

## Allianz claims costs example: claim notification versus third party cost

Scenario: Insured driver hit rear of stationary Third Party (TP) vehicle. Moderate damage caused. TP was driving a Ford Focus. Whiplash sustained by TP driver

Notified on	Notification	Repair	Hire	Personal injury (PI)	Total cost*
<b>Day 1 (The Good)</b>	<p><b>METHOD:</b> Driver completes information on Claims QR App.</p> <p><b>OUTCOME:</b> We notify your insurers immediately who make call to TP. The early notification increases the chances of insurers obtaining complete control of the claim. Your insurers will handle all elements of the TP claim directly.</p>	<p>TP accepts offer of repair through your insurers who collect vehicle within 24 hours. Repair length monitored. Costs reduced due to Insurers agreed rates.</p>	<p>TP agrees to use your insurers preferred supplier of hire vehicles.</p>	<p>Proactive call identifies that TP has suffered a whiplash injury. Insurers offer to deal directly to avoid legal costs. This is accepted by the TP. Your insurer arranges physiotherapy and commissions a medical report.</p>	
		<b>Estimated repair outcome: £1,500 ►</b>	<b>Estimated hire outcome: £500 ►►</b>	<b>Estimated PI outcome: £3,000 ►►►</b>	<b>£5,000</b>
<b>Day 5 (The Not So Good)</b>	<p><b>METHOD:</b> Accident report form partially completed. Only name and registration number of TP provided.</p> <p><b>OUTCOME:</b> Unable to talk to TP directly, insurers must speak to TP Insurers.</p>	<p>TP has gone to their own insurers to arrange repairs. TP insurer does not apply their repairer discounts to claims where they can recover their money from another party as they would for a fault claim. As your insurer cannot negotiate a reduction in repair costs and rates, costs increase.</p>	<p>TP has been referred to a credit hire company by their insurers to get a hire car for the duration of time the vehicle is being repaired / replaced.</p>	<p>TP has instructed solicitors to pursue the injury claim. They have submitted a claim through the MOJ Portal, arranged physiotherapy and commissioned a medical report.</p>	
		<b>Estimated repair outcome: £1,800 ►</b>	<b>Estimated hire outcome: £1,700 ►►</b>	<b>Estimated PI outcome: £4,000 ►►►</b>	<b>£7,500</b>
<b>Day 15 (The Bad)</b>	<p><b>METHOD:</b> Email notification by us reporting incident to insurers. Claim form to follow with full details.</p> <p><b>OUTCOME:</b> Insurers must wait for accident report form to fully confirm validation and fault.</p>	<p>As Insurers cannot confirm their position on liability, the TP insurers cannot waive the TP excess. The TP does not wish to pay their excess for an accident that is not their fault, so goes into credit repair, therefore can drive up costs as the vehicle is repaired on credit.</p>	<p>TP is in credit hire. Due to the delay in reporting there is an increased risk that we are unable to make a payment of hire within 30 days, resulting in penalty charges accruing.</p>	<p>There is an increased risk that Insurers cannot confirm their position on liability within the 15 days allowed for investigation in the MOJ process, in which case it will drop out and costs will increase. The solicitors are likely to use a more experienced solicitor who may bring in more complex types of claim.</p>	
		<b>Estimated repair outcome: £2,600 ►</b>	<b>Estimated hire outcome: £2,400 ►►</b>	<b>Estimated PI outcome: £6,500 ►►►</b>	<b>£11,500</b>
<b>Day 30 (The Ugly)</b>	<p><b>METHOD:</b> Claims notification received from the TP solicitors through the MOJ Portal.</p> <p><b>OUTCOME:</b> Numerous chasers for Accident report from us but no details received for three months. This puts the company at risk in terms of cover provided.</p>	<p>Storage of the TP vehicle accrues due to Insurers being unable to confirm their position on both cover and liability. TP goes to a credit repairer.</p>	<p>As Insurers are unable to admit liability within 90 days, the hire charges fall into commercial rates. The period of hire is also greatly increased as Insurers are unable to confirm cover or liability until the customer reports the matter.</p>	<p>Insurers are unable to confirm liability within the 90 day investigation period permitted under the PI protocol. As such the claim is passed to the TP's solicitor's litigation team to prepare the matter for court. All types of loss will be included and damages maximised to increase costs.</p>	
		<b>Estimated repair outcome: £4,000 ►</b>	<b>Estimated hire outcome: £7,500 ►►</b>	<b>Estimated PI outcome: £8,500 ►►►</b>	<b>£20,000</b>

\*The figures produced in this table are illustrative based on assumptions triggered by delayed reporting which takes into account increased risk of credit facilities, loss of MoJ portal status, and escalation to more aggressive lawyer teams that build damages.