MOTOR CLAIMS MANAGEMENT IN EUROPE

A seminar organised by AISAM’s (now AMICE’s) Motor Claims Network

Turin, 8-9 November 2007
TABLE OF CONTENTS

1. Introduction ................................................................. p.5
2. Programme ........................................................................ p.7
3. Speakers’ CVs and presentations ........................................ p.17
1. Introduction

AISAM’s International Networking Working Group, under the leadership of Mogens N. Skov, Denmark, decided to set up a taskforce dedicated to Motor Claims Management (MCN) in June 2006 to allow members to exchange best practices in motor claims handling and to discuss the process of choosing and evaluating a correspondent.

The taskforce organised a seminar on 8 and 9 November at Reale Mutua’s offices in Turin which attracted 35 participants from 12 countries. The main elements of that seminar are included in this report.

We hope that the continuation of this work within our new association, AMICE, will bring more members to the taskforce and further widen the audience at the next seminar planned for 2009.

We should like to thank the dedicated members of the AISAM, now AMICE, MCN taskforce - Gilles BEZENÇON, Swiss Mobiliar, Switzerland, and Taskforce leader, István KOCSSIS, KOBE, Hungary, Sirpa LUKKALA, Tapiola Insurance Group, Finland, Paolo DONATO, Società Reale Mutua di Assicurazioni, Italy, Urban MATTSSON, Länsförsäkringar, Sweden and Marc SCHRAEPEN, Ethias, Belgium – for their contributions over these last two years.
2. Programme

Thursday, 8 November 2007

Chair: Lieve LOWET, Secretary General, AISAM

14.00 – 14.15: Welcome to the hosting company Reale Mutua by Luca FILIPPONE, Deputy General Director

14.15 - 15.45:
14.15 - 14.50: The European context:
Understanding the EU motor directives, past, present and future
- Robert MULAC, Insurance Officer, European Commission

- Frits BLEES, Secretary General, Dutch Motor Insurers’ Bureau

16.15 - 17.00: Motor Claims’ Management: improving the system
- Inge SANDERS, Claims Department Manager, Dekra Claims Services International

17.00 - 17.45: Personal Injuries Compensation: a European guideline
- Dr Ludo JONCKHEER, Medical Counsellor

17.45 – 18.00 Conclusions – Lieve LOWET, Secretary General, AISAM
**Friday, 9 November 2007**

<table>
<thead>
<tr>
<th>9.00 – 10.30:</th>
<th>Workshop 1: Handling Claims in practice</th>
<th>Workshop 2: Compensation systems for bodily injuries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderator:</td>
<td>Lieve LOWET, Secretary General, AISAM</td>
<td>Gilles BEZENÇON, Head of Foreign Claims, Swiss Mobiliar, Switzerland</td>
</tr>
<tr>
<td></td>
<td>3 Case studies:</td>
<td>Differences in settling a bodily injury claim: the same claim settled in BE (Marc Schraepen), CH (Gilles Bezençon), FI (Sirpa Lukkala), IT (Paolo Donato), SE (Roland Broman)</td>
</tr>
<tr>
<td></td>
<td>Integrated electronic claims handling,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Jean BOEUR, IT Manager, Ethias, Belgium;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paperless claims management, Claudia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RITZERT, HUK-Coburg, Germany; Centralized claims handling: Mogens N. SKOV, Member of the Board, Taksatorringen, Denmark</td>
<td></td>
</tr>
</tbody>
</table>

**11.00 – 11.15:**

**Workshop conclusions: Reports by the moderators**
- Workshop 1: Lieve LOWET, Secretary General, AISAM (5 minutes)
- Workshop 2: Gilles BEZENÇON, Head of Foreign Claims, Swiss Mobiliar (5 minutes)
- 5 min Q&A

**11.15 – 12.05:**

**Compensation systems for whiplash injuries**

- **CEA/AREDOC study on whiplash injury**
  - Dr Hélène BEJUI-HUGUES, AREDOC, France

**11.35 - 11.55:**

**Treating whiplash injuries**
- Julie WOOLSEY, Head of Rehabilitation, NFU mutual, UK

**12.05 – 12.45:**

**The future of claims handling in motor insurance**
- Paolo MORETTI, McKinsey Milan, Italy (30 min)
- 10 min Q&A

**12.45 - 13.00:**

**Closing remarks** - Mogens N. SKOV, Chairman of AISAM’s International Networking Working group, General Manager of Købstædernes Forsikring, Denmark
3. Speakers and their subjects

Welcome

by Luca FILIPPONE, Deputy General Director of Reale Mutua

Luca Filippone was born in Barcelona (Spain) in 1966. He has worked for UAP International, Allsecures, UAP Italia, UAP Abeille, G.I.E. Axa and Axa Assurances. From 2006 to 2007 Luca was the director of the agencies network system of Toro Assicurazioni Group. Since 2007 he is has been Deputy Director General of Reale Mutua Assicurazioni.
The European context: Understanding the EU motor directives, past, present and future

by Robert MULAC, Insurance Officer, European Commission

Robert Mulac joined the European Commission/Insurance and Pensions Unit of DG Internal Market and Services in October 2005. Prior to this, he worked as a lawyer at Gleiss Lutz Law Office in Prague and at Kapitol a.s, a Czech brokerage firm active especially in the life assurance sector.

Robert Mulac holds a law degree from the Charles University of Prague and a Masters degree in European Law from Europa Institut Saarbrücken, Germany.

Presentation
### Interaction between the EU and the COBx Green Card System

1. Multilateral Agreement on abolition of insurance checks
2. Uninsured driving
3. Impact of EU legislation on the Green Card System (e.g. false plates, no systematic border checks, exported vehicles)

---

### The 5th Motor Insurance Directive - Cooperation during Transposition

- Regular talks with Member States and the insurance industry on the 5th MID
- Several issues identified as a potential source of difficulty for the transposition - diverging interpretation by Member States
- Cooperation between the Commission and Member States during the transposition of Directives is crucial for the effective monitoring of Community law
- Transposition meeting held on 28 September 2006 (working group meeting with Member States)

---

### EU Motor Insurance Directives and their implementation by Member States

   - Transposed almost on time (20 June 2002) by all Member States - infringements for non-transposition closed during 2003
   - For the new Member States applicable as of 1 May 2004 and 1 January 2007 respectively
   - Seems to work well in practice (CQM reports of 2005 and 2006 on compensation bodies + claims representatives)

---

### The 5th Motor insurance Directive - Main issues identified as potential source of difficulties

1. False plates (not corresponding or no longer corresponding plates)
2. Imported (dispatched) vehicles
3. Distinction between insurance/civil liability issues

---

### 1. False plates

- "Normally based concept" modified – Guarantee fund of the country of accident responsible for compensation of the victim – recourse rights?
- The meaning of "no corresponding or no longer corresponding plate" - broad scope of situations to be covered (inter alia falsified, suspended or expired plates) – linked to provision of Article 4(4)(a).

### 3. Distinction between insurance/civil liability issues

- Art. 4(1) - driving under the influence of alcohol or any other intoxicating agent?
- Article 4(2) – passengers, cyclists, other non-motorized road users
- Own contribution of the victim to the accident can/cannot be reflected?

---

### Issues for the future

- Codification of the current set of rules into one single legal text
- Need for a 6th Motor Insurance Directives?
- ROME II Regulation on the law applicable to non-contractual obligations
The European context: Implementing the 5th Motor Directive

by Frits BLEES, Secretary General, Dutch Motor Insurers’ Bureau, Netherlands

Frits Blees has been Secretary General of the Dutch Motor Insurers’ Bureau since 1990. In 1995 he also became managing director of the Dutch Guarantee Fund. In these capacities he has held several responsibilities in the Council of Bureaux, most recently as Chairman of the Specific Rules Committee, the committee of the Council responsible for the agreements governing the relations of the Bureaux of the member states of the European Union.

Before joining the Guarantee Fund he worked in several positions with the Dutch Association of Insurers. He started his career as a barrister in Rotterdam, after having graduated as a lawyer from Leiden University.

Mr Blees is married with two children. He lives in Rotterdam.

Presentation

The purpose of the 5th Motor insurance directive was to update and improve the Community system of motor insurance. In order to achieve this goal the Directive aims at improving the compulsory cover as defined by the previous directives, it tries to fill in gaps and clarify unclear provisions in those earlier directives and provides for solutions for problems frequently encountered especially by consumers. To this end, the 5th Directive makes a variety of modifications to previous directives as well as a few ‘novelties’.

