

Why are the costs of claims rising?

- Over the last year the cost of living has risen because of the Consumer Price Index (CPI) increase.
- Factors include higher energy costs, transport and fuel, supply chain and shipping costs all adding pressure.
- We have produced a handy guide, looking at the influences on claims trends and the impact on claims costs.





Disruption to the supply chain

- A microchip shortage has resulted in global delays in new vehicle manufacture and a surge in value of second-hand cars
- Longer repair times and lack of available parts has affected hire car lead times, plus a shortage of hire vehicles available for drivers
- Global fuel shortage and cost increase
- Sourcing of raw material and labour in the construction sector has resulted in rising costs for property claims
- Covid absence across all sectors



Brexit

- Skilled worker and HGV driver shortages, unskilled workers = increase of accident/incident
- Supply chain disruption, labour supply and lack of materials, high demand and longer claims driving up costs
- Staffing issues – turnover, recruitment and retention



Covid

Travel

- More people working from home has seen a decrease in property claims – e.g. theft and escape of water
- Increase in bike theft as people change commuting habits
- Van and lorry traffic has risen resulting in higher commercial vehicle claims
- Fewer lower impact (minor bump) claims have meant the average cost of claim has risen

Workplace

- Increased liability claims from Covid procedures and systems of work, slips on sanitiser and falling protective screens resulting in injury

Future trends:

- Potential for future claims linked to long Covid
- Claims from home working assessment failures
- Financial pressure and redundancies – claims against employers









Vehicle technology

- EV cars are becoming more popular – last year half a million cars on the road were ultra low emission
- Parts are becoming more sophisticated and expensive to replace therefore more vehicles are written off as a total loss
- Theft of catalytic convertors is still a big problem



Whiplash Reforms

- Since the reforms there have been longer delays in obtaining medical reports and court hearings
- The lifecycles of claims have increased and therefore so have costs
- Cost of living and work shortages have seen an increase in opportunistic claims
- Historic changes to the Ogden discount rate have driven considerable increases to the cost of catastrophic claims*
- Layering of injuries / costs and psychological claims is a tactic seen to be used by solicitors to drive up the value of a claim and take it out of the portal process

* Ogden table, gov.uk, May 2021.



Climate change

- Increased extreme weather globally
- February 2020 was the wettest on record for the UK with Storm Ciara and Dennis
- Same number of weather related claims in 2022 with Storms Dudley and Eunice
- In July 2021, some areas of the UK experienced a month's worth of rain in one hour which led to intense flooding and an influx of damage claims
- Hotter and drier weather over the summer months increases the risk of fire and subsidence claims
- The Net Zero ambition of the future will see investment in 'green technologies' e.g. electric vehicles/ infrastructure which could lead to increased costs due to the need for more sophisticated materials and labour

How can you help?

- Letting us know about a claim incident as soon as possible, with detailed useful information, gives us the opportunity to control costs of the claim where we can
- Providing thorough information and access to the right people allows us to act quickly following an incident
- Claims can be settled more quickly if video evidence is obtained e.g. Dashcam or CCTV footage
- This [video](#) demonstrates the impact that delayed notification of a claim can have on the overall cost



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