two years
Five years or more NCB	Three years	Nil	Nil	Five years or more	Five years or more	Three years

Remedy 4B: Stimulus 6

Insurer/ broker information

Stimulus 6

Typical No Claims Bonus discounts

Number of years No Claims Bonus at this renewal	Typical NCB discount
One year NCB	5%
Two years NCB	10%
Three years NCB	20%
Four years NCB	30%
Five years NCB	40%
Six years NCB	45%
Seven years NCB	50%
Eight years NCB	55%
Nine years or more NCB	60%

Remedy 4B: Stimulus 7

Insurer/ broker information

Stimulus 7

Imagine you have 3 years No Claims Bonus...

The cost of No Claims Bonus Protection is £20 for the year.

The current No Claims Bonus discount on the insurance cost is 50% for the year.

The table below shows what would happen to your No Claims Bonus if you did make a claim on your insurance with and without No Claims Bonus Protection. It also shows you what difference claiming would make to the typical discount on the insurance cost.

	No Claims Bonus at next renewal date <u>without</u> NCB protection			No Claims Bonus at next renewal date <u>with</u> NCB protection		
Number of years No Claims Bonus at this renewal	1 claim in next 12 months	2 claims in next 12 months	3 claims in next 12 months	1 claim in next 12 months	2 claims in next 12 months	3 claims in next 12 months
Three years NCB	One year = 10% discount	Nil	Nil	Three years = 40% discount	One year = 10% discount	Nil

Remedy 4B: Stimulus 8

NCBP statement

Stimulus 8

Your premium may increase following an accident in which you are not at fault even if you have No Claims Bonus Protection.

Stimulus 9

Your premium may increase and your No Claims Bonus discount may decrease following an accident in which you are at fault even if you have No Claims Bonus Protection.

Remedy A: Stimulus 10

FNOL telephone script

Stimulus 10

MODERATOR PLEASE READ OUT:

- You are required by law to report the accident to your insurer.
- If an accident is found not to be your fault, you are entitled under law to be put back into the position you would have been in had the accident not occurred through the submission of a claim against the insurer of the other driver who is responsible for paying the costs of this claim, provided that those costs are reasonable.
- Your rights include compensation for:
 - Repair of your vehicle to its pre-accident condition.
 - A replacement vehicle that is similar to your vehicle while you are without your vehicle, provided that you need such a vehicle.
 - Personal injury damages (e.g. for pain, suffering and loss of amenity, and the costs of care).
 - Other losses (e.g. loss of earnings, vehicle recovery and storage and the use of public transport).
- Your non-fault claim can be handled in the following ways:
 - By your own insurer.
 - By the insurer of the other driver.
 - By a claims management company.
 - By you.
- Your legal entitlements are the same under all of these options. We are your insurer.

Remedy A

Statement of consumer rights following an accident

1. This statement provides a summary of:

- (a) Your responsibilities following an accident;
- (b) Your rights following an accident; and
- (c) How your motor insurance claim may be handled.

Your responsibilities following an accident

2. Following an accident, you are required by law to report the accident to your insurer. Your insurer and the insurer(s) of the other driver(s) involved in the accident will investigate the accident circumstances and determine who is responsible for the accident.

Your rights following an accident

Your rights if an accident is found to be your fault

3. If an accident is found to be your fault, your entitlements are determined by the terms and conditions of your motor insurance policy. Please refer to your motor insurance policy, the Frequently Asked Questions attached with your policy documentation and/or contact your insurer to determine exactly what is covered by your policy and how and in what circumstances you can make a motor insurance claim.

Your rights if an accident is found not to be your fault

4. If an accident is found not to be your fault, you are entitled under law to be put back into the position you would have been in had the accident not occurred, through the submission of a claim against the insurer(s) of the other driver(s), who is/are responsible for paying the costs of this claim, provided that those costs are reasonable.

5. Your rights include compensation for:

(a) **Repair of your vehicle to its pre-accident condition:**

- (i) You are entitled to choose to have your vehicle repaired by a repairer of your choice or by a repairer appointed by your insurer, the other driver's insurer or a claims management company who manages your claim.
- (ii) You can require that replacement parts made by the manufacturer of the original part are used in the repair.
- (iii) If your vehicle is deemed to be a write-off or total loss, you will be entitled to the pre-accident value of your vehicle, which is the cost of purchasing an equivalent vehicle of a similar age and condition at the time of the accident and is usually based on published price guides.
- (iv) You may be required to pay your excess, but this can be recovered from the insurer(s) of the other driver(s) and your insurer may or may not assist you in doing this.