The Directive was supposed to be implemented in the national legislations of the Member States by 11 June 2007. That date has only been met in a minority of the Member States. Even at the date of writing this summary, the directive has not yet been transposed in the entire European Union.

Without any doubt one of the most important improvements of the 5th Directive in terms of victim protection is the increase in the minimum amount of cover. The Directives provide for two options as far as the cover for bodily injury is concerned: € 1 Million per victim without any limit to the number of victims or € 5 Million per accident, irrespective of the number of victims. Moreover the Directive offers the Member States the possibility to opt for a transitional period.

Other aspects, which have either an influence on insurance companies or on the work of the Bureaux and the Guarantee Funds include *inter alia* the question as to which organisation is
Motor Claims Management in Europe

responsible for the compensation of vehicles not bearing registration plates or plates not or no longer conforming with the vehicle and the new provisions for vehicles dispatched from one Member State to another, the ‘parallel import’. Also the ‘interpretation’ given by the Directive of Regulation 44/2001, the EEX Regulation will be discussed.
Import and export of vehicles (2)

German citizen buys second hand Alfa Romeo in Italy
Returns with his purchase to Germany and meets
with an accident on his trip home
- Accident in Italy
- Accident in Austria
- Accident in Germany
To whom can the victim apply?

Failure to transpose the directive (in time) (1)

General rule: Directives addressed to MS
No direct applicability unless:
  - unconditional
  - sufficiently precise

Direct applicability only against MS
Under circumstances: liability of MS

Failure to transpose the directive (in time) (2)

Direct applicability of:
- minimum amounts of cover?
- Plates 'with a defect'?
- Insurance of imported vehicles?

Failure to transpose the directive (in time) (3)

Direct applicability only against MS
Is Guarantee Fund part of body of the State?

Farrell decision of the EU Court of Justice
(Case C-356/95, April 17, 2007)

Criteria:
- provision of a public service
- under the control of the State
- has the Guarantee Fund special powers beyond those
  which result from the normal rules applicable
  between individuals
Motor Claims’ Management: improving the system

by Inge SANDERS, Claims Department Manager, Dekra Claims Services International, Netherlands

Inge Sanders joined ISB/DEKRA Claims Services as International Claims Handler on 01 October 1998, specialized in handling bodily injury claims, becoming Manager Claims Department of the office at ‘s-Hertogenbosch in September 2005. In June 2007 she also became responsible for the newly opened office in the north of the Netherlands, Rijswijk ZH. Besides this, she is a member of the marketing team.

Prior to this, she worked as Legal Advisor handling notices of objection for various councils in the Netherlands.

Inge holds a law degree from The University of Leiden, Netherlands.
1. THE QUESTION OF LIABILITY

3) According to Italian law; Section 2054: The guilt of the driver (one circulating car) or the guilt of both drivers in case of a collision, is presumed.

2. ADVANCE PAYMENTS (in bodily injury cases)

1) According to Italian law: There is a right for the victim to get an advance payment, however out of court it is usually not given.

2) According to Spanish law: Only if there is more information regarding the injuries, at least regarding the number of days of incapacity and only when they are justified.

3. COMPENSATION OF NON LEGAL FEES

1) According to Greek law: Yes, partially during amicable negotiations.

2) According to Spanish law: They are not compensated.

3) According to Italian law: In Italy they are certainly compensated.

4. COMPENSATION FOR PAIN AND SUFFERING FOR RELATIVES

According to Greek law: The law does not provide for a concrete amount, therefore one goes often to court.

According to Spanish law: All this is mentioned in the official scales, with room for correction (increases).

THE CODE OF "TILBURG"

We know it as the Code of Conduct. Who is the Code aimed at?

CORE VALUES OF THE CODE OF "TILBURG"

To deal with one and other respectfully;
To provide clarity;
To create and enhance trust;
Harmonious consultation;

CORE VALUES OF THE CODE OF "TILBURG"

A good pace with regard to the claims handling time; (swiftness)
To solve problems together;
To keep one and other on the right track; mutual correction
Motor Claims Management in Europe

AISAM SEMINAR
8-9 November 2007, Turin, Hosted by Reale Mutua

1. There is no unity in Europe with regard to handling bodily injury claims.

2. Insurers should take more action, together with representatives, to develop certain claim settlement codes.

3. One advice is to give a certificate of competence to parties who work within a certain code, so the victim knows who to address.

4. With a decent, open and honest claims management system (if possible, for the victim, accessible by internet), there will be more comprehension and claims will be handled faster.

17

20 basic principles introduced, such as:

- Principle 5: parties strive to reach a settlement within 2 years;
- Principle 8: agreements with regard to the given information;
- Principle 9 and 12: agreements with regard to medical matters;
- Principle 10: timetable with regard to liability;
- Principle 15: timetable for resolving disputes.

We call them the principles of best practice.

Negative remarks with regard to the code of conduct:

- Too abstract
- Too much emphasis on harmonization
- No sanctions
- No guideline for the medical advisor
Personal Injuries Compensation: a European guideline

by Dr Ludo JONCKHEER, Medical Counsellor, Belgium

Ludo Jonckheer qualified as medical doctor from KUL University (Katholieke Universiteit Leuven), specialising in revalidation and physical therapy and the assessment of bodily damage.

He is Chief medical counsellor for Mensura as regards workplace accidents as well as for AXA Belgium. He also works as a Medical counsellor for Ethias as well as being private medical counsellor for several other insurance companies.

Ludo also runs a private practice for the medical assessment of bodily damage and medico-legal expertise. He is Vice-president of the Belgian society of medical counsellor and experts and member of the board of the Belgian society of specialists in the assessment of bodily damage.

He actively participated in the preparation of the European disability rating scale.

In his free time, Ludo sails and participates in Land Rover expeditions in Asia and Africa where he is responsible for the medical assistance. Ludo is married with two children and lives between Brussels and Leuven.

Presentation

The non–financial prejudice resulting from an accident or illness is the impairment of the daily activities performed by every man or women, irrespective of the job they do, on a purely personal level and without any monetary considerations. This prejudice may be reflected in a predefined scale.

Harmonising the compensation of bodily damage in the EU means harmonising the assessment thereof, using the same scale in all the EU Member States leading to the same conclusions for the same sequelae. The European scale must be based on ideas which everyone accepts.

Therefore it was elaborated by eminent members of CEREDOC, the European Confederation of bodily damage and compensation experts, under the leadership of Professor Dr. P. Lucas.
Motor Claims Management in Europe

AISAM SEMINAR
8-9 November 2007, Turin, Hosted by Reale Mutua
European disability rating scale

U.K. and Ireland
no rating
description of the impact of the psycho-physical damage on the subject's life.

European disability rating scale

Latin tradition
importance of the damages to the human being
scale from 0 to 100%

European disability rating scale

O.B.S.I.- B.O.B.I. - Belgium
- Only describes 3 severity levels for spine sequelae: mild, medium, severe.
- No other criterion described.
- Wide impairment intervals for the same degree of severity.
- No reference to the activation of everyday life.

European disability rating scale

The European Community scale
- Contractual scale with a few reference points.
- No relation with daily life activities.
- Totally ignores the spine...
- Assessment in Brussels based on the OBSI if the sequelae has no reference in the Community scale.

European disability rating scale

The French scales
- As far as the spine is concerned, the level of impairment is determined in relation to:
  - pain
  - stiffness
  - ongoing treatment
  - troubles in everyday life activities

European disability rating scale

The Italian scale
- Orientation guide for the assessment of permanent psychological damage (danno psicologico)
- It is a very coherent and precise scale but not taking into account the difficulties in everyday life.

European disability rating scale

Société de l'Assurance automobile du Québec
- This guide is the law.
- Purely morphological and mathematical.
- Does not take into account pain, clinical status nor daily life

European disability rating scale

A.M.A. scale
- Based solely, but very precisely, on a range of motion: each range of motion value is associated with an impairment rate.
- Allows standardized assessments.
- But poor relation between range of motion, pain and impairment in daily life activities

European disability rating scale

A predefined scale
1. Assess the sequelae and not the memory of the diagnosis.
2. What is compensated is functional sequela and not an X-ray or an EMG graph.

European disability rating scale

Disability rating =
the degree of difficulty, measured against a theoretical maximum of 100%, experienced by a subject with sequelae thus quantified

European disability rating scale

The percent of disability is not a unit of measurement but a unit of assessment

European disability rating scale

Explanation is essential
The scale is a guide, it is indicative only.

European disability rating scale

Expertise means:
Listening, observing, measuring, understanding, then explaining so that others can understand (Lucas).

