Institute and Faculty of Actuaries

Periodical Payment Orders Working Party Update

2024 Industry Survey

by the Periodical Payment Orders Working Party

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21 July 2025

Industry Survey

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Introduction

Release

The Institute and Faculty of Actuaries' ("IFoA") Periodical Payment Orders ("PPO") Working Party 2024 industry survey consists of a quantitative industry survey, the data for which was taken as at 31 December 2023.

This release of the IFoA PPO Working Party 2024 industry survey supersedes any prior publication.

Similar studies have been published by the IFoA PPO Working Party annually since 2010.

Each year, the participants in the quantitative industry survey have changed, and, each year, the analysis uses a new, full historic snapshot from each of the participating companies.

The data between surveys will therefore not be directly comparable, as a different mix of companies will have participated in each successive survey. Changes in claims classification by insurers can also lead to differences in results between successive surveys.

Participants

The data we have received from contributing insurers for the quantitative industry survey comprises 417 Motor PPO claims and 38 Liability PPO claims (455 PPO claims in total). We also received data for 219 PPO claims from the Motor Insurers' Bureau (MIB).

The insurers surveyed account for around 65% of the Prudential Regulation Authority ("PRA") regulated market (based on 2023 gross premium volumes) for Motor, including Personal and Commercial insurance, Comprehensive and Non-Comprehensive covers. In addition, there are further companies which contribute to the survey but do not appear in the 2023 PRA returns.

There were insufficient responses for the qualitative industry survey in 2024, so a very limited number of results have been published. We urge insurers to make every effort to contribute to surveys in future years to enable us to better help the market to understand trends and uncertainties relating to PPO claims.

We are very grateful to all the participants, without whom the industry survey would not be possible.

The following companies are happy to be acknowledged for their participation in the quantitative industry survey (though please note that this list does not include all participants):

- Admiral
- Allianz
- Co-Op Insurance
- Esure
- DLG
- First Central
- Motor Insurers' Bureau
- RSA
- Saga
- Tesco Underwriting

Contact

If you have any questions regarding the industry survey, including requests for information or statistics from the data that are not published within this document, please contact Dawn McIntosh at the IFoA (Dawn.McIntosh@actuaries.org.uk) in the first instance, who will put you in contact with the IFoA PPO Working Party. Alternatively, please contact Justin Thomas, Chair of the IFoA PPO Working Party at the time of publication (Justin.Thomas@theacorngroup.com) or Chris Francis, Industry Survey Lead at the time of publication (chris.francis@wtwco.com).

Notes

The material contained in this report and any oral representation of it by the IFoA PPO Working Party is explicitly outside the scope of Technical Actuarial Standard ("TAS") 100 and TAS 200, as issued by the Financial Reporting Council ("FRC").

This report complies with "APS X2: Review of Actuarial Work", as issued by the IFoA, in that the work documented in this report has been subject to a peer review by an appropriately qualified actuary who was otherwise not involved in the analysis undertaken.

This report supports the research effort of the IFoA PPO Working Party and is not written advice directed at the particular facts and circumstances of any given situation and / or data. No opinions are expressed about the appropriateness of any of the judgements or practices within the participating companies.

The views and opinions expressed in this report are those held by the authors (the members of the IFoA PPO Working Party) individually and do not represent the views and opinions of their employers or the IFoA. Although the authors have used their best efforts, no warranty is given about the accuracy of the information and no liability can be accepted for anybody relying on the accuracy of the information or following the recommendations in this report.

Executive summary

Introduction

In this report, the IFoA PPO Working Party 2024 industry survey, we provide an update on the numbers and sizes of claims settling as PPO claims, PPO propensities, claims inflation and claimant mortality experience, together with claims handling information such as delays to settlement, claimant life expectancies and injury classifications.

We consider the reserving of PPO claims from both a qualitative and quantitative perspective and examine the effect of varying assumptions around the rate of return used for assessing the amount of damages in respect of future loss in personal injury cases.

The headline results for the IFoA PPO Working Party 2024 industry survey are:

PPO propensity (quantitative survey)

- Standardised Motor PPO propensity for claims exceeding £1m has increased from 4.3% in settlement year 2022 to 9.9% in settlement year 2023.
- There were no large Liability claims which settled as a PPO in settlement 2023.
- Given the low number of PPOs and the level of volatility in propensity, it is not possible to comment on whether this is anything other than a normal level of volatility.

Injury type and care regime categorisation (quantitative survey)

In 2014 the IFoA PPO Working Party devised a categorisation of PPO injury types and care regimes, in collaboration with a number of claims professionals. The intention of this categorisation is for it to be UK standard practice, used by all insurers and reinsurers.

This information is used to provide more in-depth analysis of how the characteristics of PPO claims are affected by the type of injury sustained by the claimant and the type of care they receive:

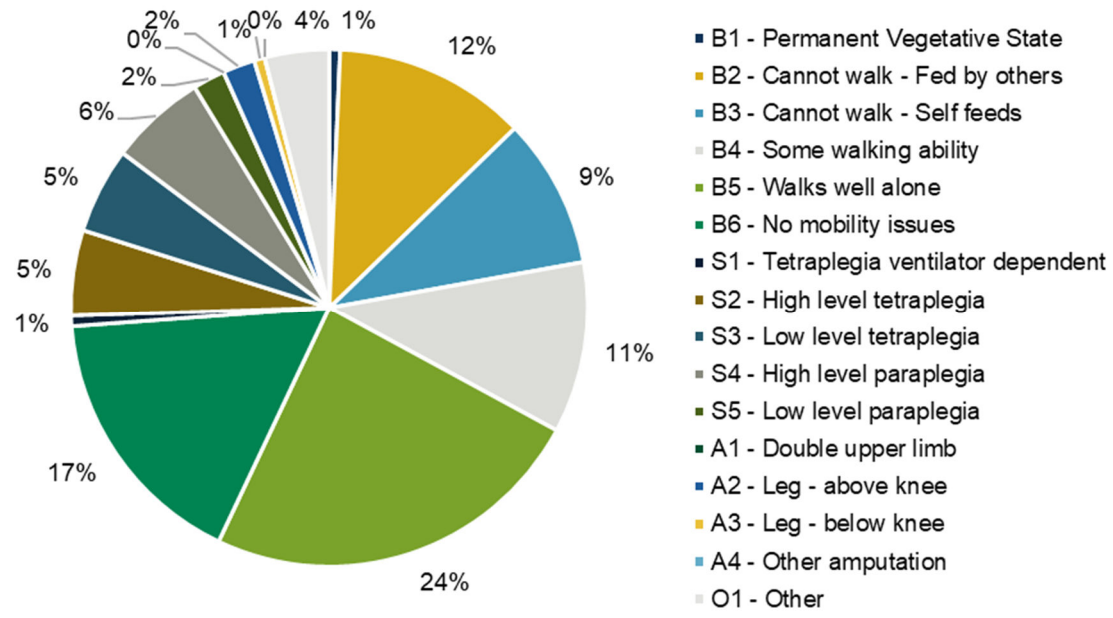

Figure 1: Detailed split of the number of Motor (non-MIB) PPO claims, by IFoA PPO Working Party injury type categorisation

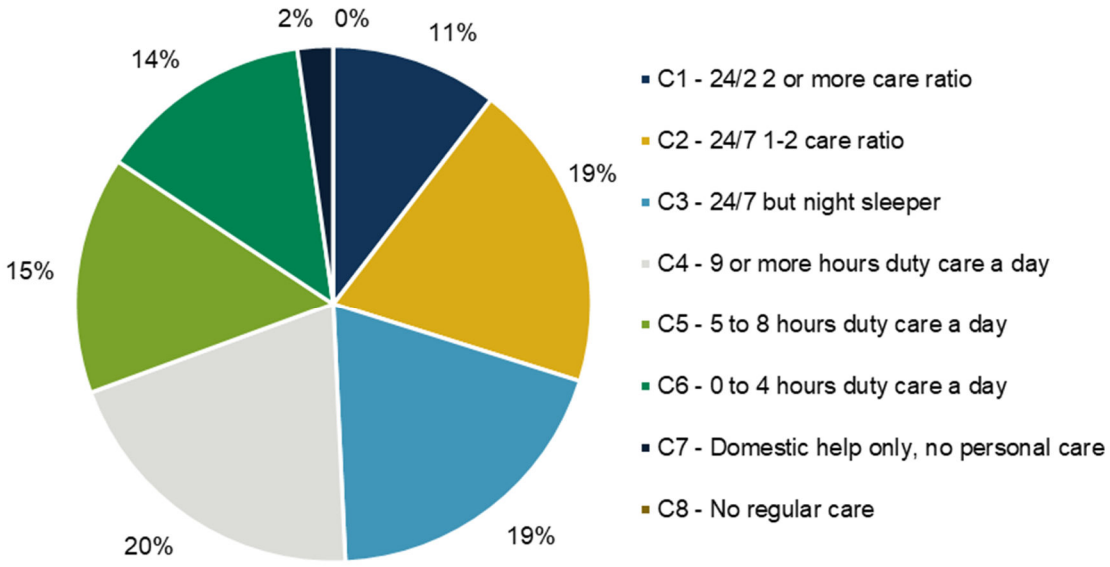

Figure 2: Detailed split of the number of Motor (non-MIB) PPO claims, by IFoA PPO Working Party care regime categorisation

Only 36% of the Motor PPO claims we received for the 2024 quantitative industry survey had these categorisations attached. ***We urge insurers to use this categorisation, and to provide this information to the IFoA PPO Working Party to enable us to better help the market understand trends and uncertainties relating to PPO claims.***

Highlights of the 2024 quantitative industry survey

In this section, we provide some of the key highlights of the 2024 quantitative industry survey, the data for which was taken as at 31 December 2023. We provide more detailed results of the analysis carried out as part of the quantitative industry survey in Appendices B to R to this report.

The insurers surveyed account for around 65% of the PRA-regulated market (based on 2023 gross premium volumes) for Motor, including Personal and Commercial insurance, Comprehensive and Non-Comprehensive covers. In addition, there are further companies which contribute to the survey but do not appear in the 2023 PRA returns.

The insurers which have agreed to be acknowledged for their participation in this survey are listed in the Introduction to this report, although please note that the list does not include all participants.

PPO propensity and other summary statistics on general characteristics of PPO claims

In Appendix E to this report, we provide summary statistics for all of the PPO claims in the 2024 quantitative survey, for a number of characteristics, both cumulative across all settlement years and also separately for the pre-2023 settlement years and the 2023 settlement year alone.

For example, Figure 3 shows that, for Motor (non-MIB) PPO claims, the average age of the claimant at settlement is 35.5 years, with an average delay of 6.5 years between the accident date and settlement date, an average future life expectancy at settlement date of 38.9 years which represents an average reduction in life expectancy of 11.9 years, and with an average settlement of £1.82 million lump sum and £100.4 thousand annual PPO payment. (See the notes in Appendix E for further detail on the interpretation of these statistics, in particular for the payment components.)

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	35.5	29.6	17.4	0.9	417
Delay until settlement	6.5	5.7	3.3	1.7	417
Future life expectancy at settlement	38.9	40.5	18.1	(0.2)	403
Life expectancy reduction	11.9	8.4	12.8	1.5	403
Annual PPO payment (£)	100,381	72,500	91,375	1.9	417
Lump sum (£)	1,820,289	1,600,000	1,437,271	1.6	417

Figure 3: Summary statistics for Motor (non-MIB) PPO claims

Number of PPO claims

The key headline figure is the propensity of an injury claim to settle as a PPO claim. Unless stated otherwise, the PPO propensity statistics discussed in this report are defined as the number of settled PPO claims as a proportion of settled large claims. The definition of a large claim is a claim that is greater than £1 million in 2011 terms, indexed at 7% per annum. (See the notes in Appendix C to this report for further detail on the definition of large claims.)

Figure 4 shows the number of Motor (non-MIB) PPO claims and Motor (non-MIB) non-PPO large claims underlying the PPO propensity statistics, by settlement year. Since 2012 the number of claims settling as a PPO has been decreasing, with an 87.5% reduction in claims settling as a PPO in 2023 compared with 2012. Since 2018 the number has been broadly consistent with less than 15 claims settling as a PPO per year. The number of large claims settling as a lump sum claim (i.e. a non-PPO claim) significantly reduced between 2015 and 2016 and remained at a broadly similar level between 2016 and 2020. In 2021 there was a large increase in the number of large claims settlements, although 2022 and 2023 saw lower levels more consistent with 2016-2020. There are many potential factors driving the change, for example the impact of changes in the Ogden discount rate, COVID-19 court delays, underlying trends in claim frequency or settlement speeds. In particular the post 2016 numbers will be heavily impacted by the changes in the Ogden discount rate, and the impact this has on whether certain claims meet the “large” claim threshold and hence are included within this analysis. The below figure has not been adjusted to compensate for this.

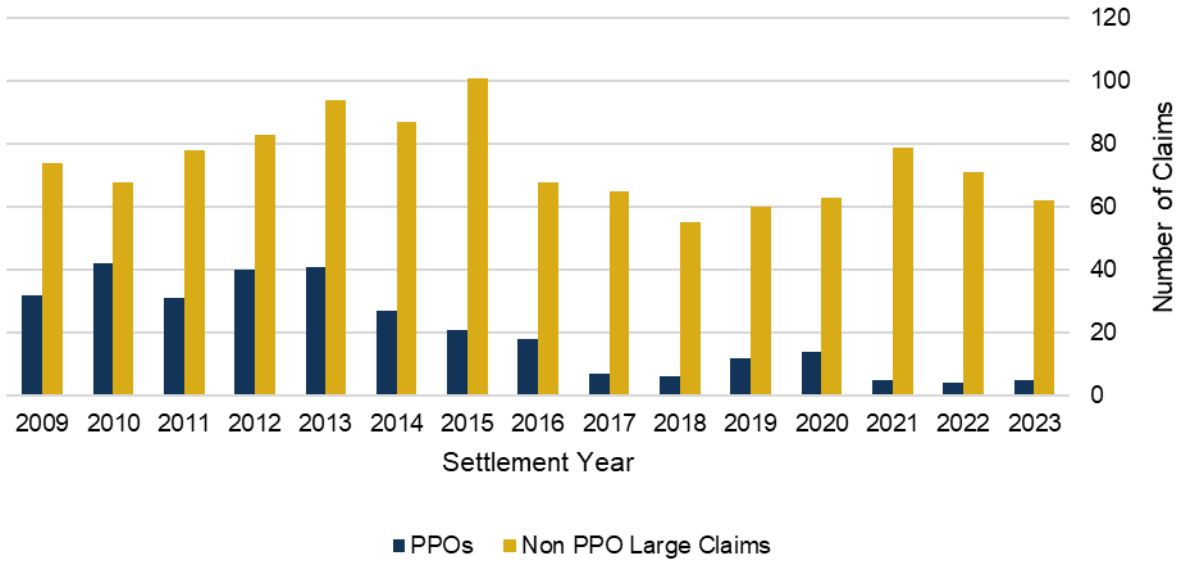

Figure 4: Number of Motor (non-MIB) PPO claims and Motor (non-MIB) non-PPO large claims underlying the PPO propensity statistics, by settlement year

Figure 5 shows the number of Motor (MIB) PPO claims, by settlement year. Since 2018 there has been a consistent reducing trend in the number of claims settling as a PPO claim. Again, the 2017 and post settlement year numbers will have been affected by the Ogden discount rate changes. The number of Motor (MIB) non-PPO large claims was not available for our analysis and so this cannot be compared to give a view on propensity.

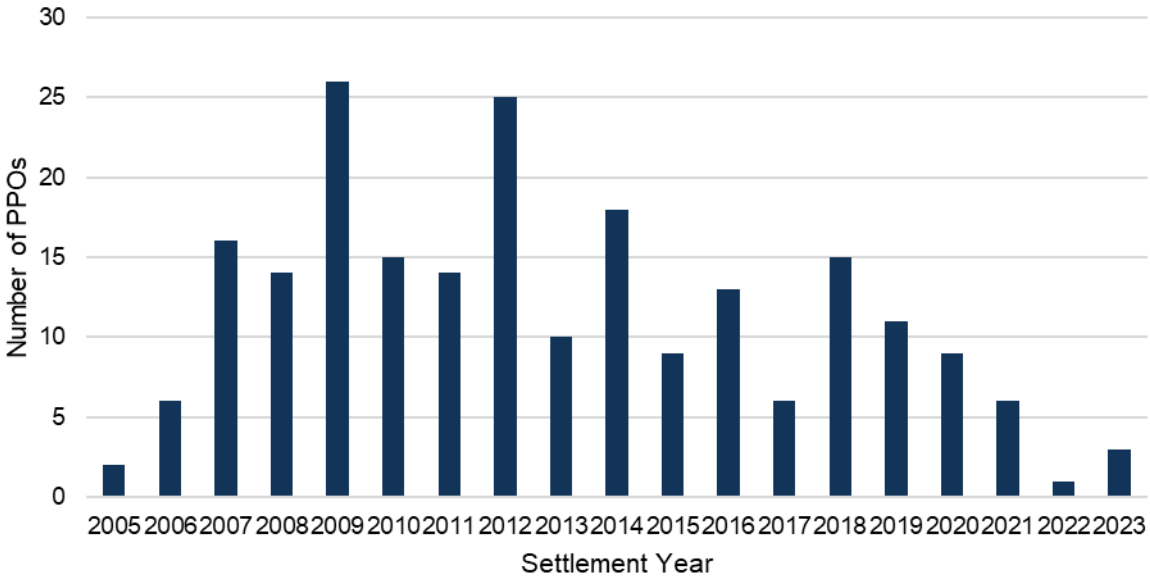

Figure 5: Number of Motor (MIB) PPO claims, by settlement year

Figure 6 shows the proportion of Motor claims settling as a PPO claim that are settled by the MIB. Considering the period where PPO settlements have been more widespread, say settlement years 2009 and post (i.e. following the Court of Appeal upholding the ruling in the Thompstone vs Tameside and Glossop Acute Services NHS Trust court case – see Appendix M to this report for further details), the MIB has settled 31% of all Motor PPO claims collected in the survey.

