

## **PRIVATE MOTOR INSURANCE MARKET INVESTIGATION**

### **Revised evaluation of the possible underprovision of post-accident repair services (theory of harm 2)**

1. This paper sets out our current assessment of the possible underprovision of service to those involved in accidents (theory of harm 2). We summarise what we said in our provisional findings, then describe responses to our provisional findings and then set out our current view.

#### **Summary of our provisional findings on theory of harm 2**

2. In our provisional findings we said that claimants might not get post-accident services of the quality to which they were entitled by law. We noted that:
  - (a) Insurers and other claims managers procuring repairs, replacement cars and write-offs did not necessarily have the incentive to ensure that claimants get the quality of service to which they are entitled.
  - (b) Claimants may not be sufficiently well informed to judge whether they receive the quality of service to which they are entitled either because they are not aware of their legal or contractual rights, or because they do not have the technical skills to assess quality.
3. We did not see evidence of systematic underprovision for replacement cars and write-offs. We therefore focused our investigation on repairs.
4. Our overall assessment of the evidence on repair quality was as follows:
  - (a) Evidence from insurers suggested that they carry out repair audits (which in most, but not all, cases cover quality), require PAS accreditation and offer warranties; but these do not in themselves ensure that repairs are carried out to the legal standard.
  - (b) Evidence from some repairers suggested that excessive pressure on costs could be leading to 'cutting corners' on repairs, with some examples of poor-quality repair.
  - (c) Evidence from consumers themselves suggested that the great majority of non-fault claim vehicles were repaired to their pre-accident condition,

but many consumers might not be able to assess accurately the quality of repairs.

- (d) An independent assessment of the cars was carried out for us by MSXI. Though we recognised that the sample of cars inspected was small and unrepresentative, the results indicated that the proportion of cars not repaired to pre-accident condition was considerably higher than suggested by consumers themselves.
5. We believed that more weight should be attached to the evidence from experts, ie evidence from repairers and from the results of the vehicle inspections by independent engineers. Consequently, our provisional view was that too many non-fault claimants received a quality of service below the legal standard.
6. Most of the evidence related to insurer non-fault claims but, given that insurers had told us that they handled non-fault and at-fault repairs in broadly the same way, we believed our finding on non-fault claims was likely to apply to at-fault claims too. Similarly, we found that CMCs investigated repairers' bills using the same tools and approach as insurers, though there was some evidence that repairers obtained better prices for CMC work than insurer work. It also appeared to us that CMCs' incentives were broadly similar to those of insurers (ie to focus on cost rather than quality). This was confirmed by some evidence indicating that some CMCs do not check repair quality. Therefore, on balance, we judged that the position for CMCs was likely to be similar to that for insurers.
7. In our provisional findings we said that the market was not working well in the following ways:
- (a) Competition between repairers to obtain business from insurers was focused on low cost rather than ensuring that consumers received the standard of repair to which they were entitled. We said that in a well-functioning market we would expect repairers to be sufficiently incentivised to provide claimants with repairs to the appropriate standard.
- (b) Insurers did not have the necessary incentive to ensure that claimants received the quality of repair to which they were entitled, eg because reputational effects were weak.
8. We therefore identified the following two features of the supply of motor insurance and related services which we provisionally concluded had, in combination, an adverse effect on competition (AEC):
- (a) insurers and CMCs did not monitor effectively the quality of repairs; and

- (b) there were significant limitations to claimants' ability to assess the quality of car repairs.

We said that these features distorted competition between repairers to obtain business from insurers and other claims managers.