European disability rating scale

This means that:
In the future all members of staff of the EU institutions will take the European scale as the reference for the assessment of bodily damage caused by personal accidents

European disability rating scale

Wishes
Harmonization of the compensation of bodily damage in Europe thanks to the European scale.

European disability rating scale

Wishes
That the judges, who decide, find in the scale more reproducibility, more transparency and more precision in the ratings, thus more help for fair justice.
**Workshop 1: Handling Claims in practice**

Moderator: Lieve LOWET, Secretary General, *AISAM*

Lieve joined AISAM as Deputy Secretary General on 1 June 2003 becoming Secretary General in October 2004. Prior to this, she worked at McKinsey as European insurance expert, specializing in European regulations and bancassurance; she was also a Board member of the European Financial Institutions Centre (EFIC), McKinsey’s business unit specialized in research and analysis of financial institutions which she helped found.

She started her career as a banker at BBL (now ING) Belgium.

Lieve holds a law degree from KUL (Katholieke Universiteit Leuven), Belgium, a BA in philosophy and a Masters degree in International Affairs from SAIS (School of Advanced International Studies), Johns Hopkins University, Washington-Bologna-Nanjing.

She is married with 3 children and lives in Brussels.
Integrated electronic claims handling

Jean BOEUR, IT Manager, Ethias, Belgium

Jean started his career at Ethias in 1980 as a claims handler. Ethias was his first employer. Between 1988 and 2006, he managed the IT processes of the Claims department.

In 2006 he moved to the IT department at Ethias, responsible for the development of the Private Client applications.

Presentation

Ethias is a direct Mutual Insurance Company that offers insurance and retail banking services. It has more than one million clients on the Belgian market alone.

For the policyholder, claims handling is one of the most important aspects of the insurance business. When managed correctly, technological progress such as the Internet and e-mail will have a profound impact on the delivery of the true service component of insurance.

As policyholders could already view and subscribe their policies via the internet, Ethias wanted to offer its customers a service which makes it possible to register new claims and which makes it faster and easier to obtain accurate, up-to-date information about their claims. This solution enables also a better collaboration between the company’s back office, the customer, car repairers and claim experts.
Motor Claims Management in Europe

Timeline:
- Motor since January 2005
  - Average 10 claims each day
- Fire since September 2007
  - Too early for figures
  - Great things expected
- All insurance claims in the course of 2008

How is the claim made?
- Basic principles:
  - Integration in the back office (client is in fact a
    guided manager)
  - Every claim is registered
  - Correspondence routed via My Ethias
  - Choice of repair garage recommended
  - Document drafted with the claim
  - File follow-up via the web

What details must be stated?
- Maximum 5 screens depending on circumstances
- Declaration to be submitted duly completed
- Witnesses - third parties - injured - repair garage
- More controls than back office
- Choice of repair garage hastens proceedings
- File accorded direction at end of decision

What happens on-line?
- Confirmation of file number
  - E-mail sent with request for consultation with My Ethias
  - Acknowledgment of receipt with instructions
  - Document with summary of claim
  - Loss-adjuster or repair garage notified via informex
  - If necessary, an agreement may be made with the
    third-party payer
  - Claim file available for follow-up
  - Electronic confirmation to back office

Follow-up
- Client can inspect file
- Loss-adjuster's report and photos available
- Possibility of sending a message
  - Actually in the claim file
  - On-line notification back office
- Short-term objective
  - Overview of payments
  - Overview of correspondence

Interaction with external associates
- Loss-adjusters and repair garages
  - Structured report
  - Communication platform
  - Exchange of photos
- Advisory doctors
  - Working in our file
- Lawyers
  - Assignments soon sent electronically

EDM: Electronic document management
- All incoming mail scanned
- Identification
- Scanning
- Quality control
- Sent electronically to file manager
- Integration of faxes and e-mails

Towards the future
- Improve and increase mail traffic
- Storage of documents
- Provision of claims forms
- The paperless office
Paperless claims management

Claudia RITZERT, Team Leader, Foreign Claims Department, HUK-Coburg, Germany

Claudia Ritzert is currently Team Leader in the Foreign Claims Department of HUK-COBURG, Germany.

Claudia joined the HUK-COBURG Insurance Group in 1994 after her graduation from the Johannes-Gutenberg-Universität Mainz, Germany. She holds a degree in Applied Linguistics, her field of specialization being economics and finance, and trained as a Marketing Expert (Industrial Chamber of Commerce) in 1996/97.

In 1999 she was nominated as leader of the Group’s Translation and Linguistic Service. Following several years of experience in the field of motor claims handling including bodily injury, since 2004 she has also been responsible for the Partner Relationship Management in the Foreign Claims Department. Her key tasks are, amongst others, acting as an interface to the European partner network, the negotiation of cooperation agreements with regard to cross-border claims settlement, the presentation of HUK-COBURG at potential new partner companies and at international conferences as well as the participation in diverse projects.

Claudia is married with one son and lives in Coburg.

Presentation

Paperless workflow at HUK-Coburg primarily means renouncing a physical (paper) file in favour of a virtual file which is commonly accessible to all of HUK-Coburg’s branch offices or claims handlers. Through the setup of a state-of-the-art logistics centre (Input/Output) in 2006 an interface was created to convert all incoming information (letters, faxes, e-mails) into electronic data which the competent claims handler has access to directly on his or her computer. Furthermore, HUK-Coburg and various selected service providers have gradually implemented standardized data structures using a secure network provided by the GDV (German Insurers’ Association): this enables all parties involved to directly route incoming data into their corresponding virtual files thus avoiding the process steps of scanning and indexing.
Motor Claims Management in Europe

Contents

1. Claims notification
2. Digital mail processing – logistics center
3. The GDV claims service
4. Basic structure of the Insurance Industry Network of the GDV
5. Planned integration of CDV KN into the network
6. Overview of transactions realized at HUK-Coburg (optional)
7. Outlook on future transmissions (optional)

Claims notification

- The claims handling process is characterized by
  - A multitude of parties involved
    - Victim / claimant, person responsible for the accident
    - Garage, expert
    - Manufacturer, car rental companies
    - Doctors, lawyers
  - A multitude of different communication channels
- The claims handling process can be initiated by all of the parties involved
- The workflow can not be determined in advance

Claims notification

Particularity of claims handled under the terms of the Internal Regulations and the 4th Motor Insurance Directive

- HUK-COBURG acts as service provider (i.e., claims representative of the respective foreign insurer concerned)
- Non-existence of HUK-specific policy numbers
- Assignment of special claim numbers to claims handled on behalf of partner companies
- Opening of a claim file on behalf of the respective foreign partner

Digital mail processing

On the basis of the zip code all incoming mail is routed to Coburg

Digital mail processing

Logistics center

AISAM SEMINAR
8-9 November 2007, Turin, Hosted by Reale Mutua
Motor Claims Management in Europe

Digital mail processing – workflow
- Overview
  - Opening, sorting, stapling and scanning of incoming mail
  - Indexing of the scanned documents including quality control
  - Automatic routing of indexed images according to complexity to the respective vehicle class of the claims handler
  - Online claims management after digitization

Digital mail processing
Key figures 2006

<table>
<thead>
<tr>
<th>Key figure</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail volume</td>
<td>7.2 million</td>
</tr>
<tr>
<td>Scanned pages/year</td>
<td>58.6 million</td>
</tr>
<tr>
<td>Index documents</td>
<td>12.7 million</td>
</tr>
<tr>
<td>Production scanners</td>
<td>81-90</td>
</tr>
<tr>
<td>Workstations</td>
<td>about 320</td>
</tr>
<tr>
<td>Posts (full-time equivalent)</td>
<td>about 365</td>
</tr>
</tbody>
</table>

The GOV claims service
The market
- Several IT service providers offer support during the claims handling process
  - with different main focuses
    - Claim calculation
    - Expert's report
    - Garage
  - Via different communication technologies and transmission routes (networks)

Contents
1. Claims notification
2. Digital mail processing – logistics center
3. The GOV claims service
4. Basic structure of the Insurance Industry Network of the GOV
5. Planned integration of DBEK into the network
6. Overview of transactions realized at HUK-COBURG (optional)
7. Outlook on future transmissions (optional)

Digital mail processing
Equipment of claims handler workstations
- Only one processor and one screen
- 21-inch TFT flat screen
- Documents are shown on the screen in size DIN A4
- Possibility of enlarging the image via the viewer tool
- Both the digitized documents and the necessary claims handling programs can be viewed on the screen simultaneously

The GOV claims service
Consistent data structures for mapping the transactions
- Claim notification (e.g. through a garage or the Traffic accident emergency call centers)
  - Header record: Insurer's data
  - Additional data: Name of data and data at the insurer
  - Insurer's data
  - General claims data: Date of loss etc.
  - Vehicle data
  - etc.
  - Images: Photos of the damage caused
    - Insurer's record: Number of parts data counts sent

Basic structure of the Insurance Industry Network of the GOV:
Services within the GOV network
Motor Claims Management in Europe

AISAM SEMINAR
8-9 November 2007, Turin, Hosted by Reale Mutua
Centralized claims handling

Mogens N. Skov, Member of the Board, Taksatorringen, Denmark

Mogens N. Skov is President & Chief Executive Officer of Købstædernes Forsikring in Denmark and has worked in Danish and international insurance and reinsurance since 1976.