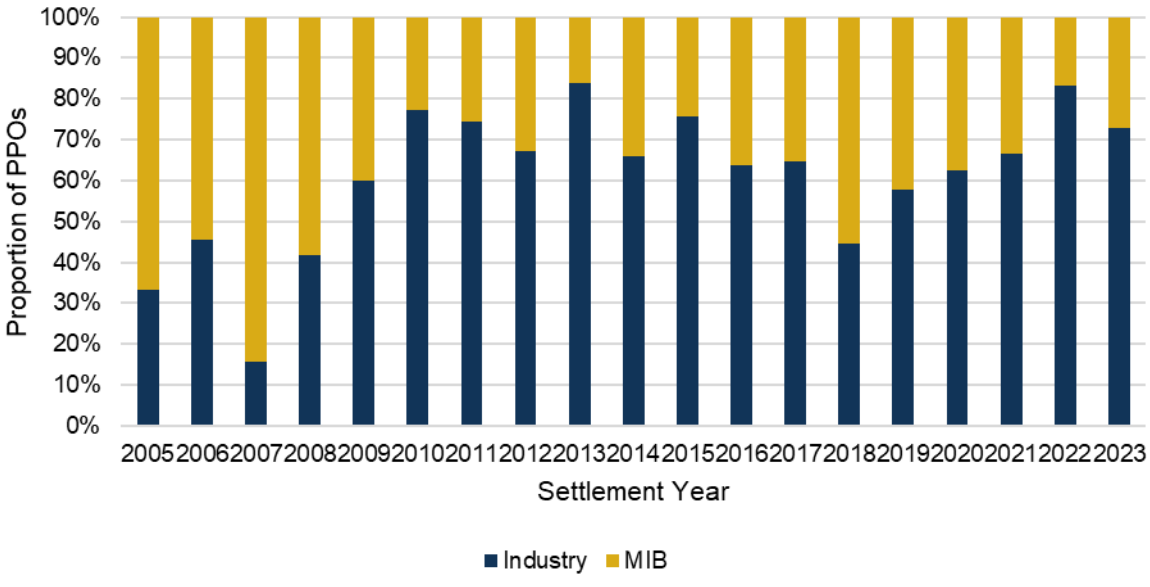

Figure 6: Proportion of PPO claims, by settlement year – MIB and the rest of the industry

Figure 7 shows the number of Liability claims settling as a PPO claim, by settlement year. Since 2016 only 4 claims have settled as a PPO from our contributors. With such low numbers of claims it is not possible to comment on whether there are any underlying trends within the claim settlements. As with the Motor figures, the 2017 and post years are subject to a different Ogden discount rate, which has not been adjusted for.

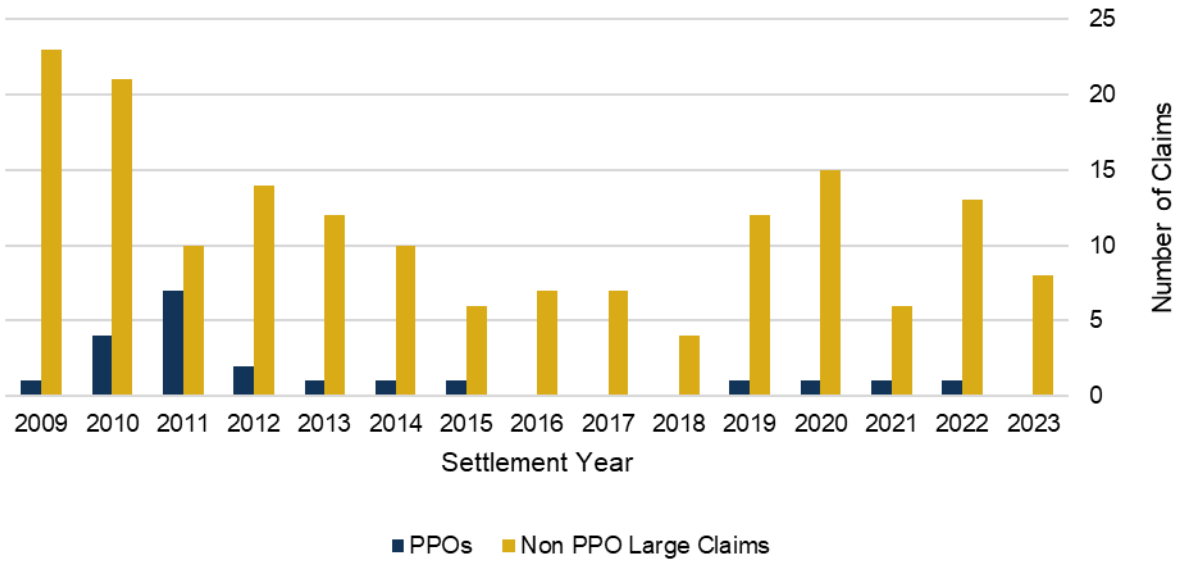

Figure 7: Number of Liability PPO claims and Liability non-PPO large claims underlying the PPO propensity statistics, by settlement year

Appendix F contains further information on the number of PPO claims, including Liability and MIB Motor, splits by Private and Commercial Motor, and splits by comprehensive and non-comprehensive cover.

PPO Propensity by Year

Whilst the PPOs that are settled in any one year will originate from a range of accident years, sometimes many years previously, the simplest way that we can start to look at propensity is to ignore the maturity of the claims and to compare the number of PPO large claims settling with the number of settled large claims each calendar year.

In our statistics looking at the change in PPO propensity by settlement year, we have considered a standardised PPO propensity which adjusts for (or removes) the volatility in the PPO propensity arising from differences in the mix of large claims by amount between years. In Appendix B to this report, we explain the standardisation basis for Motor (non-MIB) claims and for Liability claims.

The data collected from the MIB does not include non-PPO large claims, and so we are not able to produce PPO propensity statistics or standardised PPO propensity statistics for MIB claims.

Figure 8 shows the Motor (non-MIB) PPO propensity and the standardised Motor (non-MIB) PPO propensity, by settlement year. The standardised Motor (non-MIB) PPO propensity has decreased from an average of 26.6% across the 2009 to 2016 settlement years to 11.8% in 2017. Propensity rose to 18.6% in 2020 before falling to 5-10% in 2021 to 2023. The 2017 and post settlement years numbers in the below chart will have been affected by the Ogden discount rate changes in 2017 and 2019; there has been no adjustment made for this.

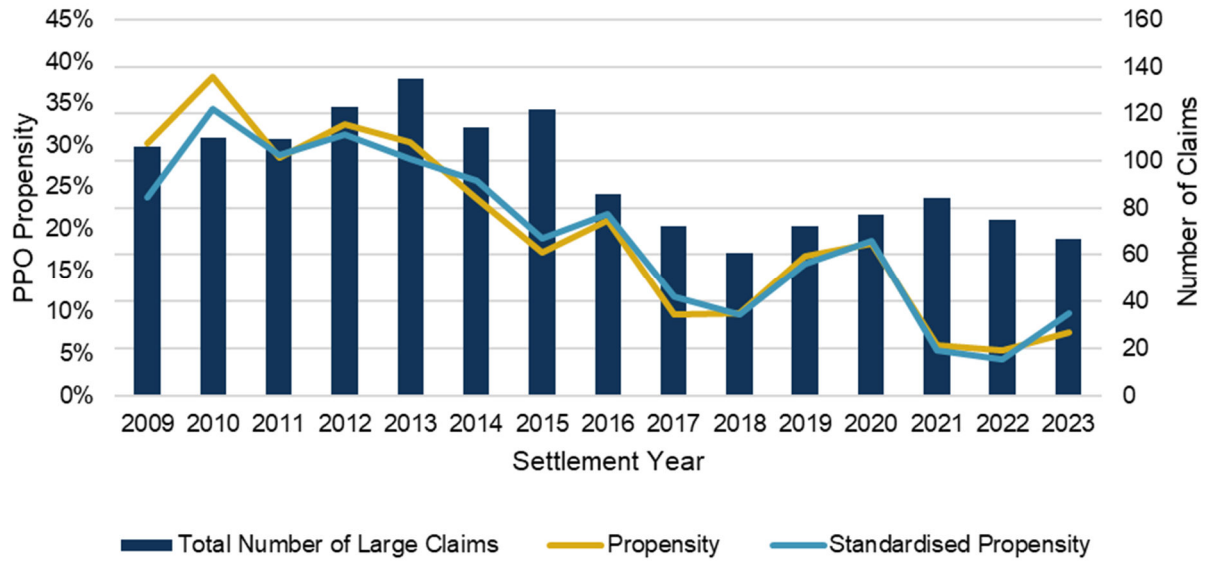

Figure 8: Motor (non-MIB) PPO propensity and standardised Motor (non-MIB) PPO propensity, by settlement year

Given the reduction in Ogden discount rate in March 2017, and further change in August 2019, the cost of large claims is higher compared with pre-2017 and so we would expect an increase in the number of large claims settling above £1 million.

There was a step change in propensity in the 2017 settlement year, when the Ogden discount rate changed from 2.5% to -0.75%. In 2019, when the Ogden discount rate changed from -0.75% to -0.25%, there was a smaller upward step change. However, the

standardised propensity has since decreased, and indeed the 2021 and post propensity remains at a lower level than pre-2017.

It is clear that the change in the Ogden discount rate had some impact on lump sum and PPO settlements, however it is difficult to understand how much of the overall impact can be attributable to the different drivers. One of the key drivers is the numerical impact on the propensity calculation from a change in the Ogden discount rate. An Ogden discount rate of -0.25% (and -0.75%) results in claims being valued at a higher level compared with the old 2.5% rate. This results in more claims being valued as large under our £1 million definition which somewhat artificially reduces the PPO propensity.

Figure 9 shows an example of the Ogden multipliers under a 2.5%, 0.5%, -0.25% and -0.75% discount rate for a male aged 55 at settlement, with £60 thousand annual care cost and £60 thousand loss of earnings. Using a 2.5% Ogden discount rate this claim would not be classified as large, however under a -0.25% and -0.75% Ogden discount rate this claim breaches the £1 million threshold and would be included within our analysis.

		Ogden discount rate			
Claim component	Annual Payment	2.50%	0.50%	-0.25%	-0.75%
Care	60,000	20.2	27.2	30.8	33.6
Loss of Earnings	60,000	8.6	9.5	9.8	10.1
Lump sum		**1,731,000**	**2,202,000**	**2,439,600**	**2,623,200**
Lump sum (2011 terms)		**768,585**	**977,714**	**1,083,212**	**1,164,732**

Using Tables 1 and 9 from the Actuarial Tables for use in personal injury and fatal accident cases - 8th edition

Figure 9: Example claim under different Ogden discount rates

Within some figures within this report we present the PPO propensity on an Ogden adjusted basis, where we have revalued the large claims to be on a Ogden 2.5% basis. This enables better comparison to the 2016 and prior settlement years by removing the numerical impact of the Ogden discount rate change. Note that the change in Ogden discount rate will have impacts beyond the numerical ones as, all other aspects being equal, claims being valued at a higher level would act as a greater incentive for a claimant to choose a lump sum settlement rather than a PPO and so the expectation would be a further reduction in the PPO propensity.

Figure 10 shows the standardised PPO propensity on an Ogden adjusted basis, as well as with no adjustment made. The Ogden adjusted figures in 2019-2020 settlement years are much more in line with the 2014-2016 propensity of 20.6%. There is a smaller impact to the 2021 settlement year, with the adjusted propensity still at a much lower level than pre-2016.

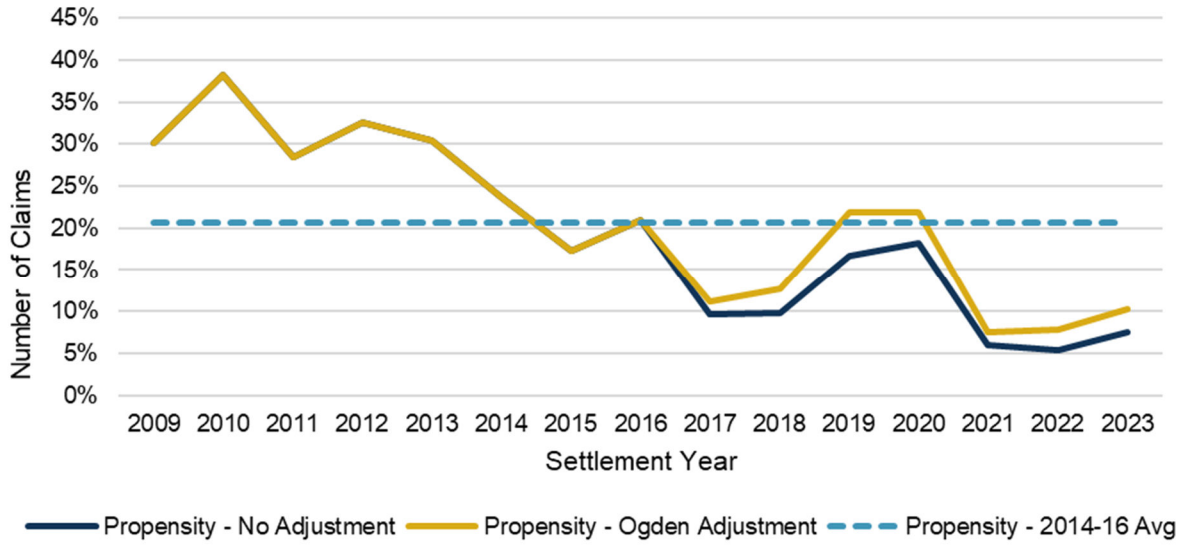

Figure 10: Motor (non-MIB) standardised PPO propensity on an unadjusted and Ogden adjusted basis, by settlement year

Figure 11 shows the Liability PPO propensity, by settlement year. Since 2016 only 4 claims have settled as a PPO from our contributors. With such low numbers of claims it is not possible to comment on whether there are any underlying trends within the claim settlements. As with the Motor figures, the 2017 and post years are subject to a different Ogden discount rate, which has not been adjusted for.

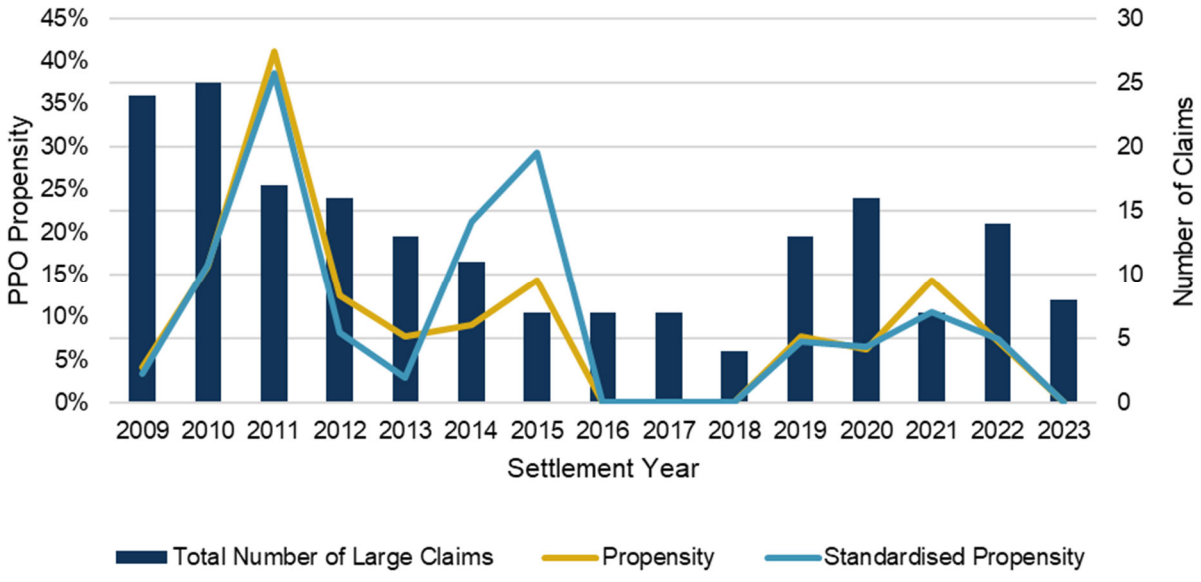

Figure 11: Liability PPO propensity and standardised Liability PPO propensity, by settlement year

Further information relating to PPO Propensity by Year is provided in Appendix G (Motor) and Appendix H (Liability).

PPO Propensity by Claim Size

The data collected for the quantitative industry survey clearly shows that the likelihood of a claim settling as a PPO varies with the size of the claim, with larger claims being more likely to have settled as a PPO (see Figure 12).

In a few of the analyses summarised in this report, we consider claims in various claim size bands. As for the definition of large claims, in each case, the claim size thresholds are also defined in 2011 terms, indexed at 7% per annum. A claim falls in a given band if it is greater than or equal to the lower bound of the band, but less than the upper bound of the band (where there is an upper bound). For PPO claims, the claim size band is determined by their Ogden equivalent value using a real discount rate of 2.5% per annum if it settled prior to 17 March 2017, 0.5% if it settled in the period from 17 March 2017 to 5 August 2019, and the prevailing discount rate of -0.25% if it settled since 5 August 2019. The non-PPO large claims are taken at whichever discount rate they settled at without adjustment. (See the notes in Appendix C to this report for further detail on the definition of large claims and for an explanation of the distinction between incremental threshold and cumulative threshold.)

Figure 12 shows how the Motor (non-MIB) PPO propensity varies by claim size band, and Figure 13 shows this trend by settlement year.

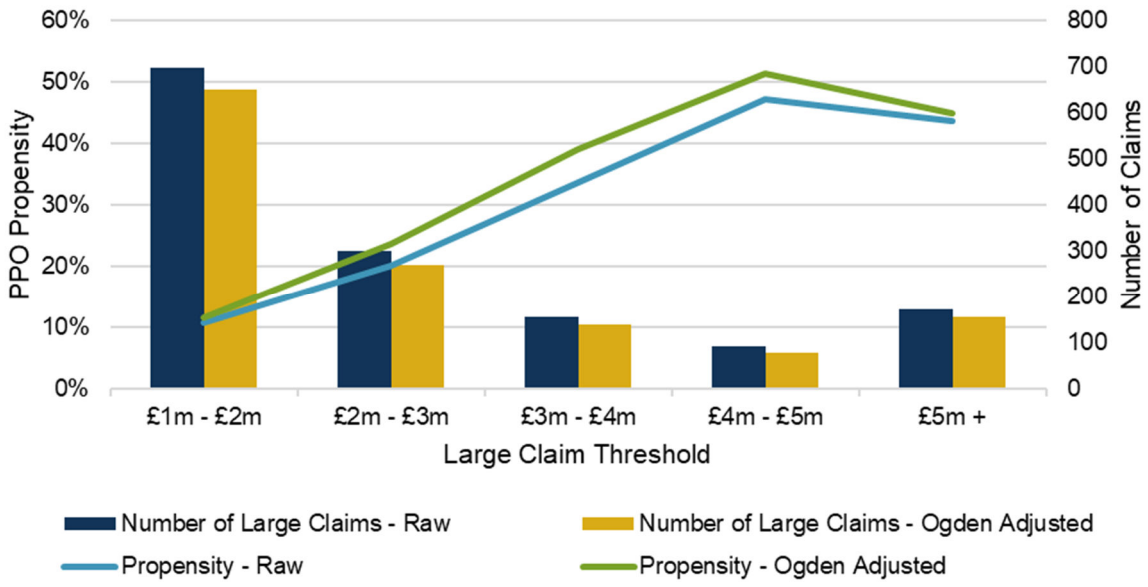

Figure 12: Motor (non-MIB) PPO propensity, by incremental large claim threshold band (2011 terms), for claims settled since 2009, with and without Ogden adjustment

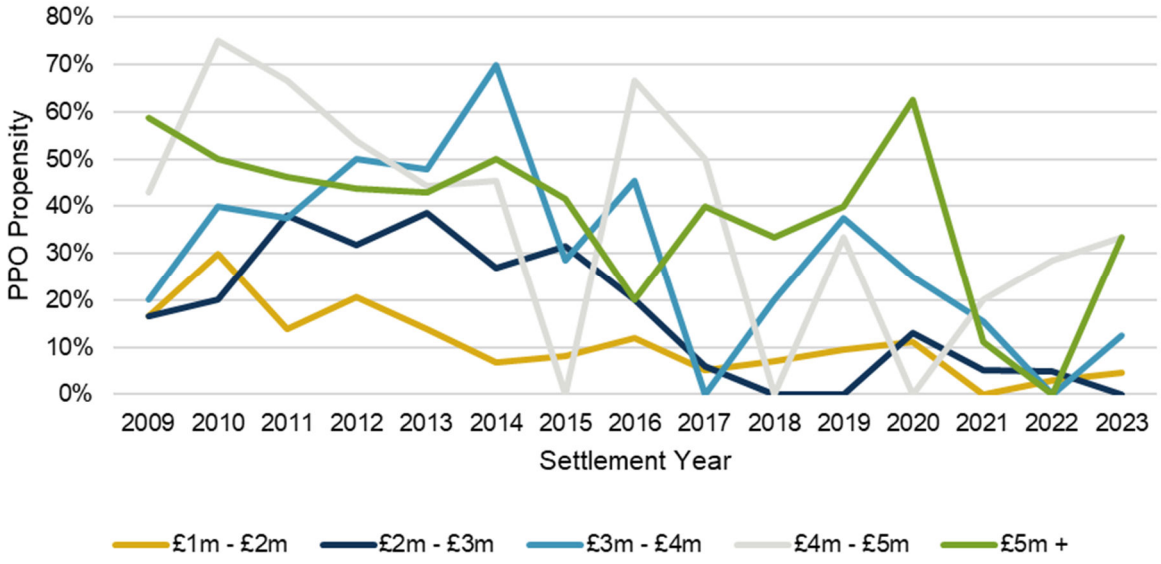

Figure 13: Motor (non-MIB) PPO propensity, by incremental large claim threshold band (2011 terms), and by settlement year

The equivalent graphs for Liability PPO claims are shown in Figure 14 and Figure 15.