## **Responses to our provisional findings**

9. In this section, we summarise responses to our provisional findings on the possible underprovision of repairs to those involved in accidents. We first set out responses on insurers' incentives and claimants' ability to judge quality of service. We then consider responses on evidence concerning actual quality of repairs, which covered principally evidence from some repairers and the MSXI study. Finally, in this section, we note some other points made in responses.
10. Most respondents commenting on this theory of harm disagreed with our provisional findings or aspects of them, or considered that there was inadequate evidence to support our provisional findings. One submission expressed agreement with our provisional findings regarding the quality of repair.<sup>1</sup>
11. Insurers' incentives and claimants' ability to judge quality of serviceA number of insurers disagreed about their incentives to provide a high quality of repair. Ageas said that insurers had a very obvious incentive to ensure that their customers received a good standard of service, since they otherwise faced the risk of customers switching insurer on renewal. AXA said that the ability of an insurer to facilitate quality repairs to vehicles involved in accidents was a key measure of a competent and trusted insurer; the reputational consequences of being responsible for substandard repairs were very real and potentially very costly. AXA added that there was no evidence that insurers did not have the necessary incentive to ensure that claimants received repairs to the legal standard. RSA said that our assertion that insurers were not sufficiently incentivised to provide a high quality of repair service was not supported by market evidence which showed a high degree of competition in the industry and customer switching. RSA said that customer service was one of the key differentiators in a highly competitive market and was crucial to retaining customers: no insurer could afford to be seen to offer substandard service or repair quality. As a result, RSA said that reputational effects were strong and operated as a powerful incentive on insurers to offer all customers the level of service to which they were entitled.

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<sup>1</sup> Joint submission by Direct Accident Management and Exchange Insurance Services.

12. Insurers and CMCs told us that they cared about the quality of repair, pointing in particular to PAS125 accreditation, the guarantees that they offered to customers and the low rate of customer dissatisfaction and returns. For example, RSA said that all insurers took significant steps to safeguard the quality of repairs by using appropriate checks and quality monitoring processes for their own-managed repairs. In its own case, RSA said that all of its authorised repairers were either PAS125 accredited or were working towards that standard and authorised repairers were required to gain PAS125 accreditation status in order to renew their contracts. RSA added that it was sufficiently confident in the quality of repairs conducted at any of its approved network repairers that all repairs and/or replacements, including paint, bodywork and parts carried a lifetime guarantee against poor workmanship or faulty manufacture of materials. Several insurers referred to the low rate of customer complaints (which was discussed in our provisional findings)<sup>2</sup> and WNS told us that only [X] per cent of its repairs required rectification.
13. In regard to claimants' ability to judge quality of service, respondents pointed out that claimants were able to assess whether a repair had restored the pre-accident appearance of their car, sometimes referred to as 'cosmetic' issues. Allianz said that there was no evidence from the MSXI analysis that unsafe vehicles had been returned by insurers. Allianz provided several reasons why a perfect repair might not be possible, including because new paint could not be perfectly matched to old paint. Allianz said that, where a perfect repair is not possible, a non-fault claimant can seek compensation for diminution in value and, in such circumstances, Allianz would not consider there to be an under-provision of repair. Similarly, CISGIL said that the majority of faults identified by MSXI would, in CISGIL's opinion, have been visible to the average consumer had they looked carefully at the area of repair: it therefore questioned whether the consumers in these cases really were unable to assess the quality of the repair. WNS said that, according to our assessment in the provisional findings, consumers should have been able to identify the type of defects found by MSXI (eg paint finish, panel misalignment and repairs being clearly visible).

### ***Evidence from repairers***

14. A number of respondents said that we had attached too much weight in our provisional findings to evidence from a small number of repairers suggesting that cost pressures could lead to 'corner cutting'.<sup>3</sup>

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<sup>2</sup> See [provisional findings, paragraphs 7.17–7.19](#), and [Appendix 7.3](#), paragraphs 61–76.

<sup>3</sup> This was set out in our [provisional findings](#), paragraphs 7.23–7.26.

15. AXA said that we should be very cautious about relying on the views of repairers as repairers had a commercial incentive to indicate that the quality of repairs was adversely affected by pressure from insurers to carry out repairs cheaply. Similarly CISGIL said that repairers had commercial concerns over pricing and this may have influenced their evidence to us, with a view to our investigation resulting in an outcome which would allow them to increase their prices to insurers.
16. DLG expressed concern about the emphasis we had placed on the uncorroborated comments of a small minority of repairers (three) and the National Association of Bodyshops (NAB), suggesting that the points raised had not been tested. DLG also said that this evidence was not independent, clearly not sufficient to support a finding of an AEC, and was mostly in the form of unsubstantiated anecdotal comments by the repairers and NAB, which in DLG's view could not be said to be representative of the wider repair industry, nor completely unbiased.
17. WNS said that the evidence from repairers was unsubstantiated in so far as it did not set out the extent of the alleged 'corner cutting', ie the number of instances where 'corner cutting' had taken place, or whether the excessive pressure on costs was [redacted]. WNS also queried the comments in our provisional findings about non-OEM parts. [redacted]