On 1 September 1997 he accepted a position as President & Chief Executive Officer at Købstædernes Forsikring which is the oldest existing insurance company in Denmark as it was established in 1761. The company has always played a very active role in AISAM and Mogens Skov has thus participated in Working Groups within AISAM since 1998. He is also a Board member of AISAM.

Mogens N. Skov is a member of the board of the association of Danish mutual insurance companies and serves as a board member of various Danish insurance associations.

He holds a degree in Insurance & Managerial Accounting from the Copenhagen High School of Economics.

He was born on 18 May 1955 and is married with 3 children.

Presentation

Despite what you may think Denmark is a big country. Especially if you are a small mutual operating within a limited geographical area. Your clients drive all over the country and they have claims all over the country.

How do you settle these claims if you do not want your claims adjuster to spend hours in a car? How do you make sure that you – as a small mutual – are always up to date with the latest technological developments? How do you compete with the bigger players when they take new initiatives in the motor market?

In May 1973 a group of Danish mutuals got together in order to answer the above questions. You will learn how – but there are also drawbacks.
Motor Claims Management in Europe

The Challenge

- Economy of scale
- Technical know-how
- Purchasing power
- Big and strong competitors

The Solution

- Vendsyssel
- HF
- Himmerland
- Kobstadenerne
- Lokal
- Læsøstændens Brand
- Mølygsk
- Pederse
- Storstrøm
- Sønderjysk
- Thisted
- Vejl
- Vestjylland
- Alm. Brand
- DBBA
- Fyn
- Nykredit
- CRUDD
- DFIM
- IDL

Today

- Settles 20 - 25% of all motor claims in Denmark
- Very specialized/high technical expertise
- High degree of computerization
- Huge purchasing power
- Many supplementary services

25% VAT

Danish Competition Authorities
Workshop 2: Compensation systems for bodily injuries

Moderator and case study: Gilles BEZENÇON, Head of Foreign Claims, Swiss Mobiliar, Switzerland

Since 01.07.2007 Gilles Bezençon has been the head of the Foreign Claims Department of Swiss Mobiliar Insurance Company, Switzerland.

Previously, he had worked for several years at Swiss Mobiliar as Claims Inspector for complex bodily injury claims.

Since 2000, the year of the establishment of the Foreign Claims Department at Swiss Mobiliar, he has managed complex claims in all fields both in Switzerland and abroad.

Gilles is a certified insurance specialist with a Swiss Federal Diploma.

Gilles is leader of AISAM's Motor Claims Network taskforce.

He is married with 2 children and lives in Marly, Switzerland.

Presentation

- Art. 58 (simplified):
  - Para. 1: If a third party is hurt or killed or sustained damage to property, caused by a motor vehicle in operation, the owner of the car is liable.
  - Para. 2 and 3: not of basic importance
  - Para. 4: The owner of the car is liable for the fault of the driver and the fault of other auxiliary persons as if it was his own responsibility.

- Art. 59 (simplified):
  - Para. 1: The owner is exempt from liability if he proves that the accident was caused by
    - force majeur or gross negligence of a third party and if he proves at the same time that
      - neither he nor one of the auxiliary persons can be blamed for the fault and that his vehicle was not defective.
  - Para. 2: If the owner, who is not exempt from liability according to para. 1, proves that a fault of the claimant contributed to the damage, the judge assesses the claim in consideration of all circumstances.
  - Para. 3: Amended
  - Para. 4: states special rules concerning damaged items transported by a vehicle and the relation between owner and driver concerning the damage of the car (no strict liability).

Entries / Items of damage

1. Economic loss (“Differenztheorie” – “theory of deviation”)
2. Immaterial Damage (“Genugtheit” – “pain and suffering” – “tort moral”)
Economic loss a) Overview

- Material damage
- Loss of income
- Treatment expenses
- Lawyer’s costs
- Miscellaneous expenses (taxi etc.)
- Inability or limitations concerning household chores („Haushaltsschaden“)
- Care (Example: invalid person needs care of family members, „Pflege- und Betreuungsschaden“)
- Etc.

Economic loss b) Evaluation

Federal Court: „The damage corresponds to the difference between the wealth as regards the income of the claimant before and after the damaging event“. This is the so called „Differenztheorie“, the theory of deviation. Crucial point is the comparison between the actual state (after the damaging event) and a hypothetical state (without the damaging event).

Economic loss c) Consequences

As a matter of principle (mind the exceptions!) there is no "normative“ damage in Swiss tort law.

Example:
Expensive four-week holiday trip for 28'000.00 Swiss Francs. The claimant has an accident on the first day of his trip, needs to be taken to hospital and then back home. Among other things, he claims 28'000.00 Swiss Francs because he was unable to enjoy the final 25 days of his trip.
Value of the trip claim: 0.00 Swiss Francs. The money has already been dispensed. The 28'000.00 Swiss Francs have been deducted from the estate of the claimant independently of the accident ("the 28'000.00 wouldn’t be in his purse anyway even if he hadn’t had the accident“).

Economic loss d) Exceptions to "Differenztheorie"

- "Haushaltsschaden" (Inability or limitation concerning household chores)
- „Pflege- und Betreuungsschaden“ (Care. Example: invalid person needs care of family members)

These positions are indemnifiable even if there is no damage according to the theory of deviation.

Economic loss e) Household (1)

Example:
Housewife, age 35, paraplegia.

She has done 22 hours of chores per week before the accident. The family decides not to call in professional aid. Instead, the mother and the husband of the claimant do the chores

- no damage according to the theory of deviation, but indemnifiable (exception).

Economic loss f) Household chores (2)

History:
- 1982 (Bleik): hourly rate, supplement for "better quality"?
- 1995: (Jost): hourly rate, "method of replacement". What would a replacement cost?
- 1998: Federal Court accepts the hourly rate of 30.00 Swiss Francs. Difference between city and countryside.
- 2001: Federal Court confirms "method of replacement".
- 2005 (14th September). Hourly rate of 27.00 Swiss Francs accepted.
- 2006: Precedent: Increase of hourly rate of 1% per year up to pension age (65/65).

Economic loss f) Household (3): Evaluation

"As concrete as possible, as abstract as necessary."

As it is factually impossible to assert the working hours in the household, the abstract evaluation becomes more and more popular.

Basis of the abstract evaluation are the statistics. The new data are detailed, not to say too detailed.

Economic loss f) Household (6): abstract or concrete?

- Tendency: abstract, based on stats.
- "Concrete" is always hypothetical.
- Nevertheless, reasons to reduce can be evident
  - Example: Man, domicile Italy, working in Switzerland. Young children, only going home (to Italy) for the weekends. After the accident: Moving back to Italy (permanent).
  - We wouldn’t accept the statistics (more than 30 hours per week). His contribution to the household can’t have been more than 30 hours if he was only at home on Saturdays and Sundays.
  - Practise: abstract, based on stats, with insurers trying to reduce...
Motor Claims Management in Europe

Economic loss f) Care
- Comparable with household
- Family member takes care of an invalid person
- Second expensive exception from the Theory of deviation

Immaterial damage - Bodily injury
Federal court:
"If there is no permanent disability, a claim for pain and suffering is only constituted under special circumstances such as the necessity for a stay in hospital of several months with numerous operations or a long inability to work or a long time of suffering."

Immaterial damage - Bodily injury: conclusions (3)
- No compensation for slight injuries
- Compensations for more fatal injuries with no permanent invalidity: some (few) thousand Swiss Francs.
- No lists or tabulations
- Inconsistency (matter of negotiation)
- Factors:
  - Intensity of injury
  - Perils of injuries
  - Time of inability to work
  - Intensity of fault
  - Etc.

Immaterial damage - Death
- The exact amount depends on several factors, among others (again) the intensity of the fault of the liable person.
- Crucial point is the intensity of the relation between the claimant and the deceased.