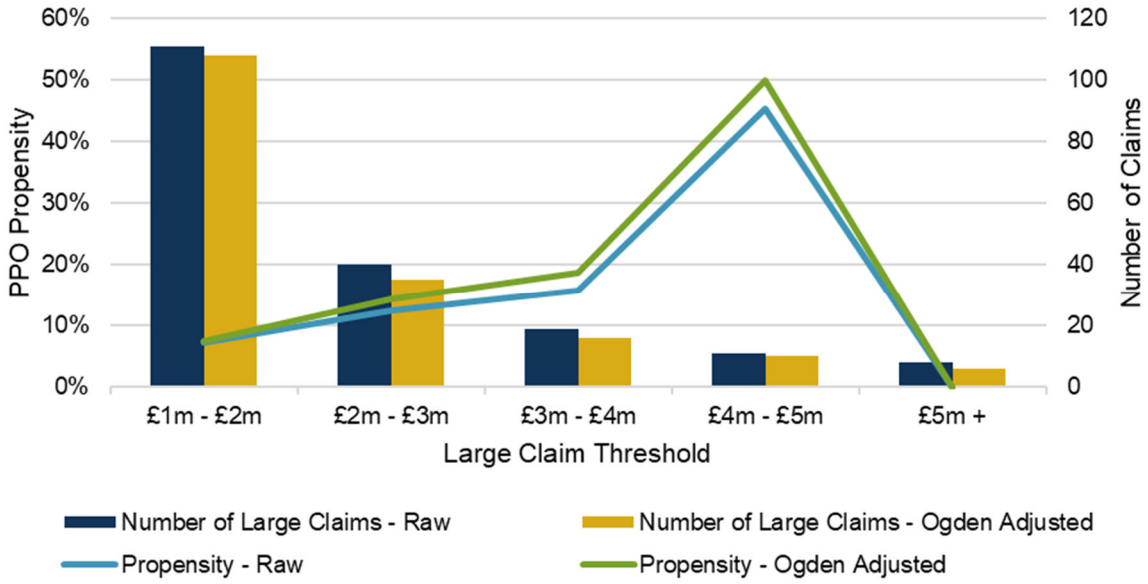

Figure 14: Liability PPO propensity, by incremental large claim threshold band (2011 terms), for claims settled since 2009, with and without Ogden adjustment

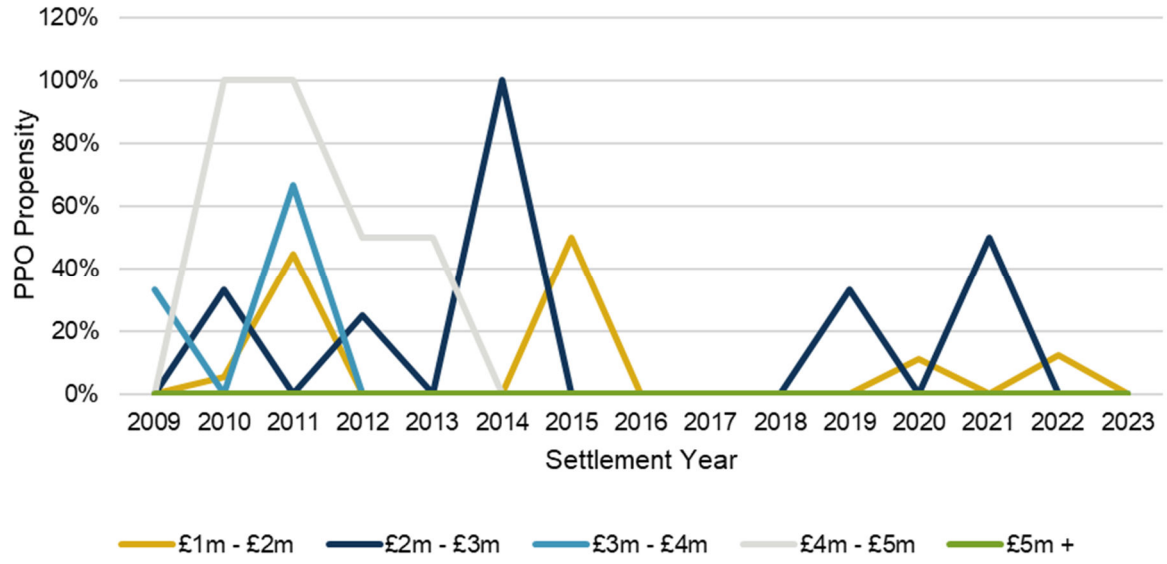

Figure 15: Liability PPO propensity, by incremental large claim threshold band (2011 terms), and by settlement year

Further information relating to PPO Propensity by Claims Size is provided in Appendix G (Motor) and Appendix H (Liability).

PPO Characteristics

We provide a large number of further summary statistics and analysis of the number, propensity and general characteristics of the Motor (non-MIB) PPO claims, Liability PPO claims and Motor (MIB) PPO claims in the 2023 quantitative survey in Appendices F to S to this report. Examples for Motor (non-MIB) PPO claims include the number of PPO claims by age of driver at accident date and by gender of driver (Figure 16), the number of PPO claims by age of claimant at accident date and by gender of claimant (Figure 17), the delay between the accident date and settlement date (Figures 18 and Figure 19) and the future life expectancy of the claimant at settlement (Figure 20).

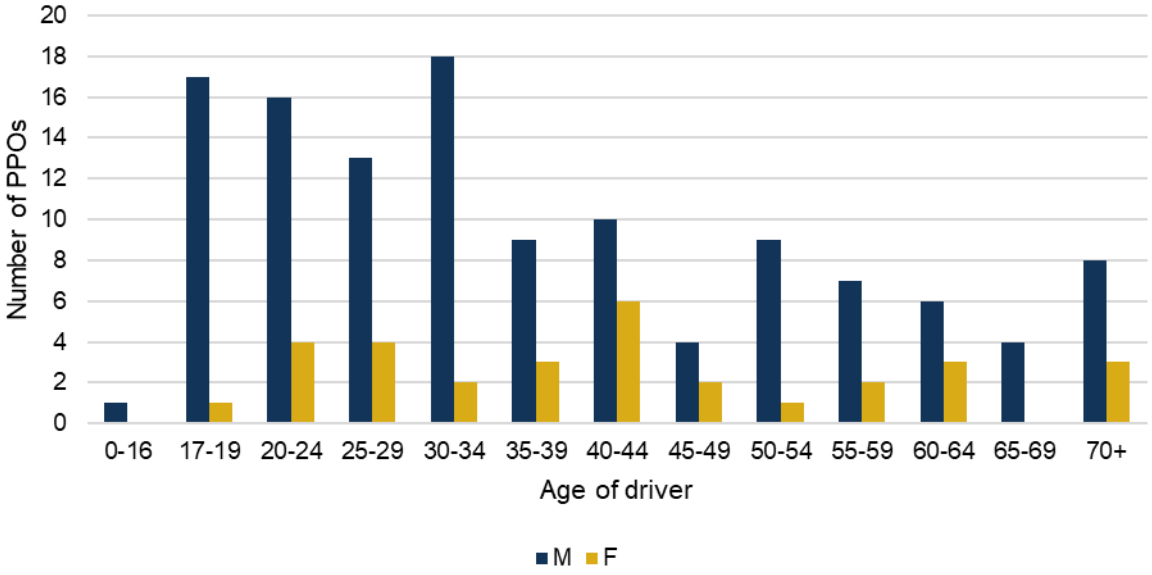

Figure 16: Number of Motor (non-MIB) PPO claims, by age of driver at accident date and by gender of driver

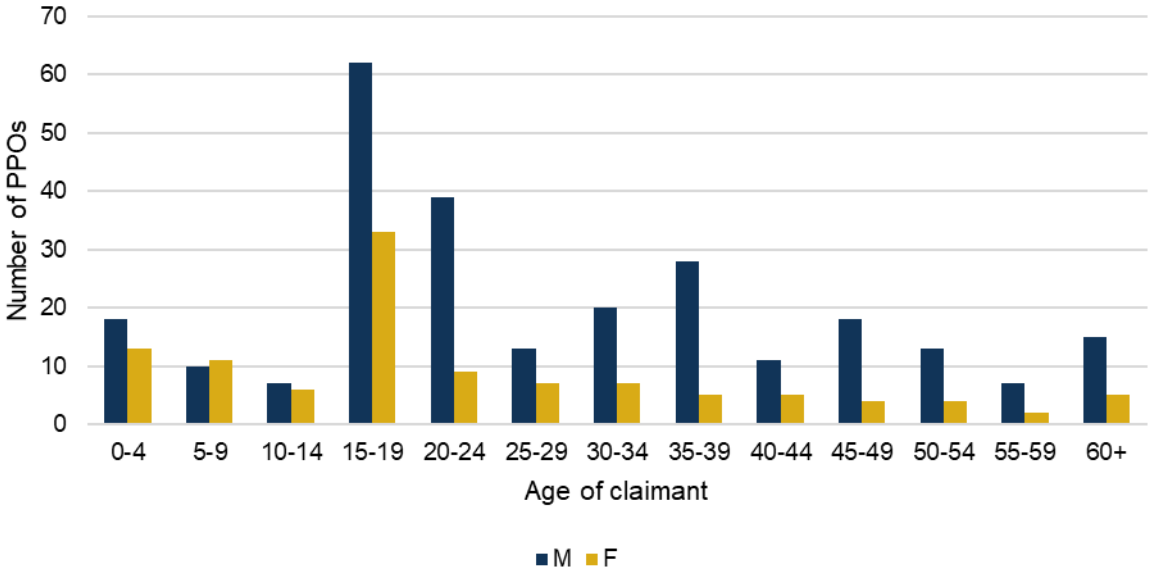

Figure 17: Number of Motor (non-MIB) PPO claims, by age of claimant at accident date and by gender of claimant

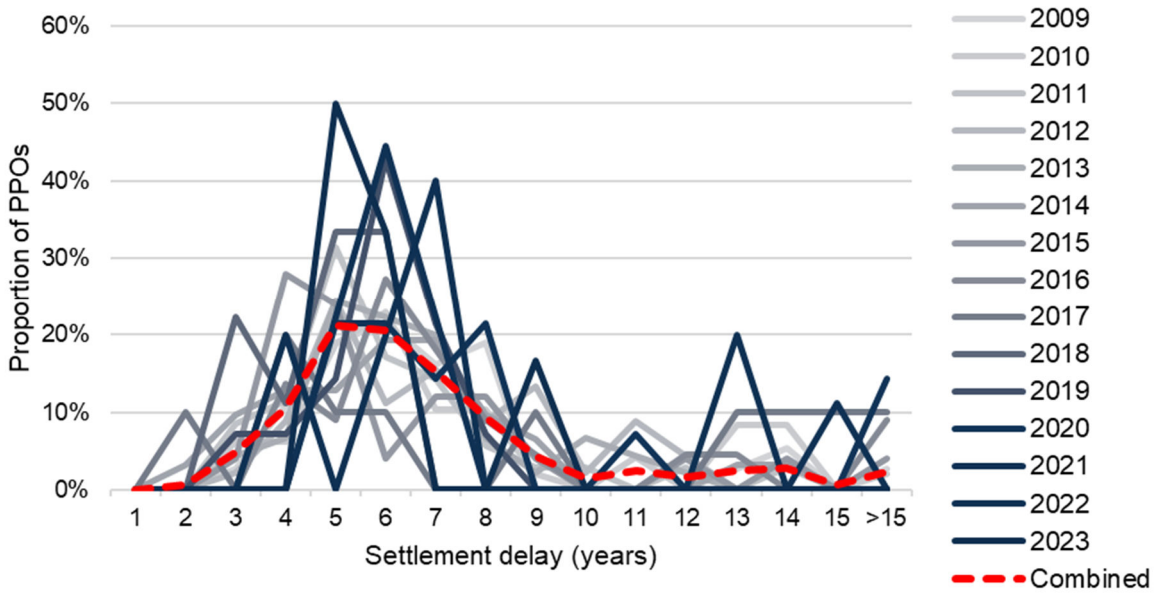

Figure 18: Distribution of the delay to settlement for Motor (non-MIB) PPO claims, by settlement year, for claims settled since 2009

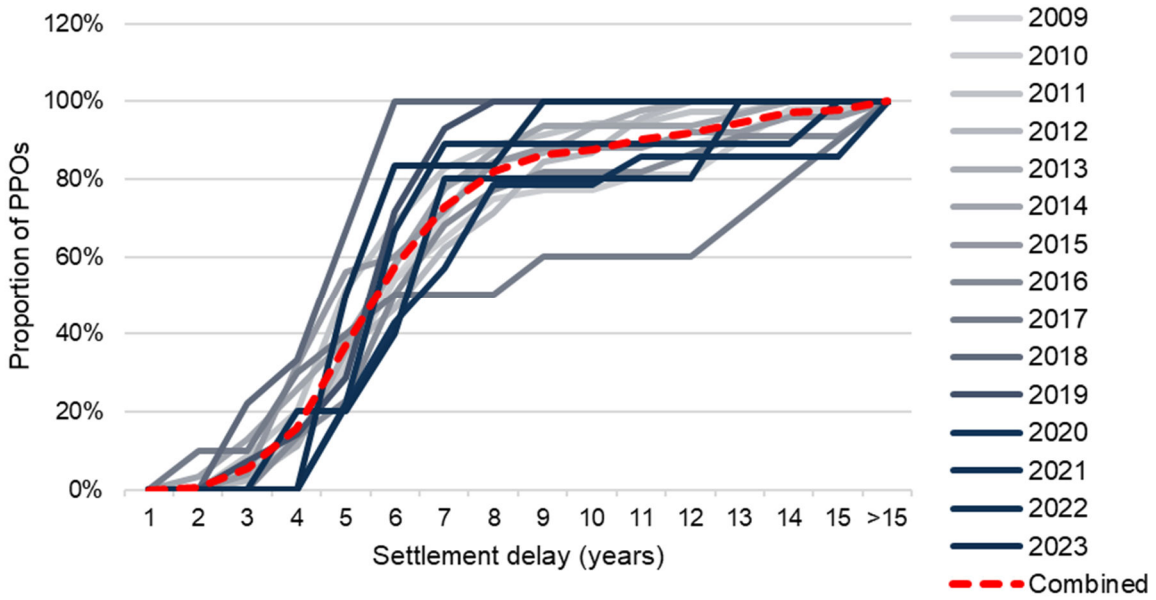

Figure 19: Cumulative distribution of the delay to settlement for Motor (non-MIB) PPO claims, by settlement year, for claims settled since 2009

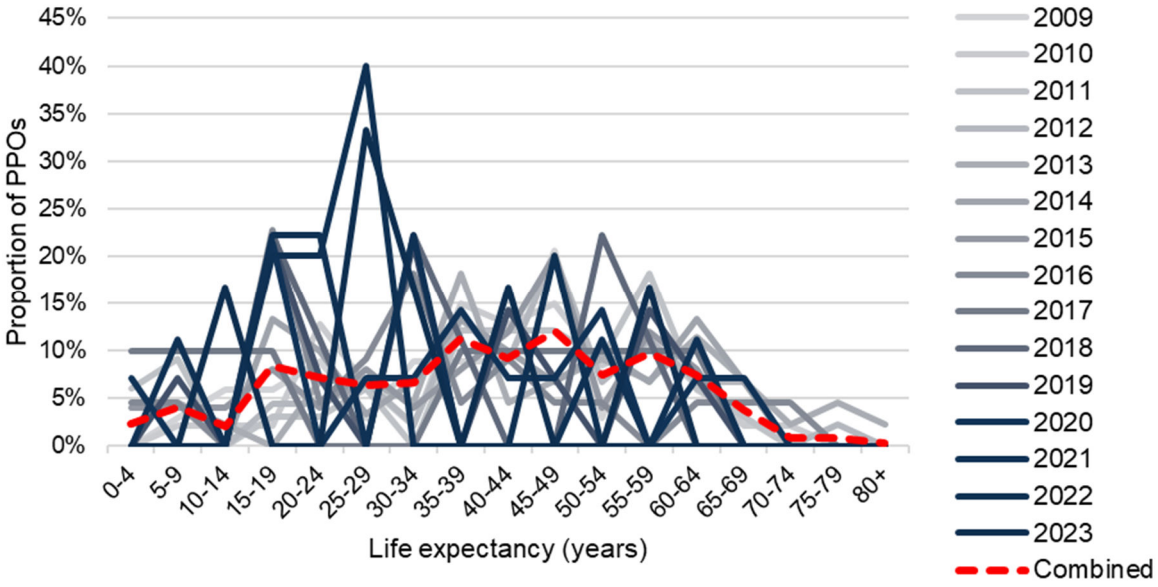

Figure 20: Distribution of the life expectancy of claimant at settlement date, for Motor (non-MIB) PPO claims, by settlement year, for claims settled since 2009

PPO Development Patterns

In Appendix I to this report, we provide triangle development charts for non-PPO large claims, PPO claims and PPO propensity rates for non-MIB Motor claims, which take into account the accident year of a claim as well as its time to settlement. Figure 21 is an example. It is clear from the historical development that we can expect some further development of the number of PPO claim settlements, even for these older accident years, although the extent of this development is difficult to quantify.