### ***MSXI study***

18. Many respondents commented on the MSXI study. In our view, the most important points made by respondents were that:
  - (a) The sample of cars inspected was small and unrepresentative<sup>4</sup> and inferences should not be drawn from such a sample. Some respondents suggested that to do so was out of line with CMA guidance on consumer survey evidence in merger inquiries, which they considered ought to be equally applicable to the MSXI study.
  - (b) MSXI had not adequately taken into account in their assessments, eg by using a consistent benchmark for comparing pre-accident and post-repair condition, that:
    - (i) many of the cars were quite old with high mileage and hence may have had pre-accident damage; and

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<sup>4</sup> We noted this in paragraph 7.38 of our [provisional findings](#).

- (ii) in many cases, significant time and mileage had elapsed between the date of the repair and the date of the MSXI inspection and during this time there could have been wear and tear to the cars.
  - (c) The documentary and photographic evidence available was in many cases insufficient to establish that the cars had not been repaired to their pre-accident condition and/or the faults were minor and would not have affected the car's resale value.<sup>5</sup> Moreover, there was no clear causal link between repair defects and insurer conduct.
- 19. A variety of other points were made including that there were poor-quality/incomplete/inconsistent reports from the MSXI inspections.
- 20. On the sample, DLG, for example, said that, given our acknowledgement that the sample of vehicles inspected by MSXI was small and unrepresentative, the MSXI study did not provide a sound statistical or evidential basis for our finding that, on the balance of probabilities, a considerable number of cars were not restored to their pre-accident condition such as to justify a finding of an AEC on the underprovision of repair services. DLG pointed out that the sample of vehicles to be inspected was derived from respondents to our non-fault consumer survey who had said that they were prepared to have their vehicle inspected by a professional assessor and that MSXI prioritised inspections according to the type and scale of repairs undertaken and its ability to assess the repairs from documentation provided. DLG said that, while information was not available on what effect these biases had, it was possible that the proportion of claimants declaring that their car had not been returned to its pre-accident condition (as opposed to suspecting that it may have not been returned to its pre-accident condition, and wanting an expert to check) was systematically lower than the findings of MSXI specialists, whose selection process may have inadvertently favoured vehicles which were more likely to be below their pre-accident condition (as indicated by the bias in the sample). DLG said that, whatever the situation, it was clear that the two biases need not operate in parallel, and therefore the ratio used by the CMA was open to question. DLG said that, in view of the small sample size and the considerable uncertainty surrounding the ratio applied, it was difficult to draw any meaningful conclusions about the proportion of vehicles not repaired to their pre-accident condition. DLG said that it was not possible to conclude, as we did in our provisional findings, that 'the proportion not repaired to pre-accident condition was considerably higher than suggested by consumers themselves'.

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<sup>5</sup> We made relevant documentary and photographic evidence available in a 'data room' in order to facilitate comment by interested parties.