Immaterial damage - "Genugtuung" - pain and suffering - tort moral
Premises:
- Bodily (also: psychic) injury or
- Death of a person

Immaterial damage - Bodily injury
Examples:
1. Broken nose: 0.00 Francs
2. Broken tooth: 0.00 Francs
3. Robbery. Injured shoulder. Remaining constraint to mobility: 1'500.00 Swiss Francs
4. Gunshot. Injured foot. 3 Operations. Inability to work 6 months: 8'000.00 Swiss Francs
5. Perilous head injuries etc. after attack. 10 weeks hospital: 10'000.00 Swiss Francs.
7. Maximum: approx. 150'000.00 to 200'000.00 Swiss Francs.

Immaterial damage - Death: Claimants and amounts (basis)
- Husband/Wife: approx. 30'000.00 - 50'000.00 Swiss Francs
- Children (loss of parent): approx. 20'000.00 - 30'000.00 Swiss Francs
- Parents (loss of child): approx. 30'000.00 - 40'000.00 Swiss Francs
- Siblings (loss of brother/sister, if living together): approx. 7'000.00 - 10'000.00 Swiss Francs
- Partner: normally no claim. Exception: Promise of marriage made.

Immaterial damage - Tendencies
- Compensations for pain and suffering are not very high in Switzerland compared with the rest of Europe.
- In recent years a tendency to augment compensations can be observed. Still, Federal court appears to hesitate and so far hasn’t taken big steps.
- Many voices ask for unification. We are still far away from this – even though useful tabulations already exist (tabulations from the accident insurers, used in social security law).
Liability

Sharing
In Switzerland the owner of a car is subject to strict liability.

Example:
- The liability of the motorcycle driver is approximately 40%.
- The owner of the car is liable for:
  a) the "operational risk" (strict liability) and for
  b) the fault of the driver who is his auxiliary person = altogether approximately 60%.

Liability

Passenger

- The driver (who is NOT the owner) and the passenger have a claim against both insurers involved. They can choose who they want to go to (solidarity).
- No matter where they go they will have to face and accept a deduction because they contributed to the damage (safety belts).
- The insurer who settles the claim can recover from the other insurer according to the quotas.

Liability

Safety Belt:
- If the driver (who is NOT the owner) and the passenger don't fasten their safety belt, this is not interpreted by the courts as "gross negligence" (NB: gross negligence could exempt the owner from his liability).
- Instead it is considered to be a "fault of the claimant which contributed to the damage" which leads to a reduction of the liability of the owner of 10 to 30%.

Calculation of the damages

Motorcycle rider:
- Motorcycle: current value
- Clothes: current value
- Helmet: current value
- Medical treatment (inclusive covered by Social Insurance): estimation 20,000 Euro
- Loss of income: he had to prove it
- Permanent disability: he had to prove it
- Pain and suffering: 7,000/25,000 Euro
- Rental costs: if justified
- Loss of use: 5 Euro/day
- Towing costs: if justified

Estimation € 20'000. – (Liability 40-60%)

Calculation of the damages

Car driver
- Medical treatment (including part covered by Social Insurance): yes
- Loss of income: yes if it prove
- Pain and suffering: no
- Fees for legal protection insurance: no

Estimation € 3'000 (Safety Belt)

Calculation of the damages

Car passenger
- Medical treatment (incl. part covered by Social Insurance): 25'000 Euro
- Loss of income: 45'000 Euro
- Permanent disability: 90'000 Euro
- Pain and suffering: 20'000 Euro
- Lawyers fees: 12'000 Euro
- Household: 70'000 Euro

Estimate € 209'600 (Deduction for Safety Belt)
Case study by Marc SCHRAEPEN, Ethias, Belgium

Marc joined Ethias (earlier called OMOB-SMAP) as a claims handler in March 1985. In 1992 he became Claims Department Manager. He is now head of the Individual Clients Claims Handling Department and is member of the management of Ethias.

He is a member of AISAM’s Motor Claims Network taskforce.

Marc holds a law degree from KUL (Katholieke Universiteit Leuven), Belgium.

He is married with two children and lives in Genk.

Presentation

LIABILITY

Manoeuvre of the motorcycle rider

Proposed law: compensation depending on type of road user

INDEMNISATION

• Motorcycle rider

• Owner of the vehicle

Current value / cost of repair: determined by expert
Loss of use
Other: cost of loan / decrease in value

INDEMNISATION

• Driver of the vehicle

Medical treatment: paid if voucher
Pain and suffering based on doctor’s certificate
Influence of not wearing the seat-belt

INDEMNISATION

• Passenger

• Loss of income

past: taxation
future: income after tax x 5% raise X 20% X coefficient
• Pain and suffering

  past: hospitalisation: 37.50 Euro/day
  remaining period: basis = 25.00 Euro/day x 100 %

  future: 25.00 Euro x 365 x 20 % x coefficient

• Special damages: 5,000.00 Euro

• Lawyer fees

  Present situation
  Situation after 01/01/2008

• Household

  Principle
  Calculation
  Past: basis = 30.00 Euro/day
  Future: basis = 17.50 Euro/day
Case study by Sirpa LUKKALA, *Tapiola*, Finland

Sirpa has worked for the Tapiola Group for about six years and all that time she has been responsible for claims handling in the Motor Vehicle Unit. For two years now she has focused on personal injury claims in TPL. Sirpa has also been widely involved in Tapiola-Group’s IT- and process development projects. Before joining the Tapiola Group, Sirpa worked for Mutual Insurance Company A-Vakuutus (which is nowadays part of OP-Pohjola Group) for twelve years. In that company, she was responsible for all property insurance underwriting and claims. At A-Vakuutus, she was also Marketing Manager in the Professional Vehicle Unit and a Project Leader in their IT-development program. She has been a member of AISAM’s Motor Claims Network taskforce since the beginning of this year.

Sirpa graduated from Helsinki University of Technology as a Civil Engineer (MSc). She lives in Helsinki with her 9-year-old son.

Presentation

<table>
<thead>
<tr>
<th>Liability to Compensate in Example Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The leading principle in legislation is full compensation</td>
</tr>
<tr>
<td>• Applicable Acts are the Motor Liability Insurance Act, Damage Act and the Act on Compensation for Unilateral Liability based on the Motor Liability Insurance Act</td>
</tr>
<tr>
<td>• The driver’s liability is based on the basis of the driver’s motor liability insurance</td>
</tr>
<tr>
<td>• The driver is not guilty of gross fault, inexistent or full compensation</td>
</tr>
<tr>
<td>• Compensation is reduced if car driver or passenger has neglected to buckle up</td>
</tr>
</tbody>
</table>

| TAPIOLA |
|——|
| Motor Vehicle Insurance Services/Sirpa Lukkala |

| Biker |
|——|
| • Treatment, examinations, rehabilitation, medicine and travelling expenses: |
| • costs for necessary and required treatment of injury are compensated in accordance with real costs, impossible to estimate |
| • Home care allowance: |
| • class 2: EU 7.37 per day x 90 days = EU 663.30 (90 days is estimate) |
| • Clothing allowance: |
| • compensation in accordance with class 2: EU 4.45 x 90 days = EU 400.50 (90 days is estimate) |
| • Pain and suffering and other temporary handicap (one-time compensation): |
| • class 4, severe injuries: EU 4,800 |

*Figure 1: Liability to compensate in example case*
### Owner and Driver of Car

- The motor liability insurance for the motorcycle compensates the car owner for car damage/steal/theft, breaching expenses, loss of use or costs for temporary car.
- Car driver's medical treatment, medical and travelling expenses are compensated in accordance with real expenses.
- Pain and suffering as well as other temporary handicap:
  - the injuries are minor, thus no compensation for temporary handicap.
- Legal expenses are compensated by the motor liability insurance only by court order.