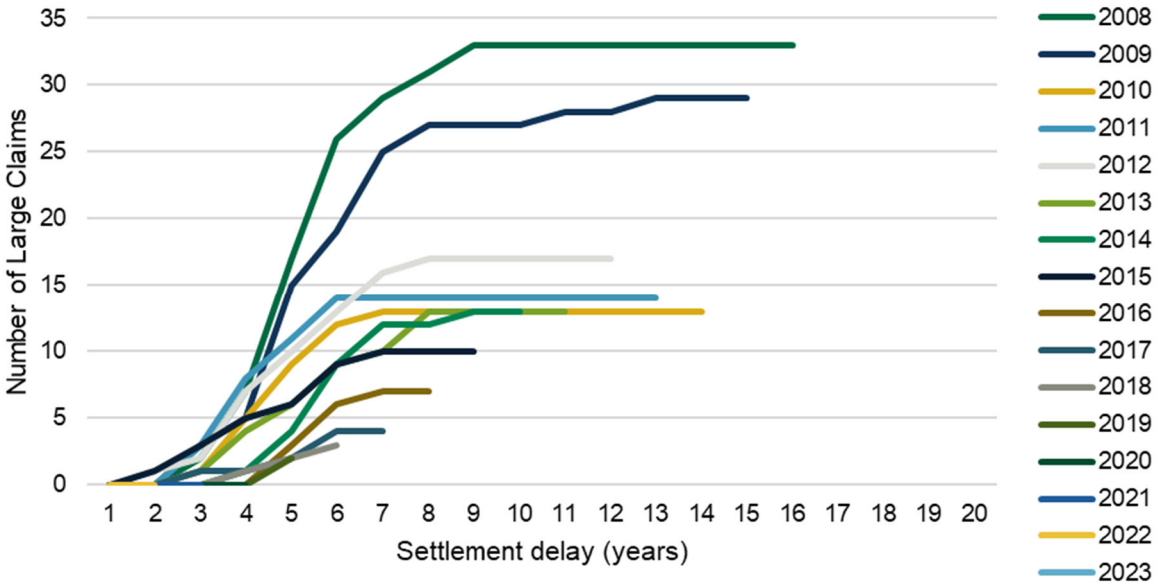

Figure 24: Graph showing the accident year cumulative settlement of the number of Motor (non-MIB) PPO claims

Indexation of PPO claims

We provide a number of summary statistics for Motor (non-MIB) PPO claims, Liability PPO claims and Motor (MIB) PPO claims in relation to the index used to inflate PPO claim regular payments.

The index used to inflate PPO claim regular payments was originally automatically linked to the Retail Prices Index ("RPI").

However, in 2006, a court case was brought in the form of Thompstone vs Tameside and Glossop Acute Services NHS Trust which questioned this assumption and suggested that the payments for future cost of care would be better linked to wage inflation. The court agreed and the annual inflation increase was linked to the Annual Survey of Hours and Earnings ("ASHE"). The case was appealed and a number of other cases were put on hold pending the outcome. In 2008, the Court of Appeal upheld the ruling that an index other than RPI can be chosen if thought more appropriate. Since then the majority of PPO claims have had inflation linked to ASHE, as can be seen in Figure 22.

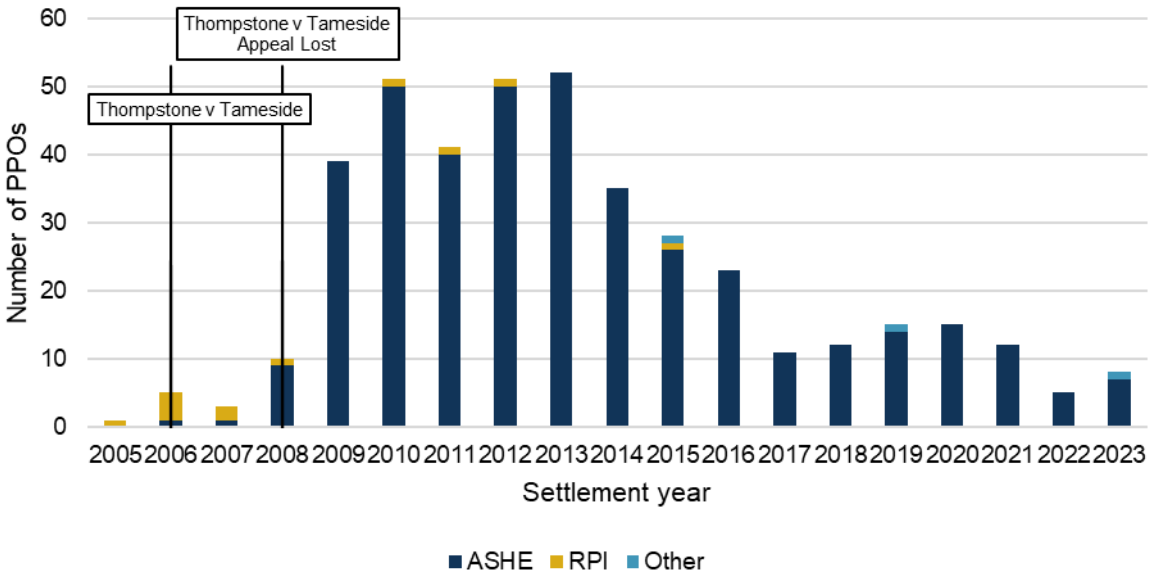

Figure 22: Number of Motor (non-MIB) PPO claims, by settlement quarter and by the index applicable for the primary head of damage of the regular payments

ASHE is published by the Office for National Statistics ("ONS") every October/November, based on data as at April. It covers a wide range of occupations, though the vast majority of PPO claims so far have, in respect of care costs, been linked to sub-category 6115, relating to care assistants and home carers.

Within a particular job category, the ASHE earnings inflation measures are further split into percentiles. A PPO claim will have the annual inflation linked to a specific percentile, for example to those whose earnings are in the top 10% of earners in the category (i.e. the 90th percentile).

Figure 23 shows that, where the applicable index for the primary head of damage is ASHE, the overwhelming majority of Motor (non-MIB) PPO claims for recent settlements are linked to the 80th percentile.

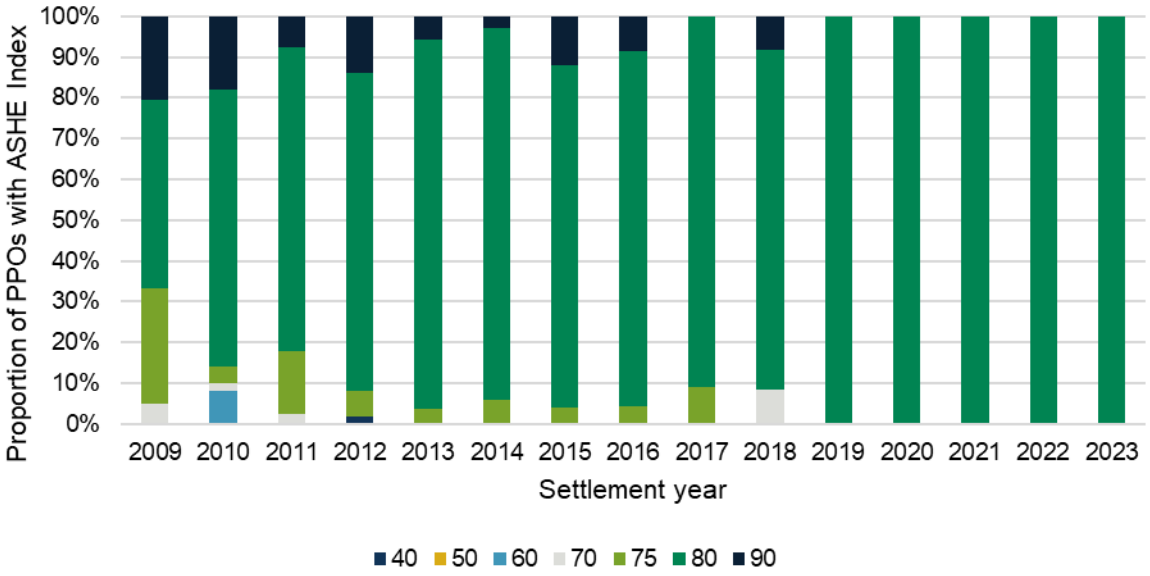

Figure 23: Where the applicable index for the primary head of damage is ASHE, the proportion of Motor (non-MIB) PPO claims linked to specific percentiles, by settlement year

Figures 23 and 24 shows the annual inflation in ASHE 6115 by specific percentile. The figure for 2024 (published 1 November 2024) is 4.2%, although this does not impact any of the data or analysis within this report.

	6115 - Care Assistants and Home Carers : Inflation statistics by percentile							
Year	**30**	**40**	**60**	**70**	**75**	**80**	**90**	**Mean**
2009	3.1%	3.1%	2.3%	2.4%	2.7%	**2.5%**	3.7%	3.7%
2010	1.9%	1.1%	2.1%	1.2%	0.9%	**0.8%**	0.4%	0.8%
2011	-0.9%	-1.3%	-2.1%	-1.4%	-1.1%	**-1.1%**	-1.1%	-0.7%
2012	0.3%	0.3%	-0.2%	-1.4%	-1.1%	**-0.9%**	-0.4%	0.6%
2013	0.0%	-0.3%	0.0%	0.2%	0.4%	**0.5%**	0.3%	0.1%
2014	1.7%	1.8%	0.6%	0.2%	-0.1%	**-0.8%**	-0.6%	0.0%
2015	2.4%	2.5%	2.1%	2.3%	1.6%	**1.7%**	2.2%	2.5%
2016	5.6%	4.7%	3.3%	3.4%	3.0%	**3.6%**	2.4%	4.6%
2017	4.7%	4.2%	3.8%	2.9%	3.1%	**2.5%**	3.0%	3.7%
2018	3.8%	3.6%	3.6%	3.3%	3.0%	**4.0%**	3.7%	4.1%
2019	4.5%	4.0%	3.4%	4.2%	4.1%	**3.6%**	3.6%	4.3%
2020	5.7%	5.7%	6.1%	4.9%	5.4%	**5.3%**	3.2%	4.8%
2021	2.7%	2.8%	2.2%	2.6%	2.3%	**1.3%**	3.9%	3.0%
2022	7.7%	7.1%	6.6%	6.5%	6.1%	**6.6%**	4.8%	7.6%
2023	8.0%	8.2%	7.4%	6.3%	6.5%	**7.0%**	6.8%	8.0%

Figure 24: Annual Inflation in ASHE 6115, by specific percentile and by year (as at April of that year), compared with Average Weekly Earnings, CPI and RPI

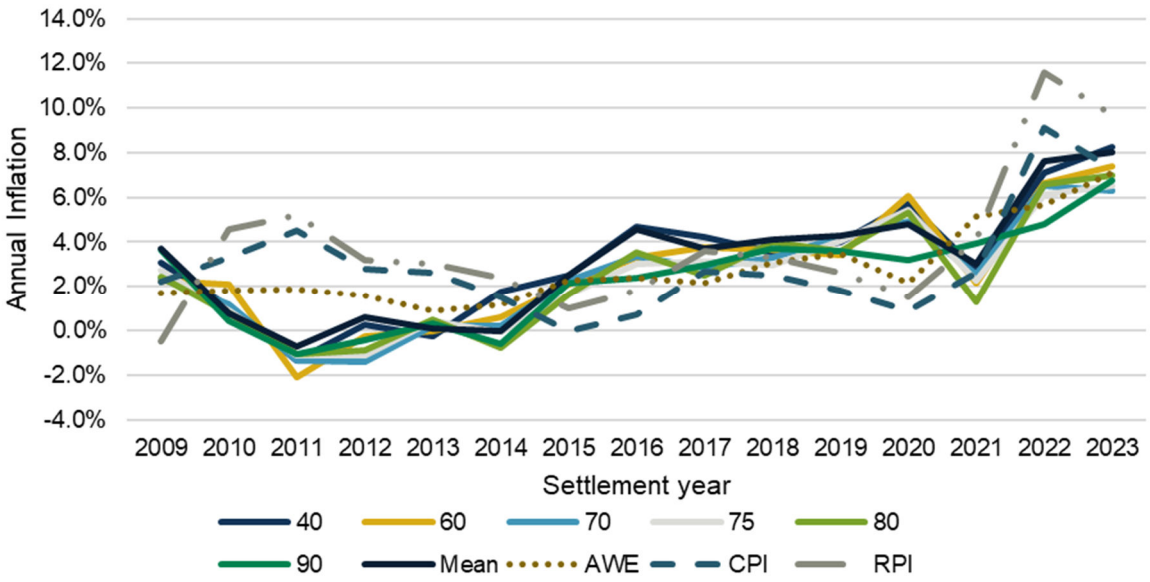

Figure 25: Annual Inflation in ASHE 6115, by specific percentile and by year (as at April of that year), compared with Average Weekly Earnings, CPI and RPI

Further information on the Indexation of PPOs is provided in Appendix M to this report.

Payment components for PPO claims

We referred previously to summary statistics, including Liability and MIB Motor, and splits by Private and Commercial Motor.

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	35.5	29.6	17.4	0.9	417
Delay until settlement	6.5	5.7	3.3	1.7	417
Future life expectancy at settlement	38.9	40.5	18.1	(0.2)	403
Life expectancy reduction	11.9	8.4	12.8	1.5	403
Annual PPO payment (£)	100,381	72,500	91,375	1.9	417
Lump sum (£)	1,820,289	1,600,000	1,437,271	1.6	417

Figure 26: Summary statistics for Motor (non-MIB) PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	43.1	43.7	18.2	(0.1)	43
Delay until settlement	5.9	4.9	3.2	2.1	43
Future life expectancy at settlement	26.5	20.8	17.2	1.0	40
Life expectancy reduction	17.0	13.2	15.2	1.5	40
Annual PPO payment (£)	93,027	64,000	84,006	1.0	43
Lump sum (£)	1,479,607	1,379,981	1,011,334	0.3	43

Figure 27: Summary statistics for Liability PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	34.0	29.8	13.5	0.8	219
Delay until settlement	7.6	6.6	3.8	1.2	219
Future life expectancy at settlement	43.3	46.0	16.8	(0.3)	219
Life expectancy reduction	8.2	5.3	11.4	1.9	219
Annual PPO payment (£)	67,566	43,500	73,311	2.6	219
Lump sum (£)	1,518,784	1,100,000	1,317,064	3.0	219

Figure 28: Summary statistics for Motor (MIB) PPO claims

Appendix E contains further summary statistics tables at a more granular level.

We provide a number of further summary statistics for the lump sum element of PPO claims and for the initial regular payment amount of PPO claims, separately for Motor (non-MIB) PPO claims, Liability PPO claims and Motor (MIB) PPO claims.

For the purposes of comparison, we also provide some of the equivalent summary statistics for Motor (non-MIB) non-PPO claims, and it is interesting to note that, while the average size of the lump sum element of Motor (non-MIB) claims has been increasing for both PPO claims and non-PPO claims, when stripping out the effect of inflation, the average size of the lump sum element of Motor (non-MIB) PPO claims has been relatively flat whereas the average size of Motor (non-MIB) non-PPO claims has fallen markedly (see Figure 29 and Figure 30).

The lump sum element of non-PPO claims includes compensation for future care costs, whereas the lump sum element of PPO claims does not, as these are included in the annual payments. There are therefore potentially two conclusions that can be drawn from the trends in Figure 29 and Figure 30:

- The lump sum amounts (before stripping out the effect of inflation at 7% per annum) are at a similar level for both Motor (non-MIB) PPO claims and Motor (non-MIB) non-PPO claims. This is consistent with PPOs being awarded in larger cases.

- The reduction in the average size of Motor (non-MIB) non-PPO claims (after stripping out the effect of inflation at 7% per annum) suggests that the inflation on the cost of care element (and also on the loss of earnings element) assumed within the lump sum settlement may be lower than 7% per annum.

Included within Figure 29 and Figure 30 are trend lines at 3%, 5% and 7% per annum. Against Motor (non-MIB) PPO claims the trend in the underlying data largely supports 7% per annum (or slightly lower) being an appropriate inflation rate. However, for Motor (non-MIB) non-PPO claims an inflation rate of less than 3% per annum fits the underlying data trends more appropriately. The Working Party continues to consider the appropriateness of the 7% inflation rate assumption which has the potential to have a material impact on the PPO propensity due to the number of claims included as large within the calculation.

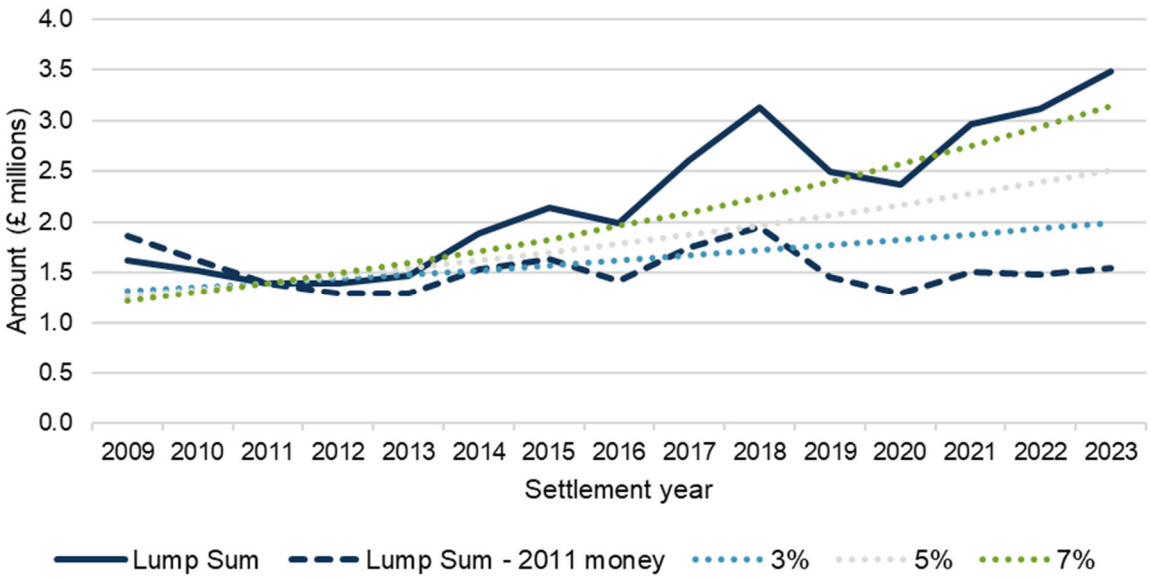

Figure 29: Average size of the lump sum element of Motor (non-MIB) PPO claims, nominal and with inflation removed (assuming inflation of 7% per annum), by settlement year

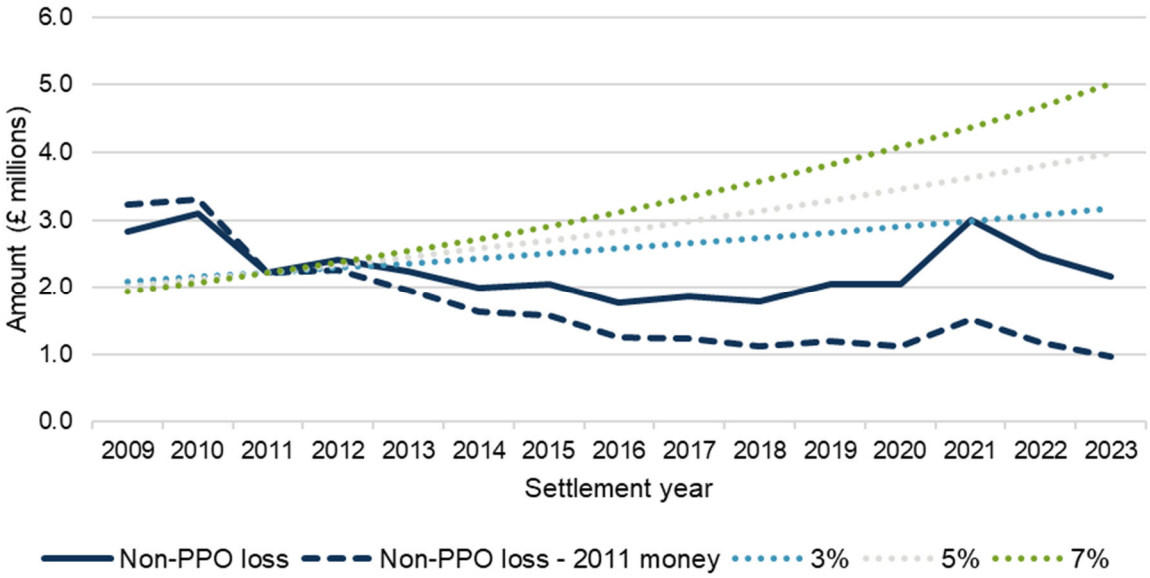

Figure 30: Average size of Motor (non-MIB) non-PPO claims, nominal and with inflation removed (assuming inflation of 7% per annum), by settlement year

Further information on Payment Components of PPOs is provided in Appendix N.