21. esure made a similar point. It said that the analysis in our provisional findings which compared MSXI inspections to survey responses for vehicles inspected by MSXI was misplaced as it took into account neither the various measures of bias which the MSXI sample had been found to exhibit, nor the impact on the statistical significance of any findings when the sample was rebalanced. In esure's view, this was particularly problematic given the very small size of the MSXI sample in the first place. esure added that our continued reliance on the MSXI report was at odds with our own guidance, which suggested that consumer survey evidence must have a clearly defined and properly represented population of interest, with careful consideration to avoid bias. Furthermore, esure raised serious concerns that there were several fundamental deficiencies in MSXI's methodology, in particular, that: (i) MSXI did not give enough consideration to the inherent difficulties in assessing the car's condition just prior to the accident and its condition immediately after it was repaired; (ii) MSXI classified repairs as faulty, simply because they disagreed with the repair route chosen by a team of experts; and (iii) MSXI failed to take into account of (and its comments were often at odds with) evidence contained in Audatex reports, which provided a contemporary record of the vehicle's pre-accident condition and the quality of repair undertaken.
22. In relation to the inspections, the ABI said that MSXI's report did not clearly establish to a sufficient standard that the faults identified arose out of, or were due to, the repair itself and not to subsequent minor deterioration through normal use in the extensive period since the accident. In the ABI's view, the vehicles inspected would have been subject to damage caused from usual wear and tear in the intervening period, which could not be attributed to the original accident or repair. The ABI said that MSXI had failed to acknowledge this point or to make any reference or adjustments to the inspector's assessment.
23. RSA said that it fundamentally disagreed with the standards applied by MSXI. In RSA's view, MSXI's inspections were highly subjective, with no evidence of any attempt to standardise (or even establish) repair standards. RSA said that the standard adopted by MSXI's inspectors was unduly high. It considered that, in the absence of any meaningful evidence of vehicles' actual pre-accident condition, inspectors appeared to have assessed vehicles against the standard of original manufacture. It said this was clearly an unrealistic standard for the assessment of used vehicles, particularly those which had covered significant mileage. It said that it was not generally possible to repair a vehicle which had suffered non-trivial accident damage so that there would be no evidence of a repair having taken place, and that this standard would anyway be higher than the current legal standard (which required the reasonable costs of repair to return the vehicle to its pre-accident condition,

assessed on the basis of its pre-accident value). RSA submitted that MSXI should have assessed vehicles against the criterion of whether the repair affected the vehicle's resale value. Based on the hard copy inspection reports it had seen, RSA said that the majority of vehicles repaired within its repair network and found by MSXI not to be in their pre-accident condition did not exhibit repair deficiencies which would have been identified in a dealership pre-sale inspection or would have affected the car's resale value.

24. On the link between repair and insurers, AXA said that nothing in the inspection documentation demonstrated a causal link between repair defects and the fact that the repair was connected with or arranged by an insurer. AXA noted that:
- (a) In some of the cases identified in the MSXI report as situations where the vehicle was not returned to its pre-accident condition, the repairer was chosen by the vehicle owner. AXA said that, in these cases, the insurer would have had limited (if any) influence over the repairer. In AXA's view, this suggested that the reason for repair defects was not attributable to the insurers but that the problem lay with the repairers.
  - (b) When assessing the nature of the repair defects in cases where insurers had arranged the repairs, the evidence in the inspection documentation did not support the repairers' statements, and our conclusion, that the defects were a result of the time pressures and cost constraints imposed by insurers. In none of these cases did AXA's engineers find any evidence that the quality of the repair was due to anything other than the repairer's own poor practice. AXA said that, on the contrary, the assessment by its engineers of the Audatex timings indicated that there was sufficient time for the repairers to complete the relevant repair task in a proficient manner. Defects such as overspraying, not removing items prior to spraying and poor panel alignment could not be attributed to pressure from insurers when the time allowed in the agreed estimate represented the industry standard for doing the work in a satisfactory way without defects.
25. The volume of response on the MSXI study was extremely large and the above extracts are intended to be illustrative only. Non-confidential versions of the responses we received to our provisional findings are on our website.<sup>6</sup>

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<sup>6</sup> See [www.gov.uk/cma-cases/private-motor-insurance-market-investigation#responses-to-provisional-findings-report-and-notice-of-possible-remedies](http://www.gov.uk/cma-cases/private-motor-insurance-market-investigation#responses-to-provisional-findings-report-and-notice-of-possible-remedies).



### ***Other points made in responses***

26. DLG said that, in forming our judgement as to whether an AEC existed in any given case, we were required to make a binary 'yes/no' answer to the statutory question of whether an AEC existed. This necessarily required us to apply a 'balance of probabilities' threshold to our assessment, and to ask whether it was more likely than not that a feature, or a combination of features, led to an AEC. DLG said that, in the context of ToH2, we therefore had to be satisfied that it was more likely than not that the two identified features of the market (see paragraph 8) led to an AEC. DLG did not believe that we had sufficient evidence to reach this conclusion.
27. CISGIL said that we had not quantified the consumer detriment arising from the AEC we had provisionally identified.

### **Assessment**

28. We have reassessed our provisional finding in the light of the responses received. We discuss first responses on insurers' incentives and claimants' ability to judge quality of service (see paragraphs 11 to 13); then we discuss the responses regarding the quality of repairs, including the weight we attached to the evidence from repairers and MSXI (see paragraphs 14 to 25); and finally we set out our revised provisional finding.