#### Claim Types

- Medical treatment expenses (doctor’s fees as well as medicine, travelling and physiotherapy expenses)
- Home-work absence: classes 1-3
- Clothing allowance: classes 1-2
- Transportation from maintenance center
- Temporary disability: classes 1-3
- Permanent handicap: classes 1-3
- Permanent paralysis: classes 1-3
- Loss of income / Disability pension
- Rehabilitation expenses: functional and vocational rehabilitation as well as loss of income during rehabilitation period
- Burial expenses
- Loss of maintenance

### Car Passenger

- Medical treatment, medicine and travelling expenses:
  - costs for necessary and required treatment of injury are compensated in accordance with real costs, responsible to estimate insurance.
- Home-work absence:
  - class 2 = EUR 13,97 x 15 days = EUR 209.55 (90 days to estimate)
  - after class 3 = EUR 15,37 x 90 days = EUR 1,383.30 (90 days to estimate)
- Clothing allowance:
  - class 2 = EUR 64.42 x 90 days = EUR 5,797.80 (90 days to estimate)
- Increased home maintenance costs:
  - during 3 months, 5 hours a week, estimated compensation EUR 60 per hour
  - assuming that family members are entitled to participate in home maintenance
  - 5 hours per week, 3 months = EUR 9,000

### Claim Types

- Medical treatment expenses (doctors fees, medicine, travelling and physiotherapy expenses)
- Home-work absence: classes 1-3
- Clothing allowance: classes 1-2
- Transportation from maintenance center
- Temporary disability: classes 1-3
- Permanent handicap: classes 1-3
- Permanent paralysis: classes 1-3
- Loss of income / Disability pension
- Rehabilitation expenses: functional and vocational rehabilitation as well as loss of income during rehabilitation period
- Burial expenses
- Loss of maintenance
Case study by Paolo DONATO, *Reale Mutua, Italy*

Paolo Donato was born in Turin (Italy) on 14 July 1974.

Paolo graduated in law from the University of Turin in 1998 with a thesis on “The balance sheet of insurance companies”.

After working for a law firm in Turin he passed the State Examination for the National Order of Lawyers in 2001.

He joined Reale Mutua Assicurazioni in April 2001 and worked first as claims consultant from 2001 to 2005 and then as claims professional from 2005 to 2007 on general liability, professional liability and vehicles liability.

He has been a member of AISAM’s Motor Claims Network taskforce since 2006.

**Presentation**
INDEMNITIES

Law applicable:
- Italian Civil Code art. 1223
  "the amount of the damage must take into account the direct loss suffered by the injured and the loss of earnings that the injured person will suffer in the future;"
- Italian Civil Code art. 1226
  "if it is impossible to evaluate the precise amount of the damage, the judge can determine it with equity."

INDEMNITIES

Kinds of damages you can calculate with equity (art. 1226):
- the "danno biologico"; the damage connected to the injury itself;
- the "danno morale soggettivo"; the damage connected to the mental suffering of the injured person;
- the "danno esistenziale"; the damage connected to the prejudice suffered by the injured person as regards his hobbies, his activities and his way of life.

INDEMNITIES

Danno morale

Danno morale is usually 25% or 30% of the "danno biologico".

INDEMNITIES

Danno esistenziale.

The kinds of damage were invented by some Courts some years ago when, using a particular interpretation of the Civil Code, the Courts recognized the "danno morale" only in case of life. The judge, that invented this kind of damage wanted to cover a specific area of prejudice where the "danno morale" could not be recognized, but it was appropriate to recognize something more than the "danno biologico".

This kind of damage is not recognized in some Courts. Some Courts recognize it with equity (no uniform criterion). Some other Courts (like Brianza) calculate it adding an amount up to 20% of the "danno biologico" to the "danno morale", in this way can match the total amount of 75% of the "danno biologico" (the percentage depending on the severity of the prejudice).

The "danno esistenziale" can be added, by some Courts, to the "danno morale" for the relatives in case of death.

INDEMNITIES

Other kinds of damage

Some Courts (especially in the north east) consider other kinds of damage such as the "danno alla vita di relazione", "danno per perdita di chance", "danno alla vita sessuale" that should be included in the general "danno biologico". When the Courts consider these kinds of damage, they are calculated out of any scheme using only equity.
Calculation of the DAMAGES

Motorcycle rider:

- permanent "danno biologico" (fractured hand + fracture of the right hand + head injury) 20% (estimated), age 35. Milan table: € 5,887.90;
- temporary "danno biologico" (for three months) € 46 x (32990) dp = € 7,302.00;
- medical expenses not covered by National Health System (estimated) = € 1,000.00;
- work incapacity: 9% (estimated) - loss of future earnings - "permanence social" (estimated) = € 14,642.50;
- "danno esistenziale" due to the incapacity to play tennis = € 7,000.00;
- motorcycle damages: € 2,500.00;
- other material damage: € 1,000.00.
Total: € 113,429.25.
The car insurer will pay a 30% share of liability = € 34,028.30.

Calculation of the DAMAGES

Car passenger:

- permanent "danno biologico" (fracture of the elbow + fracture of the right hand + head injury) 20% (estimated), age 46. Milan table: € 4,915.39;
- temporary "danno biologico" (for three months) € 46 x 32990 dp = € 7,302.00;
- "danno esistenziale" (20% of "danno biologico") = € 1,323.94;
- medical expenses not covered by National Health System = € 1,000.00 (estimated);
- loss of present earnings (direct + impossibility that the employment contract as usual should permit the complete payment of the wage) in case ofdriver per year = € 11,000.00;
- loss of future earnings (same income € 45,000.00 - actual income 1022 = 25% incapacity) = € 11,652.56;
- "danno esistenziale" for the limitations in playing tennis and mountain bike = € 5,000.00;
- legal expenses (lawyer 10% of the total damage) = € 21,400.00.
Total: € 207,400.00.
The driver and insurer will pay 30% (driver 100% - 25% in charge of the insurer) = € 62,220.00 and it can recover from the motorcycle insurer a share of duty (30% - 25% in charge of the car driver) = € 15,546.16. The net cost for the car insurer is € 66,673.17.
Case study by Roland BROMAN, Länsförsäkringar, Sweden

Roland has been in the insurance business since 1963 and has worked with bodily injury since 1967. Since 1 January 2007 Roland has held the position of Senior Advisor of the Personal Injury Department at Länsförsäkringar. The current main project concerns the government investigation into changes to motor insurance in Sweden and includes working with the Swedish Insurance Federation and Länsförsäkringar's own project in this area. He is also secretary and coordinator of Länsförsäkringar’s Personal Injury Committee.

Before taking on his current role, Roland was Manager for the Personal Injury Department and for personal injury development for around 20 years. He has been a member of one of the official Body Injury Commissions in Sweden for 17 years.

Presentation

The Swedish system

Swedish Traffic Damage Act
(Trafikskadetagen 1975:1410)

- Bodily injuries caused by traffic accidents entitles the injured person to compensation according to the Swedish Traffic Damage Act
- An injured person is entitled to receive full compensation for his/her losses in accordance with the Swedish Tort Liability Act

The Swedish system

Co-ordination with the Social Security System

- Sickness pay, pension from the Social Security System and occupational pension are deducted from the loss of income. The insurance companies pay about 25 – 27% of the future income
- Also compensation for costs can be co-ordinated with the Social Security System.
- The costs in the health field, medical care, medicine, physiotherapy are paid by the County Council, Social Security and/or the municipality.

The Swedish system

Liability – the legal structure
Today’s compensation

- An injured person is entitled to compensation for:
  - Loss of income including loss of pension
  - Pain and suffering
  - Permanent disability
  - Special inconveniences
  - Costs – medical treatment, medicine, help of all kind etc.
  - Loss of support in case of death

The Swedish system

The Road Traffic Injuries Commission

- The Commission members are judges, representatives from the insurance companies and laymen representing other organizations.
- It is compulsory for insurance companies in Sweden to consult the Commission in accidents that have led to personal injury. If the disability is 10% or higher or the loss of income exceed 20,000 SEK/year.
- The opinion is only advisory for the parties but the vast majority of the cases are settled in accordance with the Commission’s recommendation.
- The rules regarding the Commission have been approved by the government and the chairman of the Commission is appointed by the government.
Motor Claims Management in Europe

**The Swedish system**

**Tax from 1 July 2007**
- Insurance companies are liable for taxation from 1 July 2007
  - The tax is 32% of the incoming (paid) premium or, if not insured, 22% of the "traffic insurance fee"

  The tax will be approx. 3.9 billion SEK (approx € 300 million) per year.
  Länsförsäkringar approx. 1.3 billion SEK (approx € 130 - 140 million)

**The Swedish system**

**Compensation tables**
The Traffic Road Commission publishes Compensation Tables every year for Pain, Suffering and Disability following the rate of inflation.

**Pain and Suffering**
- Severe injury at hospital: € 540
- Hospital treatment: € 360
- Treatment at home: € 240

**Disability Compensation table**
- Depending on age and disability degree and if you are in work or not.
- 20 years and 20% makes approx. € 27,000 and 40 years approx. € 24,500

**The Swedish system**

**Motorcycle rider – 15 years old**

**Pains and Suffering**
- 22 days in hospital: € 280
- 67 days at home: € 520
- 6 months at home: € 720
- Total: € 1520

**Tennis player**
- The compensation will be included in any permanent disability.

**Estimation or Reserve for the personal injury**
- The payment will be around € 3,000 - 3,500
- The reserve may be € 50,000 depending on the risk of disability.