Within this report the definition of a large claim is a claim that is greater than £1 million in 2011 terms, indexed at 7% per annum. (See the notes in Appendix C to this report for further detail on the definition of large claims). There is subjectivity around the selection of the 7% per annum used to index these claims. Figure 31 shows the Motor (non-MIB) PPO propensity, by settlement year, where we have used 3%, 5% and 10% to index these claims, as well as 7% for comparison.

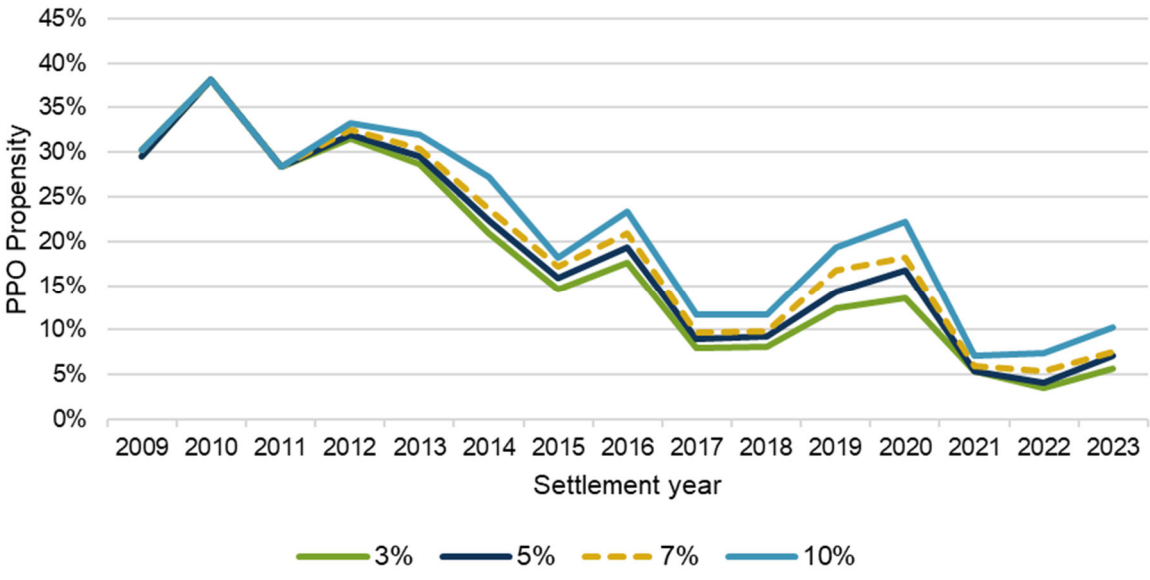

Figure 31: Motor (non-MIB) PPO propensity, where large claims are defined as a claim over £1 million in 2011 terms indexed at varying inflation rates, by settlement year

Special features of Motor (non-MIB) PPO claims and other statistics

We provide a number of summary statistics in relation to stepped payments, variation orders and indemnity / reverse indemnity guarantees for Motor (non-MIB) PPO claims, together with a small number of other statistics for these PPO claims. Definitions for these special features are provided in Appendix N to this report.

Figure 32 shows the proportion of Motor (non-MIB) PPO claims with special features.

Feature	Proportion of PPOs	Number of Responses
Stepped Payments	34%	417
Variation Orders	18%	365
Indemnity Guarantees	0%	195
Reverse Indemnity Guarantees	17%	127
Contributory Negligence	11%	417

Figure 32: Proportion of Motor (non-MIB) PPO claims with special features, together with the number of Motor (non-MIB) PPO claims in the survey with responses received on those special features

In terms of injury type:

- 28% of Motor (non-MIB) PPO claims relating to brain injury have a stepped payment.
- 58% of Motor (non-MIB) PPO claims relating to spinal injury have a stepped payment.

This compares with a general Motor (non-MIB) PPO claim population average of 34%, as shown in Figure 32.

Again in terms of injury type:

- 14% of Motor (non-MIB) PPO claims relating to brain injury have a variation order.
- 44% of Motor (non-MIB) PPO claims relating to spinal injury have a variation order.

This compares with a general Motor (non-MIB) PPO claim population average of 18%, as shown in Figure 32.

Further information on Special Features is provided in Appendix O.

Injury type and care regime categorisation

Introduction

The IFoA PPO Working Party, with the help of a number of claims professionals, devised a categorisation of PPO injury types and care regimes, with the intention of this categorisation becoming UK standard practice, to be used by all insurers and reinsurers. This categorisation was presented as part of the output of the IFoA PPO Working Party in 2014 and is reproduced in Appendix P to this report.

Only 36% of the Motor (non-MIB) PPO claims we received for the 2023 quantitative industry survey, had this categorisation attached. ***We urge insurers to use this categorisation, and to provide this information to the IFoA PPO Working Party to enable us to better help the market understand trends and uncertainties relating to PPO claims.***

Using this categorisation, we are able to provide more in-depth analysis of how the characteristics of PPO claims are affected by the type of injury sustained by the claimant and the type of care they receive. We have restricted this analysis to the Motor (non-MIB) PPO claims only.

We note, however, that the summary statistics provided here and in Appendix P to this report are based on only a small subset of data, and this is likely to have contributed to the volatility in experience in the summary statistics provided.

Summary Statistics

Figure 33 shows the distribution of Motor (non-MIB) PPO claims by injury type categorisation and Figure 34 shows the distribution of Motor (non-MIB) PPO claims by care regime categorisation.

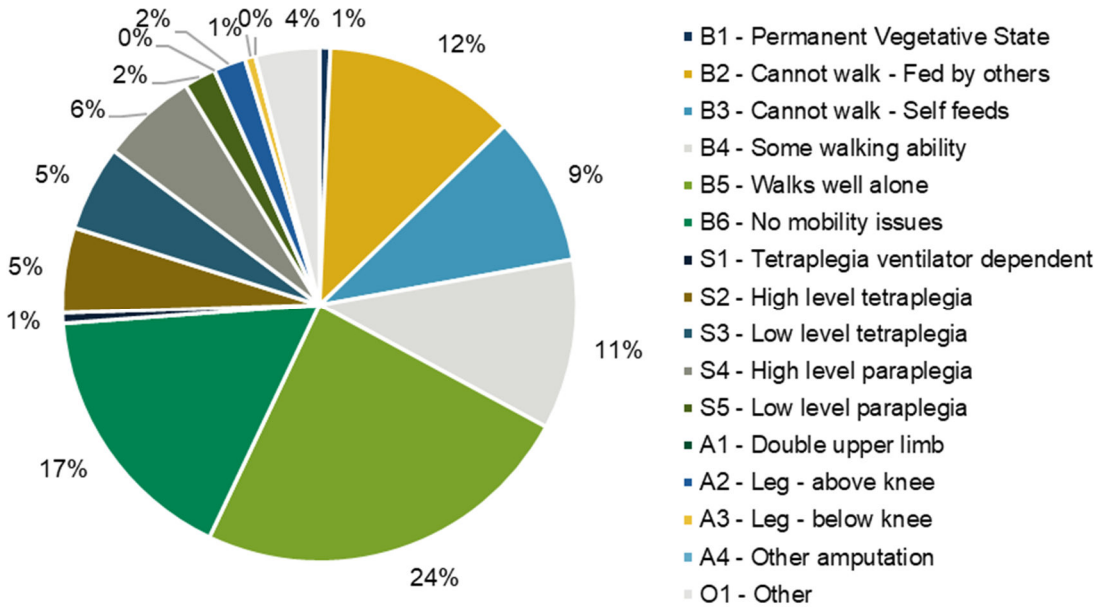

Figure 33: Detailed split of the number of Motor (non-MIB) PPO claims, by IFoA PPO Working Party injury type categorisation

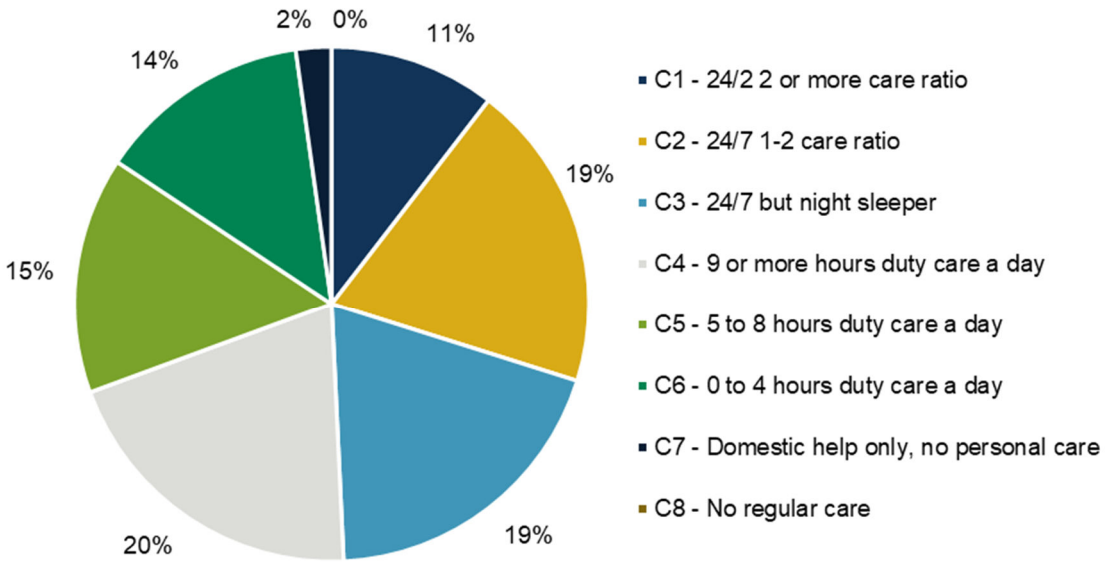

Figure 34: Detailed split of the number of Motor (non-MIB) PPO claims, by IFoA PPO Working Party care regime categorisation

We provide a number of summary statistics in relation to the nature of injury for PPO claims.

We note that 74% of Motor (non-MIB) PPO claims involve brain injury as the primary injury type, with that proportion varying significantly by the age of claimant as shown in Figure 35.

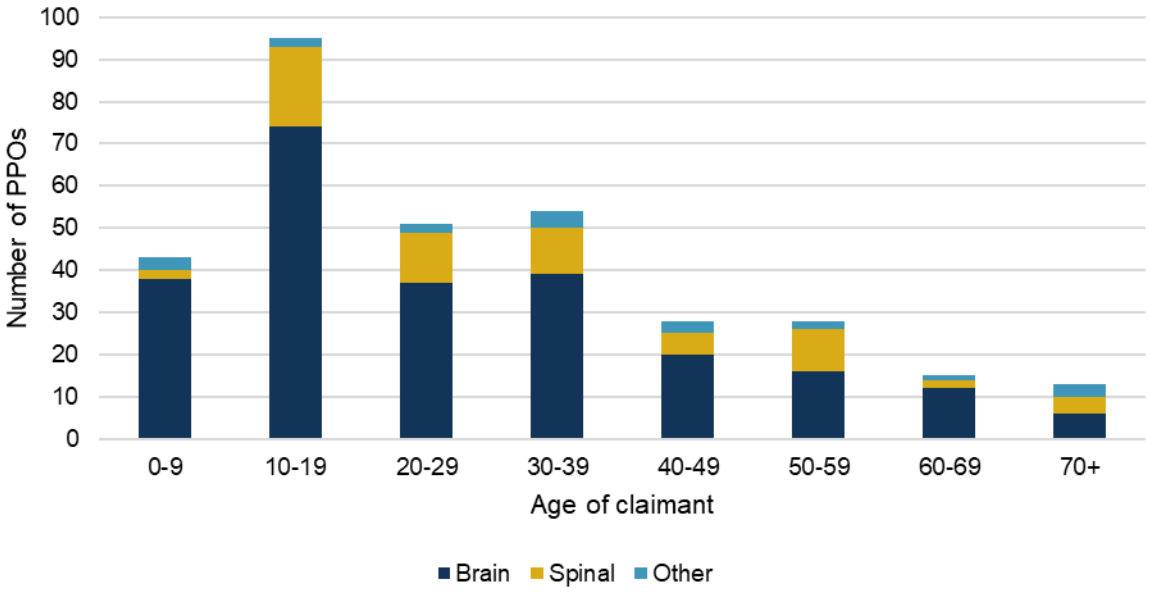

Figure 35: Proportion of Motor (non-MIB) PPO claims, by age of claimant at accident date and by nature of injury

Further information relating to these Summary Statistics is provided in Appendices P and Q.

Mortality of PPO claimants

We provide a number of summary statistics in relation to the mortality of PPO claimants.

To increase the sample size, we have considered all PPO claims in this analysis, i.e. Motor (non-MIB) PPO claims, Liability PPO claims and Motor (MIB) PPO claims combined. We note, however, that there remains very limited data on which to base any firm conclusions. We also note that there is an inherent bias in any such analysis, in that we will not observe people living much longer than expectations for a very long time to come, which is more likely to overstate than to understate the impairment on mortality. Furthermore, a number of simplifying assumptions have been made in the underlying analysis, as discussed in Appendix R to this report. We therefore stress caution in using the results of the analysis presented here and in Appendix R to this report.

Figure 36 and Figure 37 show the "initial exposure" and number of deaths by age group for male and female claimants respectively, the "initial exposure" being a measure of the total number of years of exposure for PPO claims in the quantitative industry survey, taken as the number of years from settlement date to 31 December 2023 or date of death if applicable.

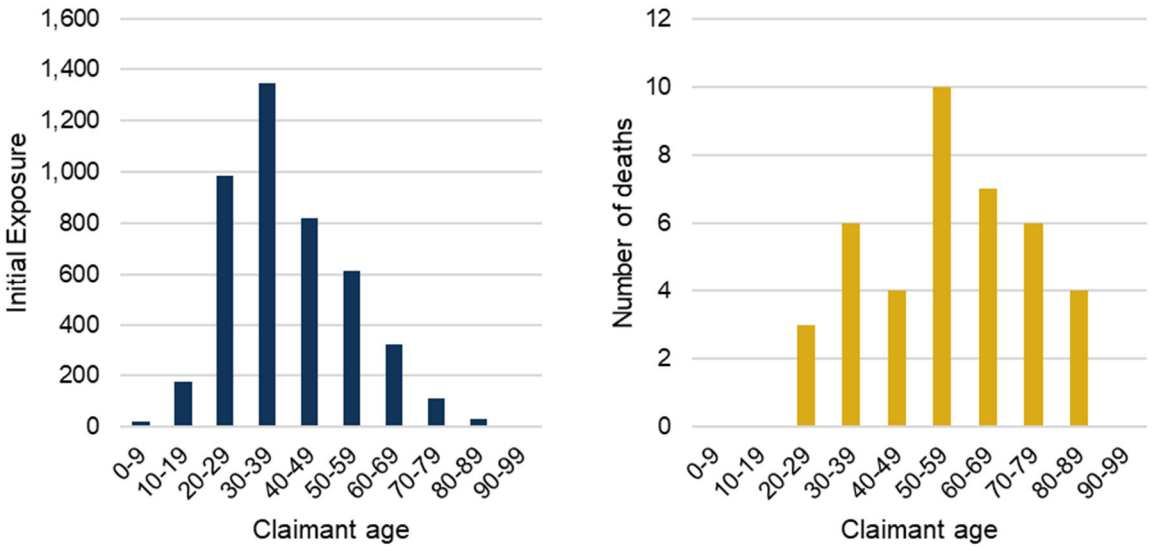

Figure 36: Number of years of exposure for PPO claims and number of deaths, for male PPO claimants, by age of claimant at settlement date

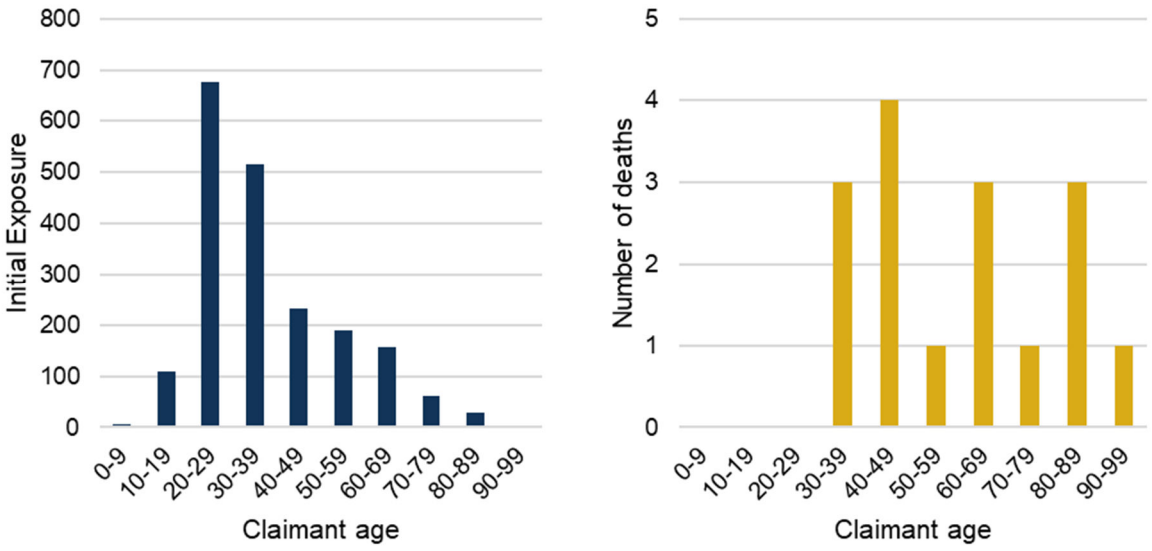

Figure 37: Number of years of exposure for PPO claims and number of deaths, for female PPO claimants, by age of claimant at settlement date

Figure 38 shows the observed (i.e. actual) number of deaths by claimant age band (at settlement date) against those that would have been expected for the survey sample using unimpaired mortality rates based on the ONS mortality rates (its most recent forecast projections, as detailed in Appendix R to this report).