### ***Insurers' incentives and claimants' ability to judge quality of service***

29. We accept that claimants are generally able to assess the quality of repairs which affect the appearance of their cars. However, as acknowledged by some respondents, it appears to us that claimants are less able to assess whether or not repairs are to the required legal standard when they are more complex or when they are not immediately apparent on visible inspection.
30. Although a number of insurers said that reputational effects meant that insurers had a strong incentive to provide a high quality of service, we did not see evidence that reputation over the quality of repairs was important to competition at the point when consumers purchase car insurance. We do not agree that reputational effects are sufficiently important to exclude any concern about quality of repair.
31. Several insurers also pointed to evidence that they were concerned with the quality of repair, in particular by emphasising the importance they attached to compliance with PAS 125. However, it appears to us that PAS 125, while valuable, focuses on procedures and processes, and compliance with PAS 125 does not, on its own, ensure that a repair is adequately performed. We

agree that ensuring that repairers comply with PAS 125 is valuable but it appears to us that some insurers place undue reliance on compliance with PAS 125 to ensure adequate repair quality standards. It appears to us that PAS 125 compliance does not remove the need for monitoring/auditing of repair quality in order to ensure that the repairs insurers commission are adequately performed.

32. A number of insurers provided new evidence on how they monitored repair quality within their approved networks, which we have summarised in the [appendix](#). This shows a mixed picture: some insurers do monitor repair (though some of these only started doing so recently), some do not, and in other cases the position remains unclear.

### ***Evidence from repairers and MSXI and effect on consumers***

33. In our view, the evidence from repairers is mixed, as although several repairers expressed concern to us about the impact of cost pressures on the quality of the repair services they were able to provide, many repairers also told us that they would never compromise on quality. We also noted that any repairer which was 'cutting corners' as a result of excessive cost pressures was likely to be reluctant to provide us with evidence of this because of the risk of damaging its reputation. Overall, it appears to us that there is limited weight we can attach to this evidence.
34. Having reflected on the submissions we received relating to the MSXI study, and having tested some of these challenges with MSXI, we recognise that the results of this study are subject to significant uncertainties. We recognise that:
  - (a) The sample of cars inspected by MSXI was small and was not representative of the generality of repairs.
  - (b) While the MSXI inspections showed that a higher proportion of cars were not in their pre-accident condition than consumers themselves believed to be the case (based on the results of our non-fault consumer survey), this result needs to be interpreted with caution due to uncertainties around the MSXI sample.
  - (c) MSXI itself stressed that its inspection reports were opinion based and were not carried out under scientific or workshop condition.

(d) Although MSXI's view was that all the defects would have had a negative effect on car valuation, there is uncertainty about the size of any such effect on car values.<sup>7</sup>

35. In our provisional findings we considered the effects on consumers by dividing claimants experiencing detrimental repair quality below the legal standard into two categories: those who were aware of it<sup>8</sup> and those who were not aware of it. Those aware of the poor-quality repair would experience detriment immediately (however, there are relatively few respondents in this category – indeed, the results of our non-fault survey suggested that slightly more respondents considered their car was in a better condition after their repairs than in a worse condition);<sup>9</sup> while those not aware of the poor-quality repair would only experience detriment when they sold their car if at the time of sale the quality of repair reduced the car's value. On the basis of the MSXI study, it appeared that there were more claimants in this category, but we recognise that the results of the MSXI study are uncertain, in particular as to the effect of the inadequate repair on car values (and especially if the car was sold a considerable time after the repair).
36. In light of these points, it appears to us that the extent of any detrimental effect on consumers is highly uncertain, and we do not believe that we can place much weight on the findings of the MSXI study in reaching our conclusions on this theory of harm.

## **Conclusion**

37. We continue to believe that there are grounds for concern about some repairs not being carried out to the legal standard. In particular, we do not agree with the argument that an insurer's reputation for repair quality is sufficiently important at the time motor insurance is purchased by a consumer to exclude repair quality falling below the legal standard. Moreover, although most (but not all) insurers require repairers within their approved networks to comply with PAS 125 (or to be working towards compliance) and most insurers carry out some monitoring of repair quality, it appears to us that insurers place considerable reliance on consumers identifying deficiencies with their repairs. In our view, this can be an excessive reliance as, for many repairs, most consumers will have insufficient expertise to perform this task adequately. We have also found that some insurers do not perform repair quality checks at all.