**The Swedish system**

**Passenger**

**Medical treatment**
- The "high level protection" for medical care is approx. € 200 and for medicine approx. € 100

**Permanent Disability**
- 20% and 42 years old: not in work: approx. € 15,000; in work: approx. € 20,000

**Pain and Suffering**
- Difficult for us to accept such a long time for an injury like this but if it’s correct the compensation will be approx. € 3,000 - 3,500

**Lawyer fees**
- Pay at approx. € 130 per hour

**Housework**
- The costs have to be proven. We are able to compensate for cleaning, gardening, snow shoveling and others.

**The Swedish system**

**The proposal – increased liability**
- As far as we know today the insurer will take over the income loss which today is paid from Social Security:
  - The sick pay and the pension in sickness compensation
  - Proposal and discussions
    - 50% of the first year the employee is paying for sick leave, as he is paid by the employer’s compensation insurance
    - Rehabilitation when it’s connected to a work-related problem not the medical rehabilitation

**The Swedish system**

**Motorcycle rider – 15 years old**

**Medical treatment**
- Free of charge

**Income loss**
- In Sweden you do not normally work at age 15 but if so he is entitled

**Disability**
- If it leads to permanent disability the amount depends on age (15 years) and the disability degree. Some increase because of age

**Scars**
- Around € 1,500

**The Swedish system**

**Driver of the car**

**Medical treatment**
- Up to us € 200 which is the “high level protection” for medical treatment in Sweden

**Loss of income**
- He has to prove that he cannot work because of medical difficulties connected to the accident
  - He also has to prove his income before the accident

**Pain and Suffering**
- Estimated as acute time up to 1 month – approx. € 200

**Legal fee**
- Insurer pays legal fee if the bodily injury is substantial. The legal protection insurance can be used if there is a dispute and the insured wants to go to court.

**The Swedish system**

**Passenger**

**Loss of income**
- Acute time: 1 year 100%, 6 months 50% and 6 months 25% approx € 205,000

From the € 205,000 per year we deducted disability compensation up to 75% have earned, 25% compensation from the employer or the insurance paid by employer. Did he work the year before? What profession and salary?

**Invalidity – annuity time**

The insurance base € 60,000 deducted for the income compensation or pension, occupational pension and in the income the lower limit is the sum of annuity per year. In this case we have estimated the annuity at € 15,000 per year.

**Estimation – Reserve**

€ 15,000 * factor 2.14 = approx. € 30,600 for loss of future income
We probably should set up a reserve of € 205,000 – 400,000

AISAM SEMINAR
8-9 November 2007, Turin, Hosted by Reale Mutua
Compensation systems for whiplash injuries: CEA/AREDOC study on whiplash injury

Dr Hélène BÉJUI-HUGUES, Delegate General, AREDOC, France

Dr Hélène Béjui-Hugues has been Delegate General of the AREDOC (Association for the repairing of bodily damage) since 1995. She is also vice-chair of CEREDOC (European confederation of experts in bodily damage). Qualified as a doctor and a law graduate, she specialized in the field of repairing bodily damage and medical responsibility. Hélène is the author, with two collaborators, of the Definite Evaluation of Bodily Damage (2005) and also coordinated the publication of the European rating scale for civil servants and adopted by the European Commission. She is also member of the Management Committee of the Institute for European Traffic Law, chaired by Willi Rothley, former member of the European Parliament.

Presentation
### Thanks
- Essential contribution of the participating national insurance associations in numerous European countries.
- Competence of members of CEA’s Motor Committee « Services & Claims », subcommittee and its « Bodily Injury » Working Group; under the active chairmanship of Mr. Guy Chappuis.

### Statistical elements

#### Number of bodily injuries:
- Bodily injuries = between 8% and 18% of all claims
- Particular situation of Spain:
  - Spectacular drop in the number of claims
  - Significant rise in the number of bodily injury cases (= x 2 in 2 years)

#### Highest percentage of bodily injuries:
- Italy: 18% of all claims
- United Kingdom: 17%
- Finland: 13%

#### Lowest percentage of bodily injuries:
- The Netherlands: 8% of all claims
- France: 9%
- Norway: 9.1%

#### Cost of bodily injuries
- Highest costs:
  - Italy: 7.48 billion € with ↑↑
  - Germany: 5.35 billion € with stabilisation
  - France: 3.95 billion € with ↑↑
  - Spain: 2.19 billion € with ↑↑
- ↑↑ for Belgium, Switzerland and Norway.

#### Lowest costs are:
- Norway: 121 million €
- Finland: 190 million €
- The Netherlands: 800 million €

#### Average cost per claim linked to minor cervical trauma
- The highest average cost: Switzerland: 35,000 €/claim
  - Nederland: 38,000 €/claim
  - Norway: 32,600 €/claim
- The lowest average cost: Finland: 1,500 €/claim
  - Germany: 2,500 €/claim
  - France: 2,600 €/claim
  - United Kingdom: 2,880 €/claim
  (but more high in reality because other expenses must be added)

#### Number of claims linked to minor cervical trauma
- 4 countries recorded a very high rate of claims:
  - United Kingdom: 78% of bodily injury
  - Italy: 66%
  - Norway: 57%
  - Germany: 47%

- 4 countries recorded a low claims rate:
  - The Netherlands: 43%
  - Spain & Switzerland: 30%
  - Finland: 8%
  - France: 3%
**Medical aspects**

- **Evaluation of bodily injury**:
  - Specialized training sanctioned by the issue of an university diploma: France, Belgium and Spain.
  - No training but insurers use specialists or experts (forensic medicine, orthopaedics, neurology): Switzerland (ongoing postgraduate training), Germany, Finland, United-Kingdom and Norway.
  - No specific training but insurers use GPs.

**Legal aspects**

- **Concept of causality**
  - De jure or de facto causality
    - Fact of law ("de jure"): the victim must provide the proof (Germany, France and the Netherlands).
    - De facto: preponderant level of probability (United-Kingdom, Belgium & Spain).
    - Switzerland: Natural causality (question of fact established by the doctor) and adequate (question of law).
    - Finland: reference de facto or de jure is unknown but it should be understood in different ways depending on whether it is considered by doctors or by courts.
    - Italy: Material causality established on basis of an assessment of the fact by the forensic scientist.

- **Causality = courts and/or doctor**
  - The courts decide on the basis of medical opinion (amicable or advisory): Belgium, France, Italy & Spain.
  - Final decision is down to the judge: Finland & United-Kingdom (in the absence of agreement between the parties).
  - Switzerland: the court freely decides on the medical assessment (ex-ante: adequate causality, value judgment).

**Legal elements**

- **Investigations undertaken by doctors to diagnose an minor cervical trauma**
  - Belgium, Switzerland and Spain: patient’s medical history.
  - Establishing the circumstances of the occurrence of the trauma.
  - Clinical examination in almost countries.
  - Objective criteria.
  - Germany: initial standardized diagnosis has been developed by insurers (Quebec task force).
  - In France, Spain and Belgium (*), the doctors proceed to a joint expertise and discuss about the imputability of aftereffects of lesions, without any evaluation possible.
  - Belgium and Switzerland: Informed check-up (it’s costly the systematic decision to a scanner or an MRI).

(*) country where there is a specific training.

**Legal aspects**

- **Onus of proof**
  - Devolves on the victim: Germany, Finland, Belgium, United-Kingdom, France, Spain & Norway.
  - Italy: since proof of the damage is sufficient, prove the existence of a causal link is not necessary.
  - The Netherlands: reversal of the onus of proof with regards to bodily injuries, in particular for non-quantifiable injuries.

**Legal aspects**

- **Impact of dynamic and bio-dynamic experiments**
  - Germany: experiments are taken into consideration.
  - If the speed difference < 10 Kmh = no acknowledgment of cervical trauma.
  - Between 10 to 30 Kmh = presumption.
  - If > 30 Kmh = cervical trauma is taken as fact.
  - Little exploited elsewhere, but can future in Belgium & in Switzerland.
  - No study in United-Kingdom and in France and little used in the Netherlands and in Spain too.