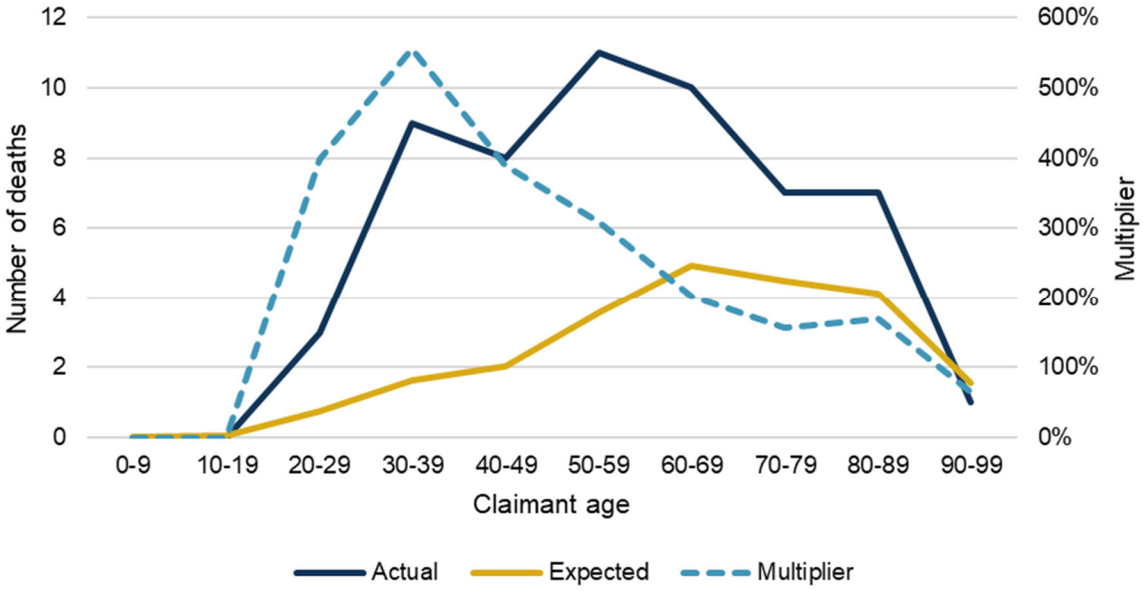

Figure 38: Actual number of PPO claimant deaths, expected number of PPO claimant deaths assuming unimpaired mortality, and the multiplier (actual / expected), by age of claimant at settlement date

We would expect the life expectancy of PPO claimants to be impaired given the serious nature of injuries which give rise to a PPO award. Figure 38 attempts to measure the extent of this impairment by comparing the actual deaths observed in our data with the number that would be expected using unimpaired mortality rates. In total there have been 56 observed

deaths since settlement, against an expected number of 23.2 deaths assuming unimpaired mortality, representing a multiplier of 2.4 (for male and female PPO claimants combined). When analysed by type of injury Brain has multiplier of 2.4, Spinal has a multiplier of 2.3 with Other injuries showing a multiplier of 0.9 (with a very small number of PPOs so subject to significant volatility). We note, once again, the inherent bias in this analysis (and other analyses in Appendix R to this report), in that we will not observe people living much longer than expectations for a very long time to come, which is more likely to overstate mortality than to understate mortality. Of the PPO claimants who have died, all of these have died earlier than the life expectancy assumed at the time of settlement of the claim.

Figure 39 shows the observed (i.e. actual) number of deaths by calendar year against those that would have been expected for the survey sample using unimpaired mortality rates based on the ONS mortality rates (its most recent forecast projections, as detailed in Appendix R to this report).

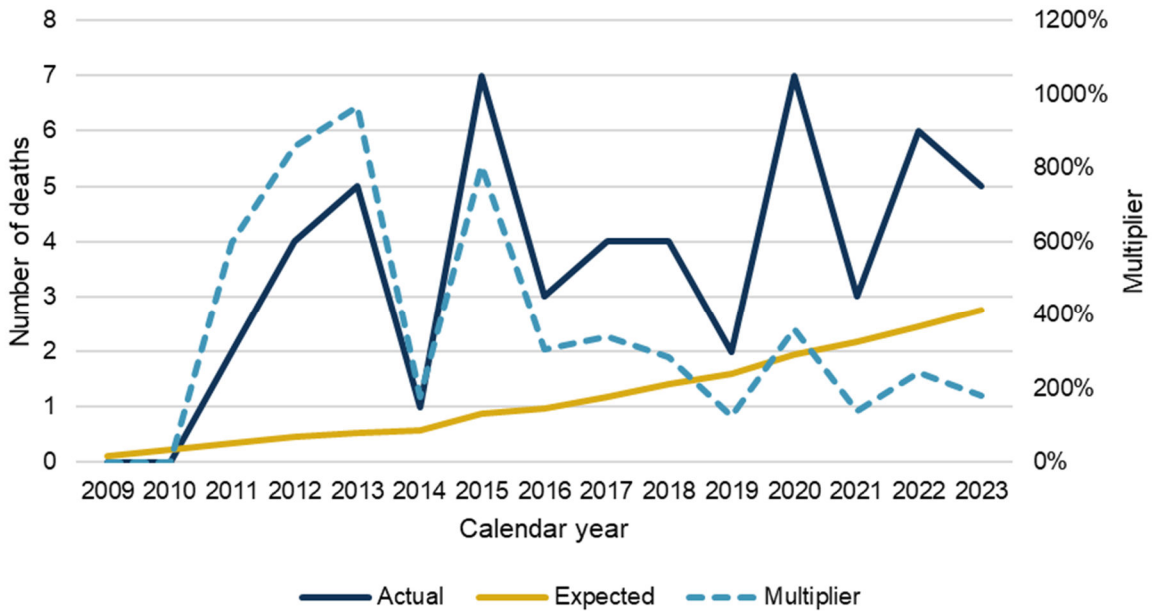

Figure 39: Actual number of PPO claimant deaths, expected number of PPO claimant deaths assuming unimpaired mortality, and the multiplier (actual / expected), by calendar year

Further information relating to Mortality is provided in Appendix R.

Reserves for Motor (non-MIB) PPO claims

We provide a number of summary statistics in relation to the size of reserves for Motor (non-MIB) PPO claims.

In order to consider the size of reserves on a consistent basis, we have estimated the total cost and outstanding reserve for each of the Motor (non-MIB) PPO claims in the quantitative industry survey on a cashflow basis. Given the approximations and assumptions inherent in the underlying analysis, the results here and in Appendix S to this report should be treated with caution.

Figure 40 compares our estimate of outstanding reserves for Motor (non-MIB) PPO claims (i.e. PPO claims in payment), as at 31 December 2023, using discount rate assumptions ranging from -2% per annum to +2.5% per annum, to an estimate at the prevailing Ogden discount rate as at 31 December 2023 of -0.25% per annum.

Real Discount Rate	Multiple
-2.00%	1.47
-1.00%	1.21
-0.75%	1.14
-0.25%	1.00
0.00%	0.95
1.00%	0.82
2.00%	0.68
2.50%	0.61

Figure 40: Reserves for Motor (non-MIB) PPO claims, as at 31 December 2023, at various real discount rates, estimated by the IFoA PPO Working Party, expressed as a multiple of the reserve estimated at a -0.25% per annum real discount rate

Further information relating to Reserves is provided in Appendix S.

Highlights of the 2022 ASHE survey

In response to changes in the economic environment, in particular regarding the growing concern around inflationary pressures and the impact on insurance losses, the PPO Working Party conducted a separate survey in 2022 to focus on inflation and ASHE assumptions.

11 insurers and 2 reinsurers responded to this survey, with responses having been collected between August 2022 and October 2022 inclusive. Throughout 2022 there were multiple events which had significant impacts on the economy, including increased inflationary pressures. The responses to this survey were collected after the escalation of the conflict between Russia and Ukraine (February 2022) but before the impact of the mini budget under Liz Truss' government (October 2022). Given these changes and uncertainty in the economic outlook during and after this period, it may be that contributors would have given different responses, if they were answering the same questions several months earlier or later.

When asked what their views on the level of ASHE were on a short term (generally 1-2 years), medium term (2-5 years) and long term (5+ years) there tended to a forecast of reducing over time, with the average short, medium and long term views at 4.6%, 3.8% and 3.2% respectively. The range of responses was also greater in the shorter and medium term, highlighting the uncertainty within the economic outlook during those timeframes. The majority of responses for a long term view on ASHE were between 3.0% and 3.5% which is consistent with responses from our qualitative survey in recent years. Figure 41 outlines the distribution of responses. During the 2024 qualitative survey, the small number of responses received supported a long-term view of 3.0% to 3.5%.

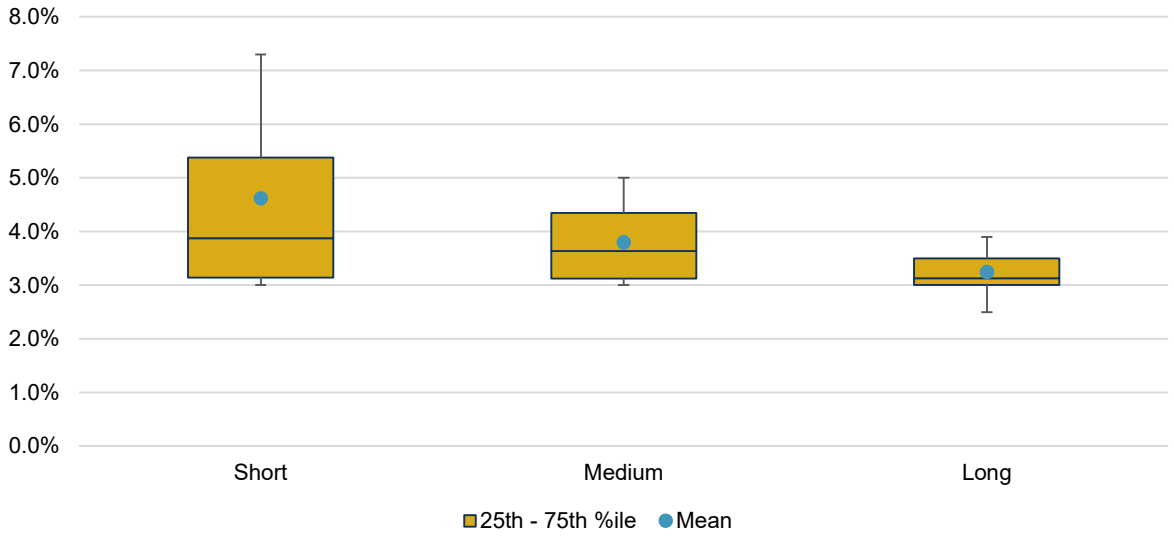

Figure 41: Views on the ASHE assumption in short, medium and long term

Figure 42 shows the approaches used to set the ASHE assumption. 77% of contributors are using forecasts of another economic index as a starting point (with RPI / CPI being the most commonly used) and making an adjustment for the assumed gap between these indices and ASHE. The remaining 23% based their ASHE assumption on explicit analysis of the historical index. Some noted that different approaches were taking depending on the

reporting bases and time horizon. 69% of the participants validated the appropriateness of these approaches using back-testing.

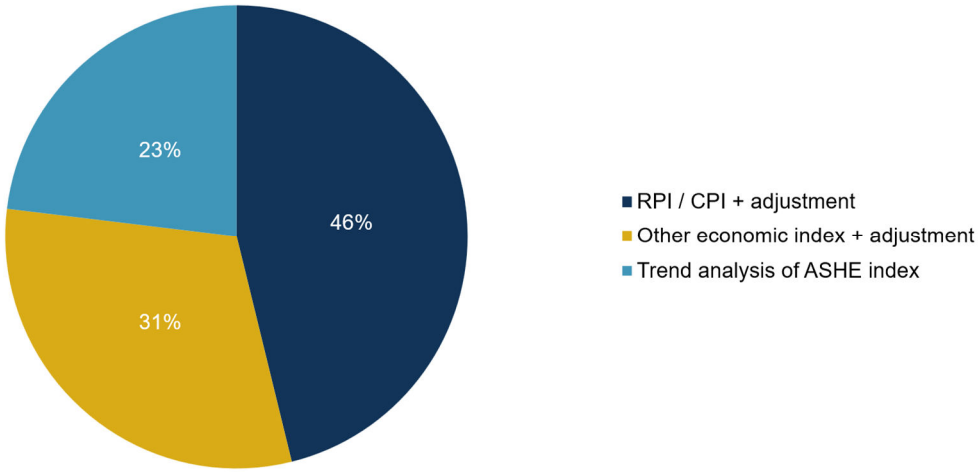

Figure 42: Approach used to set ASHE assumption

Within the last few years there have been several large market events that have had economic impacts (namely Brexit, COVID-19 and the current inflationary environment driven by, among other things, the conflict between Russia and Ukraine). We asked participants whether changes had been made to their ASHE assumptions in light of each of these events. Just under half of respondents had made a change because of each / any of these events, although a further 15% had considered these, even if they had not made a change explicitly linked to the individual events. It is worth noting that many of the participants that answered that they did not change or consider these factors had plans to revisit these assumptions within the 6 months following the survey.

Figure 43 shows the approach to allowing for volatility within the ASHE assumption within their capital models. 85% did make some allowance, with just over half of these doing so using their Economic Scenario Generator ("ESG"), either by linking their ASHE assumption to an existing output from the ESG with a fixed adjustment, or otherwise. The remaining participants who allowed for volatility did so by using stress or scenario tests.

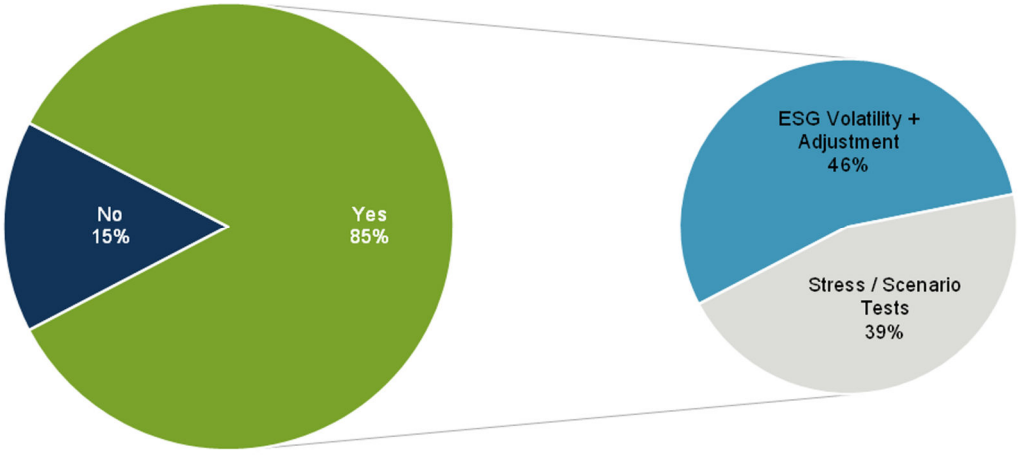

Figure 43: Approach to modelling volatility around ASHE assumption

Figure 44 shows the real long-term discount rate assumed by respondents which considers both the view of future inflation as well as the investment returns that can be achieved. Where respondents have used a non-fixed rate, an approximate equivalent flat rate has been used for comparison. Overall the trend in the last 2 years has been an increase in the assumed real discount rate, with most of the 2024 respondents using a positive rate.

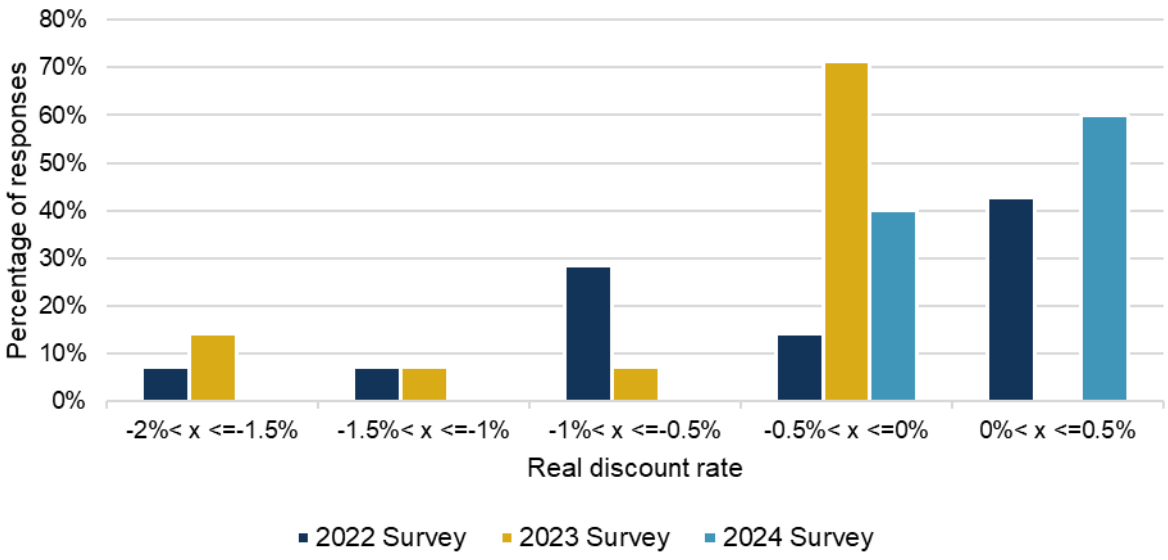

Figure 44: Real discount rate used by participants

Within reinsurance programmes there is often a disparity in the indexation terms compared with that used for the gross PPO claim. We asked participants what the approach and index used for their reinsurance programme and whether this was different in the periods up to and post settlement. Figure 45 shows the results, with around half of participants noting that the index used was different in the period up to settlement compared with post settlement of the PPO. In the period up to settlement the most common method was to index using a different index than that used for the gross PPO, which was typically the Average Weekly Earnings KA5H ("AWE") index. In the period post commencement of the PPO, the index attached to most reinsurance programmes was in line with that used for the gross PPO (i.e. 80th percentile of the ASHE 6115 index).

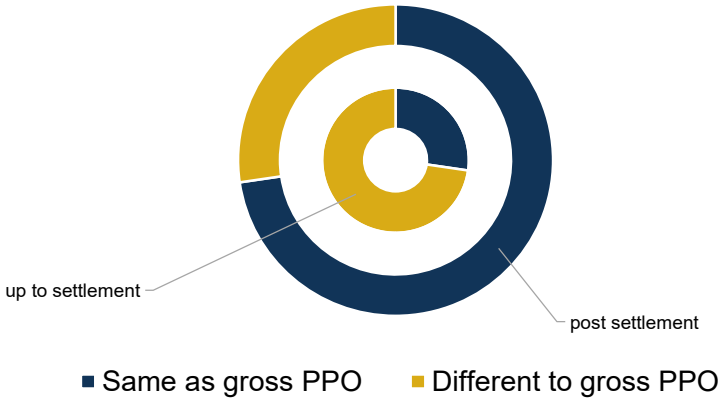

Figure 45: Reinsurance indexation approach

Civil Liability Bill and Ogden Discount Rate

The Government announced, under the "Civil Liability Bill", its proposals concerning whiplash claims and the Ogden discount rate in England and Wales.