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<sup>7</sup> MSXI was unable to provide an opinion on the size of the effect on car values. Moreover, in many cases MSXI's opinion on valuation was disputed by other technical experts on the basis of evidence made available in the data room.

<sup>8</sup> Such claimants might not return their car to the repairer for rectification because they were not aware of their rights or because of the time and expense involved in doing so.

<sup>9</sup> See [provisional findings](#), Table 7.1.

We note that the evidence from the MSXI study supports these views as it suggests that some cars are not repaired to their pre-accident condition. For the reasons set out in paragraph 6, we have similar concerns in relation to CMC-managed repairs.

38. Nevertheless, despite these apparent deficiencies, it appears to us that the extent of any detrimental effect on consumers is unclear.
39. Overall, our revised view is that, on balance, there is insufficient evidence of a detrimental effect on consumers for us to find that poor quality of repair has an adverse effect on competition and, therefore, we no longer find an AEC under this theory of harm.
40. In the light of this revised view, we are no longer proposing any remedy in this area.
41. Notwithstanding this revised assessment of the evidence and our revised finding under this theory of harm, we remain of the view that some insurers are not monitoring repair quality sufficiently to ensure that consumers receive the standard of repair to which they are entitled and that some insurers leave it largely and unduly to claimants to identify repair deficiencies.
42. We hope that by shining a light on industry practices and by making these observations we may encourage insurers and others involved in managing repairs to improve the ways in which they ensure that consumers receive the repairs to which they are entitled.

## Analysis of inspection reports

### Introduction and summary

1. This appendix describes the content of some insurers and CMCs' inspection reports.
2. Inspection reports were provided to us by seven of the ten largest insurers (Admiral, Ageas Insurance, Aviva, DLG, esure, RSA and Zurich) and two CMCs (Ai Claims and Helphire).
3. Admiral, Ageas Insurance, Aviva, DLG and esure's inspection reports suggest that physical repair inspections are carried out, both for completed and ongoing repairs. It was not clear to us from RSA and Zurich's inspection reports how or the extent to which repair quality was audited, though these parties told us that repair quality was assessed. [X] provided only a summary of its audit reports and no reports were provided by [X]. [X] and [X] told us that they did not perform repair quality checks.
4. Our review of Ai Claims and Helphire's inspection reports suggests that both CMCs inspect repair quality principally in response to customers' complaints. It was unclear to us whether they carried out their own auditing of repair quality.
5. The remainder of this appendix summarises the information provided by these insurers and CMCs in relation to their repair quality audits and provides examples of the content of their inspection reports.<sup>10</sup>

### Insurers

#### *Admiral*

6. Admiral told us that [X].<sup>11</sup>
7. Admiral told us that random quality checks were carried out as part of its audit.
8. Figure 1 shows an extract from one of Admiral's repair audits.

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<sup>10</sup> In the case of insurers, these tend to be small parts of much longer reports covering all aspects of relations with repairers.

<sup>11</sup> [X]

FIGURE 1

**Extract from Admiral repair audit**



Source: Admiral.

**Ageas Insurance**

9. Ageas Insurance told us that it performed repair quality checks even in the absence of customer complaints. It said that its field staff were required to complete an inspection form when auditing a repair site.
10. Ageas Insurance inspection forms ask inspectors to check: [✂].
11. The assessment of the workmanship requires inspectors to record comments on the quality of repairs. Figure 2 shows an example completed inspection form.

FIGURE 2

**Example of Ageas Insurance's inspection form**



Source: Ageas Insurance.

**Aviva**

12. Aviva told us that its audit team made unannounced visits to its network of repairers. It said that its inspectors carried out quality checks on a sample of random vehicles up to whatever stage of repair the vehicle had reached.
13. Aviva's inspection forms set out a list of items the inspectors must check when auditing repair quality. Inspectors are required to verify the repair methodology and identify any defects in the repairs. Figure 3 shows an example of an Aviva inspection report.