**National studies on minor cervical traumas**

- **Experts’ congress**: Belgium, Spain, Italy, France.
- **Academics’ congress**: Finland.
- **Insurers congress**: France, Germany, Switzerland.
- **French brochure comprising numerical codes allowing establishing statistics regularly**.
Lobbying Groups

- Associations of minor cervical traumas (MCT) injury victims:
  - exist in Belgium, Switzerland, Germany, the Netherlands, Norway and Italy
  - No individualized in comparison with other victims associations of bodily accidents

- Assistance from doctors / lawyers
  - no systematic
  - possible

Measures taken by insurers

- Switzerland, Germany, United Kingdom: financing strategy, current material for use by emergency services or search teams, workshops.
- Italy: bio-mechanical evaluations to assess the causal link.
- The Netherlands: awareness campaigns.
- Belgium: particular focus on minor cervical traumas (MCT).
- France: detailed description of the aftereffects in the Conours Medical = scale should make possible to take it in consideration.
- CEREDOC: same approach.

Conclusions (1)

Recommendations to national associations

- Clearly distinguish the role and the function of the doctor depending on whether he is a consultant or a GP. The study suggests that the objectivity is based on training for the expert in assessing bodily injury.
- Need for specialized training for medical experts. Assessment is a scientific discipline
- Need for greater consultation between doctors, lawyers, insurers and bio dynamic experts.

Conclusions (2)

Recommendations to national associations

- The considerable differences in claims and average cost per claim from one country to another, which all have high-level medicine and relatively similar compensation systems, show that cervical injuries are a phenomenon of society rather than a purely medico-legal problem.
- We have lot of good times ahead with minor cervical trauma...
Compensation systems for whiplash injuries: Treating whiplash injuries

Julie WOOLSEY, Head of Rehabilitation, *NFU mutual*, United Kingdom

Julie has worked in personal injury claims for over 20 years and first became involved in Rehabilitation in 1996. NFU Mutual pioneered a unique service to help with return to work, after researching successful overseas models.

Now in a specialist role, Julie is responsible for continuing to develop NFU Mutual’s rehabilitation policies and the training and education of claims staff.

Working with teams of independent Physio Therapists and Occupational Therapists, Julie is totally committed to providing cost effective rehabilitation services of the highest quality. NFU Mutual have helped hundreds of injured people recover quicker, resume their quality of life and achieve a safe and lasting return to work.

Julie has also been involved in various initiatives with both the UK government and the Association of British Insurers, to promote early and accessible rehabilitation by regulated and qualified providers.

Julie is married with two children and lives in Stratford upon Avon.

Presentation

NFU Mutual’s innovative programme for actively managing whiplash and soft tissue claims means that the injured person is contacted immediately, and given fast access to an advanced rehabilitation assessment and treatment plan. This process is proven to reduce the amount of treatment required, and the time taken to return to good health. The injured party is paid adequate compensation and the insurer, by effectively managing the process from beginning to end, is able to control claims costs and legal fees.
**IMPORTANCE**

In the UK:
- Injury claims cost insurers £4.5bn per year.
- Over 80% are whiplash injuries (valued less than £5,000).
- Traditionally whiplash poorly managed.
- The injured person may not get advice & treatment needed to recover quickly.

**WHY?**

- Rehabilitation & return to good health has been under valued.
- NHS physiotherapy very limited & private treatment not always targeted correctly.
- Treatment outcome measures not consistent & in need of better coordination.
- UK compensation culture - exaggerated claims.

**BACKGROUND**

- UK legal system – allows delays & concentrates on maximum financial award.
- Lawyers - disproportionate legal fees.
- Injury claims value less than £10,000 – 40% of insurers total payment - lawyers fees.
- Slower recovery & delayed compensation. Higher costs for insurers.

**A CHANGE OF FOCUS REQUIRED**

- Rehabilitation of the injured person must to be the goal.
- Insurer needs to provide effective support throughout the process and pay fair and prompt compensation.
- Reduce need for lawyers.

**HELPFUL DEVELOPMENTS**

- Plans for legal reform.
- Rehabilitation Code of Practice – Encourages working together to meet the injured persons treatment needs.
- Association of British Insurers:
  - Care and compensation proposals
  - Work with the government and employers.

**NFU MUTUAL REHABILITATION SERVICES**

- Rehabilitation programme for serious injuries since 1995.
- 2006 – launched fast track service to actively manage whiplash & other minor injuries.

**NFU MUTUAL APPROACH**

- Earliest contact following injury.
- Partnership with a nationwide network of independent therapists.
- Fast track referral for treatment/medical investigations.
- Improved screening – identifies exaggerated or fraudulent claims.

**SERVICE DELIVERY**

- Immediate telephone assessment.
- Structured and personalised rehabilitation plan.
- Active patient participation & regular reviews.
- Reduced recovery time.
- Fair compensation sooner.
**BENEFITS**
- Accurate diagnosis and prognosis.
- Immediate access to advanced treatment.
- Less pain and treatment with earlier return to normal function.
- Reduced delays.
- Positive customer experience.

**OUTCOME MEASURES**
- Recovery periods reduced.
- 25% recover with just self help education.
- Average number of physiotherapy sessions down from 8 to 6.
- 20% reduction in average cost of treatment.
- Chronic injuries identified sooner.

**OCCUPATIONAL HEALTH SERVICES - CORPORATE CLIENTS**
- Better employee health & education.
- Improved staff morale.
- Immediate access to physiotherapy.
- Reduced time off work & lower risk of injury reoccurring.
- Less disruption and cost to the business.
- Fewer claims & lower insurance premiums.

**OUTCOME MEASURES SO FAR**
- Less strain on limited state resources.
- Quicker settlement & average cost reduced.
- Fewer claims with lawyer instructed.
- With lawyer instructed – fees are less.
- High customer satisfaction.
The future of claims handling in motor insurance

Paolo MORETTI, Director, McKinsey & Co. Milan, Italy

Paolo is a Director of McKinsey & Co. in the Milan Office. He leads the P&C Centre of Competence of the European Insurance and Asset Management Practice and has been the organizer of the McKinsey Claims Forum. He has been serving Insurance clients both in Italy and across Europe.

He holds an MBA from the Graduate School of Business of Stanford University and a Laurea in Economics from the University of Genoa.

He is married with three children.

Presentation

The motor insurance industry in most European countries has not been growing and does not offer significant growth perspectives as frequency is reducing and the number of cars has reached a plateau. Therefore, growth can only come from acquiring market share from competitors - either offering better prices or better service - or growing abroad. The presentation discusses what are the implications for claims of those options and the strategic imperatives going forward for claims: rethink the operative model, take “waste” out of claims management by applying lean manufacturing techniques and engage and leverage the front line.
Motor Claims Management in Europe

AISAM SEMINAR
8-9 November 2007, Turin, Hosted by Reale Mutua
Motor Claims Management in Europe

Strategic implications for claims

Implications for claims

- Reduce through put time
- Improve customer experience
- Increase service level to intermediaries

Expand in emerging markets

All major groups have launched programs to leverage cross-border economies of skill and scale

<table>
<thead>
<tr>
<th>Date program launched</th>
<th>Main levers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early 2013</td>
<td>Property casualty business strategies</td>
</tr>
<tr>
<td></td>
<td>Life &amp; AM</td>
</tr>
<tr>
<td></td>
<td>Operational efficiency</td>
</tr>
<tr>
<td>September 2004</td>
<td>Motor pricing</td>
</tr>
<tr>
<td></td>
<td>Pricing strategy</td>
</tr>
<tr>
<td></td>
<td>Operational efficiency</td>
</tr>
<tr>
<td>2014-16</td>
<td>IT &amp; ASA team</td>
</tr>
<tr>
<td></td>
<td>Realignment: ASA teams</td>
</tr>
<tr>
<td></td>
<td>PAC products: Regional platforms and process sharing</td>
</tr>
<tr>
<td>Plan 2008-08</td>
<td>ATM</td>
</tr>
<tr>
<td></td>
<td>Operational excellence</td>
</tr>
</tbody>
</table>

1. Rethink the operative model

2. Engage the front line

- Claims are typically "time of a life event" event
- Front line can have a significant impact on results
- Culture change is relevant to change in the business
- Change cannot be compartmentalized

Strategic imperatives

- Increase efficiency
- Improve effectiveness
- Manage supply chain

1. Rethink the operative model

2. Engage the front line

- Skills required for change
- I have to change my behavior

- There are specific techniques to make it happen

3. Take waste out of the process

- Excessive work volume
- Multiple claims along the process

- Over-processing skills
- Errors
- Overpayment

- Lack of synchronicity, wait for documents, people

- Need to deliver outputs faster

- Use of skilled resources for simple claims

AISAM SEMINAR
8-9 November 2007, Turin, Hosted by Reale Mutua