(b) **A replacement vehicle:**

- (i) While you are without your vehicle, you are entitled to a replacement vehicle that is similar to your vehicle (i.e. similar in size, type, number of doors and engine capacity) if you can demonstrate that you need such a vehicle.
- (ii) You may be provided with a replacement vehicle on credit terms (in which case, you might be held liable for the costs of the hire should you ultimately be considered at-fault for the accident) or you may be provided with a replacement vehicle by your insurer or by the other driver's insurer.

(c) **Personal injury damages** (e.g. for pain, suffering and loss of amenity, and the costs of care).

(d) **Other losses** (e.g. loss of earnings, vehicle recovery and storage and the use of public transport).

Your rights if responsibility for an accident is undetermined or shared between you and the other driver(s)

6. There may be circumstances where responsibility for an accident is not determined for some time or liability is shared between you and the other driver(s) (referred to as split liability).

Undetermined liability

7. Where liability is not determined, you will be required to make a claim under your motor insurance policy until liability is resolved. Please refer to the Frequently Asked Questions and/or contact your insurer to determine exactly what is covered and how and in what circumstances you can claim.
8. If the accident is subsequently found to not be your fault, your rights are set out in paragraphs 4 and 5 above. If the accident is subsequently found to be your fault, your rights are set out in paragraph 3 above.

Split liability

9. Where liability is split, you will be entitled to recover from the insurer(s) of the other driver(s) a proportion of the value of your claim (and they will be able to recover a proportion of the value of their claim from your insurer), but you will be required to claim under your motor insurance policy for the remaining proportion of the claim.

How your claim may be handled

10. If the accident is found to be your fault, any claim you make against your policy will usually be handled by your own insurer.

- (a) **By your own insurer:** your insurer will handle your claim and recover the costs of the claim from the insurer(s) of the other driver(s). Your insurer may choose to refer you to a third party supplier for the provision of some services.
- (b) **By the insurer(s) of the other driver(s):** the insurer(s) of the other driver(s) may contact you following an accident and offer to handle your claim, which you may or may not choose to accept.
- (c) **By a claims management company:** you or your insurer or the insurer(s) of the other driver(s) may choose for your claim to be handled by a claims management company.
- (d) **By you:** you can handle the claim yourself, arranging the repair of your vehicle and the provision of a replacement vehicle for the period that your vehicle is unavailable and claiming back the costs incurred, as well as compensation for any other losses you have suffered.

Remedy A: Stimulus 11

Statement of consumer rights – page 5

Frequently Asked Questions - motor insurance policy claims (to be populated by insurers/brokers)

1. If I am in an accident in which I am found to be not at fault will this affect my annual motor insurance premium and/or my no claims bonus and, if so, how?
2. Will the submission of a claim for an accident in which I am found to be not at fault affect my annual motor insurance premium and/or no claims bonus and, if so, how?
3. Under what circumstances will I be required to pay an excess towards the cost of the repair of my vehicle?
4. If I am required to pay an excess and am ultimately found to be not at fault for the accident, will you refund the excess or recover the excess on my behalf from the other driver's insurer?
5. Can I choose who repairs my vehicle and, if so, will I incur additional costs over and above my motor insurance policy excess if I do so?
6. If my vehicle requires replacement parts, will the repairer use replacement parts made by the manufacturer of the original part?
7. Am I entitled to a replacement vehicle during the period in which my vehicle is undergoing repair? What type of vehicle am I entitled to?
8. What are my rights in relation to the recovery of losses other than those incurred in repair and replacement vehicle provision following an accident?

Remedy 1F: Stimulus 12

Temporary replacement vehicle mitigation questions

Stimulus 12
Make of vehicle?
Model of vehicle?
Do you require a temporary replacement vehicle for the period whilst your vehicle is being repaired or is otherwise unavailable?
Do you believe your vehicle to be not roadworthy and/ or unusable?
Do you believe that your vehicle could be temporarily repaired such that you could continue to use it while awaiting its permanent repair?
Have you received an offer of a temporary vehicle from the other driver's insurer? If yes, why was this offer not accepted?
For the period while your vehicle is unavailable do you have access to another suitable vehicle owned by you or by your immediate family? If yes, is there a reason why you could not use this vehicle?
Do you require a temporary replacement vehicle that is similar in size, number of doors and engine capacity to your own vehicle? If yes, why?

Thank you