The Civil Liability Bill was introduced to the House of Lords on 20 March 2018, with the key elements of the proposals in relation to whiplash claims (Part 1 of the Bill) appearing to be broadly similar to those set out under the previous Prisons and Courts Bill. These are:

- The introduction of a fixed tariff system for general damages on injury duration between 0 and 24 months for Road Traffic Act ("RTA") whiplash-related claims.
- The raising of the small claims track limit for Personal Injury claims from £1,000 to £2,000 for all Personal Injury claims, and from £1,000 to £5,000 for RTA claims.
- The requirement for medical reports for every RTA whiplash-related claim.

The key elements of the proposals in relation to the Ogden discount rate (Part 2 of the Bill) are:

- Changing the legal framework under which the discount rate is set, in particular setting it with reference to an investment strategy with a higher expected return than assumed under the current framework (from "very low risk" to "low risk") to reflect how claimants invest their compensation in practice.
- Specifying that the discount rate should be set at least every five years with the Lord Chancellor retaining discretion to set the discount rate within five years if necessary, with the first review initiated within 90 days of the legislation coming into force and requiring completion within 140 days.
- Setting up an expert panel for the Lord Chancellor to consult on the issues to consider in setting the discount rate.

The Civil Liability Bill received its Third Reading in the House of Lords on 27 June 2018 and was introduced to the House of Commons on 28 June 2018 with a number of amendments (such as the first review of the discount rate to take place without the expert panel, and subsequent reviews to be carried out within a maximum of five years rather than three years). The Second Reading in the House of Commons took place on 4 September 2018; the Public Bill Committee Stage took place on 11 September 2018; and was followed by the Report Stage and Third Reading on 23 October 2018. The House of Lords agreed to the House of Commons' amendments on 20 November 2018, and the Civil Liability Bill received Royal Assent on 20 December 2018.

In anticipation of Royal Assent and in preparation for the first review of the Ogden discount rate under the new legislation, the Government opened a consultation "Setting the Personal Injury Discount Rate: A Call for Evidence" (opened 6 December 2018; closed on 30 January 2019), in which it was seeking up-to-date data and information on a wide range of topics relevant to the setting of the discount rate under the provisions of the Civil Liability Bill, including investments available to claimants, investment advice provided to claimants, investments made by claimants and model investment portfolios.

Implementation of Part 1 of the Civil Liability Bill was delayed to 31 May 2021; however implementation of Part 2 followed an independent timetable and a revised Ogden discount rate of -0.25% was announced on 15 July 2019, effective for claims settling after 5 August 2019.

In April 2019, the Scottish Government's "Damages (Investment Returns and Periodical Payments) (Scotland) Bill" passed its final stage in Scottish parliament, with some notable differences to the Civil Liability Bill including:

- The discount rate being assessed by the Government Actuary for each review.
- The discount rate being set by reference to a notional investment portfolio constructed on the basis of portfolios described as "cautious".

In October 2019 it was announced that the Scottish discount rate would remain unchanged at -0.75% meaning that claimants in Scotland would receive higher compensation payments than in England and Wales.

In March 2022 , the personal injury discount rate in Northern Ireland was been set at -1.5%, a minor increase from the interim -1.75% rate set in March 2021.

In early 2024 a Call for Evidence paper "Setting the Personal Injury Discount Rate: A Call for Evidence" was published, seeking evidence on the following issues to inform the setting of the discount rate for England and Wales:

- Claimant universe;
- Inflation;
- Investment;
- Taxation;
- Dual or Multiple Rates;
- The availability of PPOs; and
- Any other considerations.

On 26 September 2024, the personal injury discount rate was set at +0.5% in Scotland and Northern Ireland, effective for claims settling from 27 September 2024.

On 2 December 2024, the outcome of the Call for Evidence were announced, with the Ogden discount rate increasing to +0.5% in England and Wales, effective for claims settling from 11 January 2025. The new Ogden discount rate unifies the rate across all UK jurisdictions.

The recent changes do not impact the data or analysis within this report.

Ogden Tables Impact of the change from +2.5% to -0.75% per annum

The reduction in the discount rate from +2.5% per annum to -0.75% per annum in 2017 has a significant impact on the value of individual claim settlements.

Figure 46 and Figure 47 illustrate the percentage increases in the whole of life and loss of earnings multipliers by age at trial and gender, taken from the Ogden tables (8th edition).

Age at Date of Trial	Males			Females		
	2.50% Real Yield (1)	-0.75% Real Yield (2)	Percentage Increase ((2) - (1)) / (1)	2.50% Real Yield (1)	-0.75% Real Yield (2)	Percentage Increase ((2) - (1)) / (1)
5	34.90	116.43	234%	35.32	121.09	243%
10	34.08	106.28	212%	34.57	110.88	221%
20	32.07	87.19	172%	32.74	91.68	180%
30	29.53	69.82	136%	30.38	74.05	144%
40	26.35	54.10	105%	27.39	57.97	112%
50	22.47	40.06	78%	23.66	43.43	84%
60	17.83	27.67	55%	19.15	30.53	59%

Figure 46: Multipliers for pecuniary loss for life from the Ogden tables (males Table 1 and females Table 2) assuming no impairment, for discount rates of +2.5% per annum and -0.75% per annum

Age at Date of Trial	Males			Females		
	2.50% Real Yield (1)	-0.75% Real Yield (2)	Percentage Increase ((2) - (1)) / (1)	2.50% Real Yield (1)	-0.75% Real Yield (2)	Percentage Increase ((2) - (1)) / (1)
20	26.72	52.25	96%	26.90	52.75	96%
30	22.91	38.87	70%	23.11	39.31	70%
40	18.14	26.60	47%	18.33	26.92	47%
50	12.18	15.37	26%	12.29	15.54	26%
60	4.61	4.99	8%	4.64	5.03	8%

Figure 47: Multipliers for loss of earnings to pension age 65 from the Ogden tables (males Table 9 and females Table 10) assuming no impairment, for discount rates of +2.5% per annum and -0.75% per annum

Ogden Tables Impact of the change from -0.75% to -0.25% per annum

The increase in the discount rate from -0.75% per annum to -0.25% per annum in 2019 again had a material impact on the value of individual claim settlements.

Figure 48 and Figure 49 illustrate the percentage increases (in this case decreases) in the whole of life and loss of earnings multipliers by age at trial and gender, taken from the Ogden tables (8th edition).

Age at Date of Trial	Males			Females		
	-0.75% Real Yield (1)	-0.25% Real Yield (2)	Percentage Increase ((2) - (1)) / (1)	-0.75% Real Yield (1)	-0.25% Real Yield (2)	Percentage Increase ((2) - (1)) / (1)
5	116.43	92.47	-21%	121.09	95.61	-21%
10	106.28	85.71	-19%	110.88	88.90	-20%
20	87.19	72.46	-17%	91.68	75.75	-17%
30	69.82	59.75	-14%	74.05	63.00	-15%
40	54.10	47.63	-12%	57.97	50.75	-12%
50	40.06	36.24	-10%	43.43	39.09	-10%
60	27.67	25.68	-7%	30.53	28.20	-8%

Figure 48: Multipliers for pecuniary loss for life from the Ogden tables (males Table 1 and females Table 2) assuming no impairment, for discount rates of -0.75% per annum and -0.25% per annum

Age at Date of Trial	Males			Females		
	-0.75% Real Yield (1)	-0.25% Real Yield (2)	Percentage Increase ((2) - (1)) / (1)	-0.75% Real Yield (1)	-0.25% Real Yield (2)	Percentage Increase ((2) - (1)) / (1)
20	52.25	46.53	-11%	52.75	46.95	-11%
30	38.87	35.55	-9%	39.31	35.93	-9%
40	26.60	24.97	-6%	26.92	25.27	-6%
50	15.37	14.81	-4%	15.54	14.96	-4%
60	4.99	4.93	-1%	5.03	4.97	-1%

Figure 49: Multipliers for loss of earnings to pension age 65 from the Ogden tables (males Table 9 and females Table 10) assuming no impairment, for discount rates of -0.75% per annum and -0.25% per annum

Ogden Tables Impact of the change from 7th Edition to 8th Edition

In July 2020 the Government Actuary's Department released the Actuarial tables for use in personal injury and fatal accident cases – 8th edition. The multipliers published in the 8th edition were calculated using mortality rates from the 2018-based projections, compared with the 7th edition where multipliers were calculated using mortality rates from the 2008-based projections.

Somewhat surprisingly, given the previous upward trend in the projected life expectancy data, the expectations of life (and hence the multipliers derived from them at all discount rates and ages) in the 8th edition of the Ogden tables are lower than in the 7th edition, notwithstanding the 10-year difference in the data. This reflects both the lower decreases in mortality than previously projection between 2008 and 2018 and more pessimistic assumptions adopted by the ONS regarding the future rates of improvement of mortality at some ages over the next few years, but especially at older ages.

Figures 50 and Figure 51 illustrate the percentage increases (in this case decreases for pecuniary loss) in the whole of life and loss of earnings multipliers by age at trial and gender, from the 7th edition to 8th edition of the Ogden tables (using a -0.25% discount rate).

Age at Date of Trial	Males			Females		
	Ogden 7th Edition (1)	Ogden 8th Edition (2)	Percentage Increase ((2) - (1)) / (1)	Ogden 7th Edition (1)	Ogden 8th Edition (2)	Percentage Increase ((2) - (1)) / (1)
5	93.74	92.47	-1.4%	98.11	95.61	-2.5%
10	86.89	85.71	-1.4%	91.28	88.90	-2.6%
20	73.56	72.46	-1.5%	77.94	75.75	-2.8%
30	60.83	59.75	-1.8%	65.03	63.00	-3.1%
40	48.76	47.63	-2.3%	52.64	50.75	-3.6%
50	37.30	36.24	-2.8%	40.88	39.09	-4.4%
60	26.95	25.68	-4.7%	30.00	28.20	-6.0%

Figure 50: Multipliers for pecuniary loss for life from the Ogden tables (males Table 1 and females Table 2) assuming no impairment, for Ogden tables 7th edition and 8th edition for discount rate -0.25% per annum

Age at Date of Trial	Males			Females		
	Ogden 7th Edition (1)	Ogden 8th Edition (2)	Percentage Increase ((2) - (1)) / (1)	Ogden 7th Edition (1)	Ogden 8th Edition (2)	Percentage Increase ((2) - (1)) / (1)
20	46.34	46.53	0.4%	46.91	46.95	0.1%
30	35.41	35.55	0.4%	35.90	35.93	0.1%
40	24.89	24.97	0.3%	25.23	25.27	0.2%
50	14.73	14.81	0.5%	14.92	14.96	0.3%
60	4.92	4.93	0.2%	4.96	4.97	0.2%

Figure 51: Multipliers for loss of earnings to pension age 65 from the Ogden tables (males Table 9 and females Table 10) assuming no impairment, for Ogden tables 7th edition and 8th edition for discount rate -0.25% per annum

Ogden Tables Impact of the change from -0.25% to +0.5% per annum

On 2 December 2024, it was announced that the Ogden discount rate would increase to +0.5% in England and Wales, effective for claims settling from 11 January 2025.

Figure 52 and Figure 53 illustrate the percentage increases (in this case decreases) in the whole of life and loss of earnings multipliers by age at trial and gender, taken from the Ogden tables (8th edition).

Age at Date of Trial	Males			Females		
	-0.75% Real Yield (1)	+0.5% Real Yield (2)	Percentage Increase ((2) - (1)) / (1)	-0.75% Real Yield (1)	+0.5% Real Yield (2)	Percentage Increase ((2) - (1)) / (1)
5	92.47	67.61	-27%	95.61	69.38	-27%
10	85.71	63.89	-25%	88.90	65.76	-26%
20	72.46	56.15	-23%	75.75	58.22	-23%
30	59.75	48.10	-19%	63.00	50.32	-20%
40	47.63	39.82	-16%	50.75	42.10	-17%
50	36.24	31.44	-13%	39.09	33.65	-14%
60	25.68	23.07	-10%	28.20	25.18	-11%

Figure 52: Multipliers for pecuniary loss for life from the Ogden tables (males Table 1 and females Table 2) assuming no impairment, for discount rates of -0.25% per annum and +0.5% per annum

Age at Date of Trial	Males			Females		
	-0.75% Real Yield (1)	+0.5% Real Yield (2)	Percentage Increase ((2) - (1)) / (1)	-0.75% Real Yield (1)	+0.5% Real Yield (2)	Percentage Increase ((2) - (1)) / (1)
20	46.53	39.45	-15%	46.95	39.78	-15%
30	35.55	31.26	-12%	35.93	31.58	-12%
40	24.97	22.78	-9%	25.27	23.04	-9%
50	14.81	14.01	-5%	14.96	14.15	-5%
60	4.93	4.84	-2%	4.97	4.87	-2%

Figure 53: Multipliers for loss of earnings to pension age 65 from the Ogden tables (males Table 9 and females Table 10) assuming no impairment, for discount rates of -0.25% per annum and +0.5% per annum

Impact of the change in the Ogden discount rate

Qualitative indications

Since 2017 the IFoA PPO Working Party has asked questions specifically in relation to the changes in the Ogden discount rate to -0.75% per annum and -0.25% per annum within the qualitative survey.

Whilst there were insufficient responses to the qualitative survey in 2024 to produce meaningful results, some of the key highlights of the responses to these questions from the most recent full report (2022) are provided below. Please consider any changes to the Ogden discount rate or wider claims environment since then when interpreting these results.

All of the participating insurers valued non-PPO claims within the Actuarial Best Estimate reserves on an Ogden -0.25% per annum basis (i.e. the prevailing discount rate) however some respondents noted that they had succeeded in settling large claims at rates higher than -0.25% per annum since the Ogden discount rate change (i.e. at 0% per annum to +1% per annum).

Participating insurers were asked what percentage change (relative to an Ogden 2.5% per annum basis) in PPO propensity they assumed as part of their Actuarial Best Estimate calculations. There were a wide range of responses from no reduction to an 80% reduction, with the majority of participants assuming a 50% reduction.

Participating insurers were asked what their assumed reductions in PPO propensity would be (relative to an Ogden 2.5% per annum basis), from scenario analyses, if the Ogden discount rate moved to between 1.0% and -1.5% per annum. Generally, the lower the discount rate, the larger the percentage decrease in PPO propensity participating insurers expected. However, some participating insurers expected the same reduction in propensity across multiple scenarios. 4 participants responded to this question. Figure 54 shows the distribution of assumed PPO propensity reduction by Ogden discount rate.

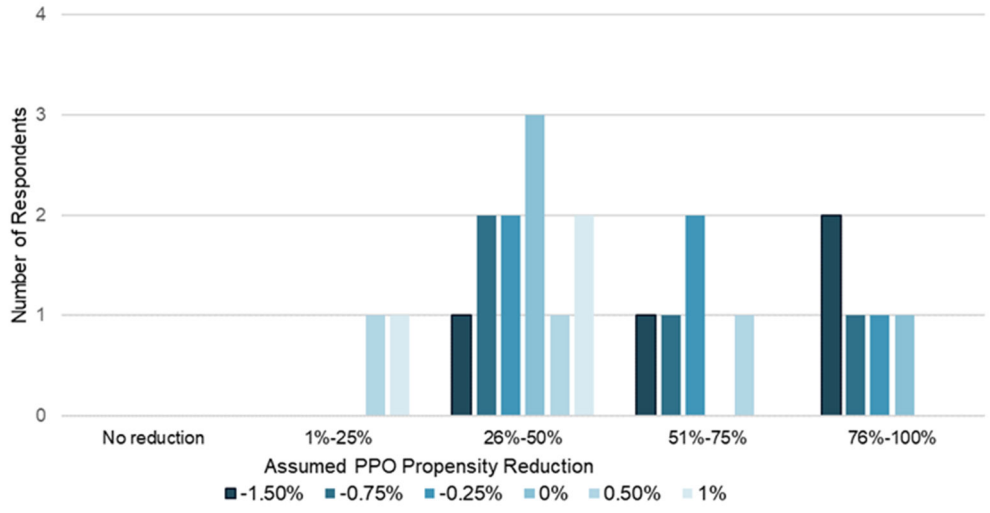

Figure 54: Assumed PPO propensity reduction by Ogden discount rate

In terms of additional reserve margins for further reductions in the Ogden discount rate, this was often as part of a general margin, with no participants holding an explicit margin for this.

Participating insurers were asked if they had seen any changes in the speed of settlement of claims or in claimant / lawyer behaviour.

Around half of insurers said that they had noticed a slowing down of claim settlements, particularly in the period running up to the rate change announcement on 27 February 2017, with the remaining half saying they had seen no difference. Most insurers noted that settlement speeds have started to pick up with no large backlog of open claims caused by Ogden uncertainty.

Quantitative indications

As part of our analysis on the 2023 year-end data we have captured the change to PPO propensity following the changes in the Ogden discount rate in March 2017 and August 2019.

The figures below show the impact of this Ogden adjustment on the number of claims considered large and on the PPO propensity. Details on methodology are provided in Appendix D.