FIGURE 3

**Example of Aviva's inspection form**



Source: Aviva.

## **DLG**

14. DLG told us that it physically checked a sample of the repairs it managed, whether the repair was conducted by its own repair business, its network of repairers or by non-approved repairers. It said that it performed such checks on an ad hoc basis and monitored compliance against DLG's requirements.
15. DLG said that it performed two different types of repair audits: quality repair inspections for completed and ongoing repairs, and 'Tier A plus' audits. The former are physical audits carried out at a repair centre; the latter are remote audits carried out by DLG engineers using imaging.
16. DLG's inspection reports indicate that engineers are required to report repair costs as well as the level of satisfaction for a list of items related to repair quality, eg paint finish, fitment of parts and panel alignment. Figure 4 shows a completed DLG inspection report.

FIGURE 4

### **Example of DLG's inspection form**



Source: DLG.

## **esure**

17. esure told us that it undertook both remote audits and onsite physical audits using a team of external regional repair controllers. It said that the audits did not differentiate between fault categories or depend on whether it was for a customer or third party. It said that the audits were carried out on a random sample of vehicles in line with the volume referred to each repair site.
18. esure's quality inspection form addresses a series of quality categories, within which its auditor can determine whether the quality of a repair has been satisfactory and, if not, identify the failure area. The first level of quality categories are:
  - panel
  - refit
  - paint/spray
  - mechanical
  - cleanliness

19. Figure 5 shows an example of the quality section of an esure inspection report. The form requires inspectors to report any defects in the repair process and, if needed, to recommend rectification of the damages identified.

FIGURE 5

**Example of esure's inspection form**

[✂]

Source: esure.

**RSA**

20. RSA told us that the main way in which RSAAR reviewed the quality of repairs was through 'open file review' audits conducted by the RSA Audit/Performance Team on a needs basis. Audits were carried out at bodyshops by the performance team across the RSAAR network, covering all aspects of the repair journey from customer communication to invoice validation, including adherence to quality requirements. RSA said that, although every audit included considering quality, and the factors which may affect quality, its audits did not measure the quality of repair alone.
21. [✂], it was unclear to us which of these performance indicators directly assessed the quality of the repair. Figure 6 shows [✂].

FIGURE 6

**Example of RSA's inspection form**

[✂]

Source: RSA.

**Zurich**

22. Zurich told us that its field engineers were responsible for conducting post-repair inspections on a sample of vehicles repaired by its approved repairers. However, it appears to us that Zurich's inspection reports indicate that Zurich mainly monitors the costs of the repair service. It was unclear to us what elements of repair quality are checked by Zurich's field engineers. Figure 7 shows an example of a Zurich inspection report.



FIGURE 7

**Example of Zurich's inspection form**



Source: Zurich.

**CMCs**

***Ai Claims***

23. Ai Claims told us that it commissioned approximately 100 post-repair inspections each year. It said that it had also recently introduced an internal audit of post-repair vehicles, carried out by Ai staff, with the aim of ensuring a quality repair.
24. Ai Claims' inspection forms indicate that it carries out post-repair inspections principally in response to customers being unhappy with the quality of their repair. It was unclear to us whether Ai Claims monitored repair quality in the absence of such complaints. Figure 8 shows an example of an Ai Claims inspection report.

FIGURE 8

**Example of Ai Claims' inspection form**



Source: Ai Claims.

25. Ai Claims told us that it had recently implemented a trial with several of its repairing garages whereby on completion of the vehicle repairs, the customer and the repairer collaboratively complete an Approved Repair Guarantee form (see Figure 9). Ai Claims said that the intention of the form was to provide the customer with peace of mind that repairs had been carried out effectively and to the required standards. Copies of the form are given to the customer, stored at the repairer (for audit purposes) and also sent to Ai Claims as part of the repair invoice bundle. Ai Claims told us that once this is rolled out across its network, it is intended that a copy will also be shared with the PAS 125 regulating body.

FIGURE 9

**Example of Ai Claims' Approved Repair Guarantee form**



Source: Ai Claims.

## ***Helphire***

26. Helphire told us that post-repair inspections were performed in response to customers' complaints. Figure 10 shows an example of a Helphire inspection form.

FIGURE 10

### **Example of Helphire's inspection form**



Source: Helphire.