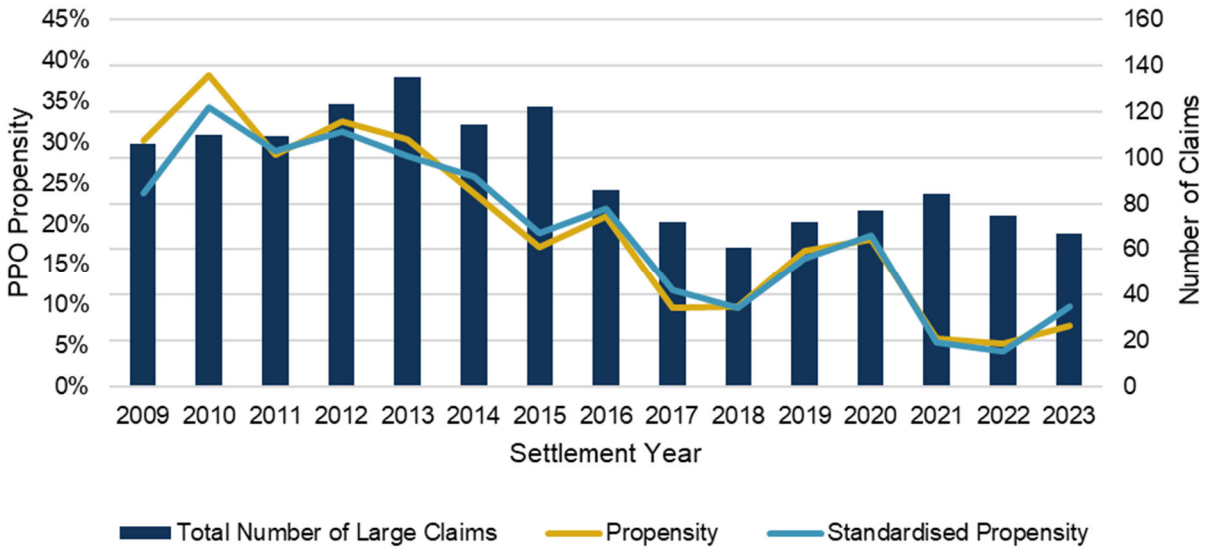

Figure 55: Motor (non-MIB) PPO propensity and standardised Motor (non-MIB) PPO propensity, by settlement year, without an Ogden adjustment

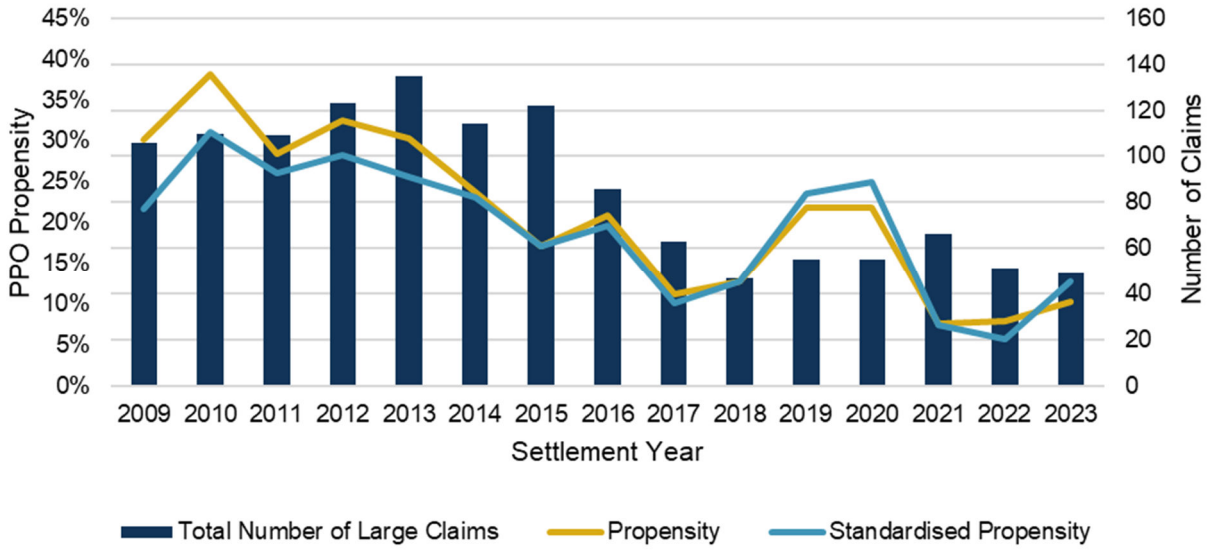

Figure 56: Motor (non-MIB) PPO propensity and standardised Motor (non-MIB) PPO propensity, by settlement year, with an Ogden adjustment

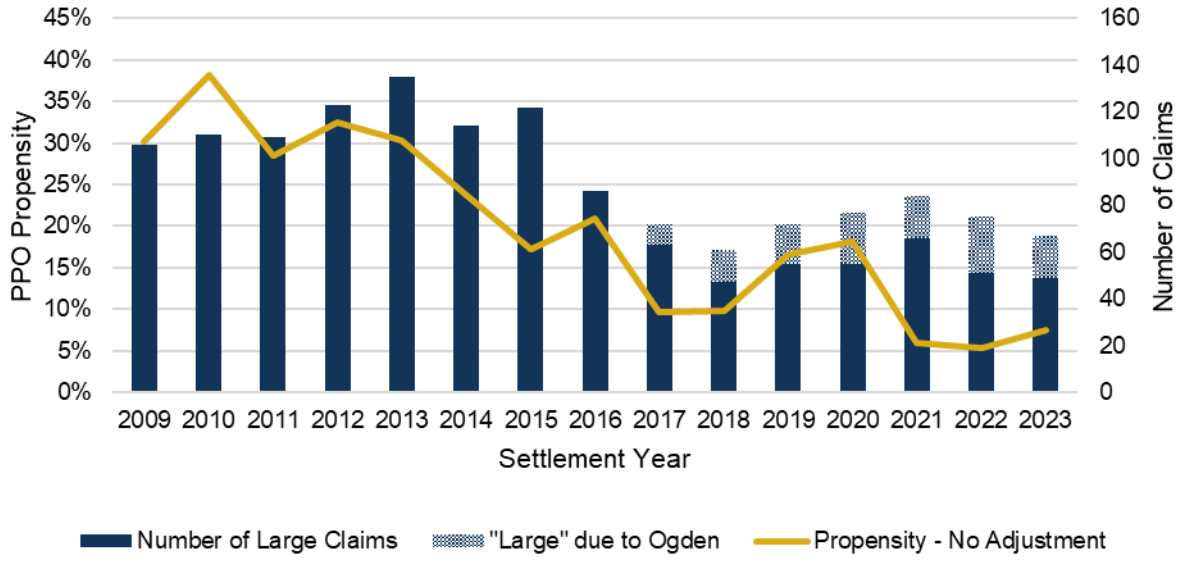

Figure 57: Motor (non-MIB) PPO propensity and impact of Ogden adjustment on number of large claims, by settlement year

The charts above show some interesting developments following the change in the Ogden discount rate in March 2017. On an Ogden adjusted basis, the number of large claims, represented by the bars, has seen a large reduction compared with the 2016 and prior settlement years. This is surprising as we would expect there to now be more large claims above £1 million. We have previously suggested that this could be a result of a slowing down in the settlement of claims, driven by the uncertainty surrounding the Ogden discount rate, as well as an impact of COVID-19 court closures and delays. Questions regarding settlement rates have been asked as part of the qualitative survey and indicate that whilst there were some backlogs whilst the Ogden discount rate was at -0.75%, these have now cleared. There was an increase in the number of large claims settling in 2021 compared with

2017-2020, although this reduced in 2022 and 2023, so it is difficult to comment on whether there are any underlying trends.

It is worth noting that the Ogden adjustment made is mechanical based on the Ogden tables and relevant claimant characteristics. In reality there may be additional factors and negotiations which feed into the final claim amounts for lump sum settlements, which mean that the true impact of a change in the Ogden discount rate is less than, or greater than, that implied by the change in the corresponding Ogden multipliers.

On a non-Ogden adjusted basis, the standardised Motor (non-MIB) PPO propensity has increased from 4.3% in settlement year 2022 to 9.9% in settlement year 2023 (an increase from 5.3% to 7.5% on a non-standardised basis).

On an Ogden adjusted basis the standardised Motor (non-MIB) PPO propensity has increased from 5.7% in settlement year 2022 to 12.7% in settlement year 2023 (an increase from 7.8% to 10.2% on a non-standardised basis). The Ogden adjusted propensity for the 2019 and 2020 settlement years are much more in line with the PPO propensity seen prior to 2017. However, there is significant volatility, and the propensity post-2021 remains at a lower level, even after applying the Ogden adjustment.

Acknowledgements

The IFoA PPO Working Party would like to thank all of the members of the working party past and present for their work and contributions to this report and other workstreams. Particular thanks goes to the following individuals:

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Justin Thomas (Chair of the IFoA PPO Working Party at the time of publication).

The IFoA PPO Working Party would also like to thank the companies for which the above individuals work, for allowing them to provide such valuable input. Particular thanks must go to WTW, whose consultants performed the analysis of the data for the quantitative industry survey and undertook the qualitative industry survey.

Appendices

A. Glossary of terms

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Appendix A Glossary of terms

ASHE	Annual Survey of Hours and Earnings
AWE	Average Weekly Earnings
Capitalisation clause	A clause which allows (or even compels) a reinsurer to settle an individual PPO liability as a lump sum with an insurer, on a pre-agreed basis, once such an award has been made / agreed
EIOPA	European Insurance and Occupational Pensions Authority
FRC	Financial Reporting Council
GAAP	Generally Accepted Accounting Principles
IFoA	Institute and Faculty of Actuaries
IFRS	International Financial Reporting Standards
ILG(s)	Index-linked gilt(s)
MoJ	Ministry of Justice
Ogden tables	Government Actuary's Department's "Actuarial Tables with explanatory notes for use in Personal Injury and Fatal Accident Cases" published by The Stationery Office
ONS	Office for National Statistics
ORSA	Own Risk and Solvency Assessment
PPO(s)	Periodical Payment Order(s)
PRA	Prudential Regulation Authority
RPI	Retail Prices Index
RTA	Road Traffic Act
SCR	Solvency Capital Requirement (under the Solvency II regime)
TAS	Technical Actuarial Standard
XoL	Excess of Loss (reinsurance programme)

Appendix B Standardisation for PPO propensity statistics

The data collected for the quantitative industry survey clearly shows that the likelihood of a claim settling as a PPO varies with the size of the claim, with larger claims being more likely to have settled as a PPO.

In our statistics looking at the change in PPO propensity by settlement year, we have therefore considered a standardised PPO propensity which adjusts for (or removes) the volatility in the PPO propensity arising from differences in the mix of large claims by amount between years.

In this appendix, we explain the standardisation basis for Motor (non-MIB) claims and for Liability claims. The data collected from the MIB does not include non-PPO large claims, and so we are not able to produce PPO propensity statistics or standardised PPO propensity statistics for MIB claims.

B.1 Standardisation for Motor (non-MIB) claims

Figure B.1 shows the proportion of Motor (non-MIB) large claims in each claim size band, for each settlement year. The claim size thresholds are defined in 2011 terms, indexed at 7% per annum.

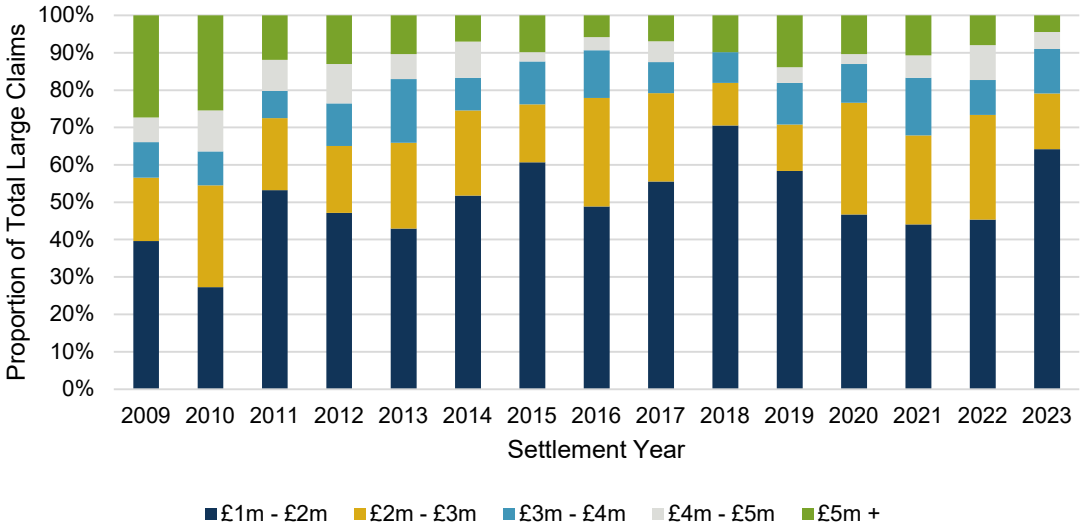

Figure B.1: Proportion of Motor (non-MIB) large claims in each claim size band, by settlement year

Averaging across settlement years 2009 to 2023 gives the proportion of large claims in each claim size band shown in Figure B.2, and this is the large claim distribution that underlies the standardised Motor (non-MIB) PPO propensity figures discussed in this report.

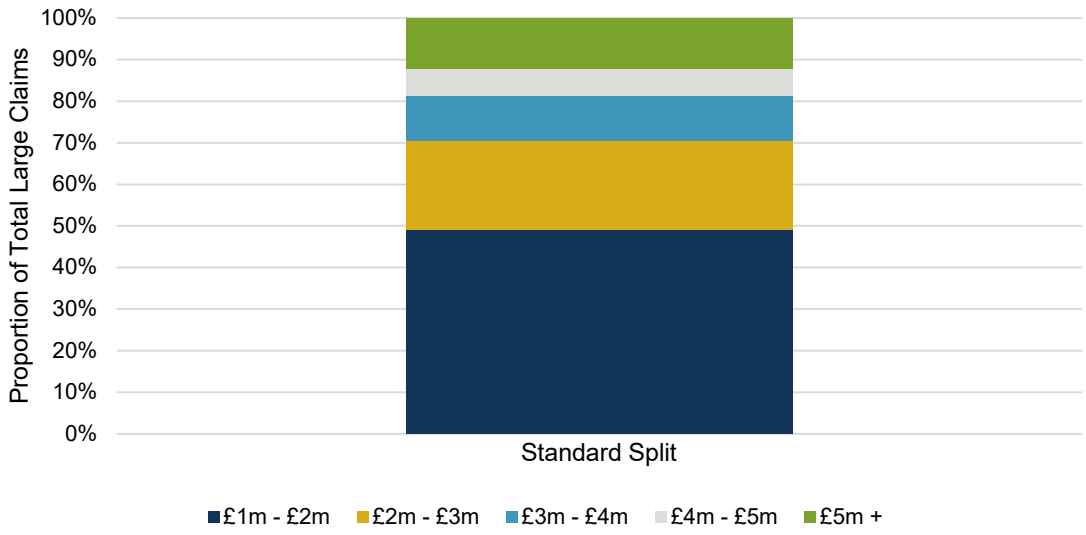

Figure B.2: Proportion of Motor (non-MIB) large claims in each claim size band, averaged across settlement years 2009 to 2023 inclusive, used for standardisation

The standardised Motor (non-MIB) PPO propensity for a given year is estimated by combining the Motor (non-MIB) PPO propensities for each claim size band for that settlement year, with the proportion of large claims in each claim size band shown.

B.2 Standardisation for Liability claims

Figure B.3 shows the proportion of Liability large claims in each claim size band, for each settlement year. The claim size thresholds are defined in 2011 terms, indexed at 7% per annum. Averaging across settlement years 2009 to 2023 (for consistency with the Motor analysis) gives the proportion of large claims in each claim size band shown in Figure B.4, and this is the large claim distribution that underlies the standardised Liability PPO propensity figures discussed in this report. The standardised Liability propensity for a given year is estimated by combining the Liability PPO propensities for each claim size band for that settlement year, with the proportion of large claims in each claim size band shown in Figure B.4.

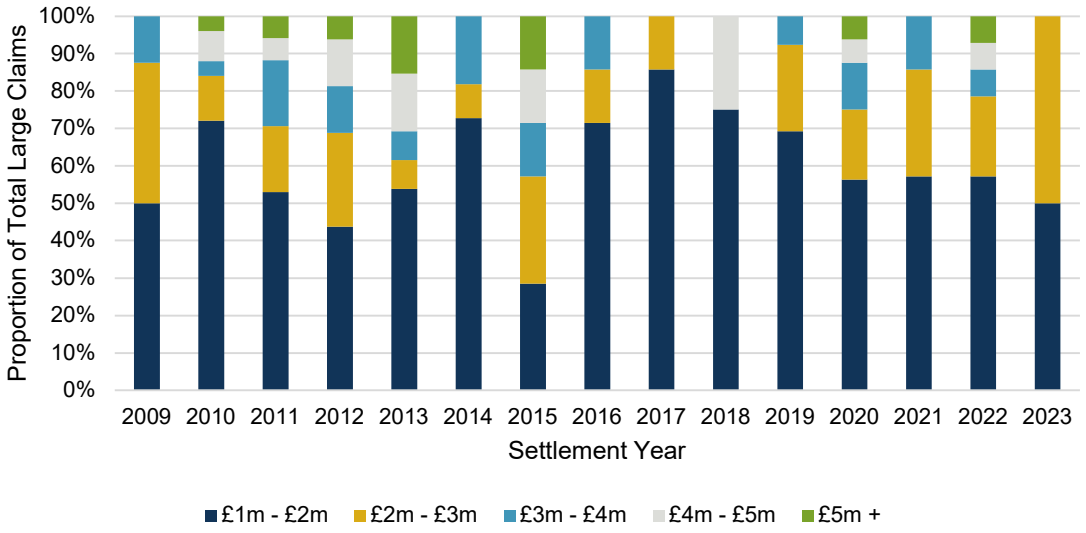

Figure B.3: Proportion of Liability large claims in each claim size band, by settlement year

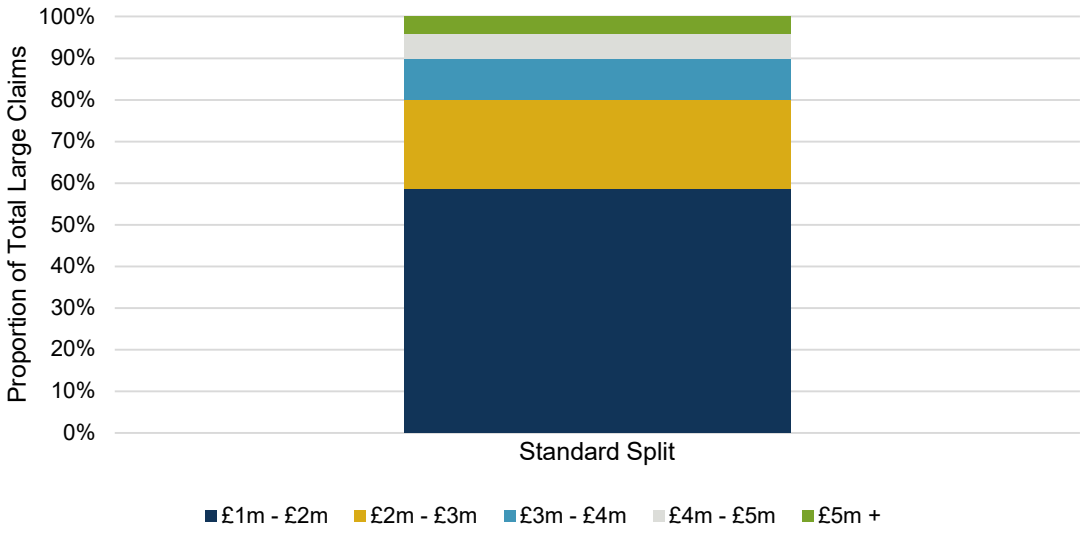

Figure B.4: Proportion of Liability large claims in each claim size band, averaged across settlement years 2009 to 2023 inclusive, used for standardisation

Appendix C Definitions of large claims, and incremental and cumulative thresholds

C.1 Large claims

The PPO propensity statistics discussed in this report are defined as the number of PPO claims as a proportion of large claims.

The definition of a large claim is a claim that is greater than £1 million in 2011 terms, indexed at 7% per annum (based on the historical claims inflation seen within the Third Party Working Party analysis). So, if considering settlement year, a claim settling in 2008 is deemed large if it is greater than £816,298 (£1,000,000 x 1.07^{-3}), and a claim settling in 2021 is deemed large if it is greater than £2,252,192 (£1,000,000 x 1.07^{12}).

In a number of the analyses summarised in this report, we consider claims in various claim size bands. In each case, the claim size thresholds are also defined in 2011 terms, indexed at 7% per annum. A claim falls in a given band if it is greater than or equal to the lower bound of the band, but less than the upper bound of the band (where there is an upper bound). For PPO claims, the claim size is determined by calculating the discounted total cost (using a real discount rate as outlined in Appendix D).

C.2 Incremental threshold and cumulative threshold

A number of the analyses are described as using incremental thresholds and cumulative thresholds.

In an incremental threshold analysis, a claim will only fall in a single claim size band. In a cumulative threshold analysis, a claim may fall in multiple claim size bands.

For example, considering the two Motor (non-MIB) PPO propensity figures below, a £3.25 million claim (in 2011 terms) will fall in the £3m-£4m band in Figure C.1, and it will fall in each of the £1m+, £2m+ and £3m+ bands in Figure C.2.

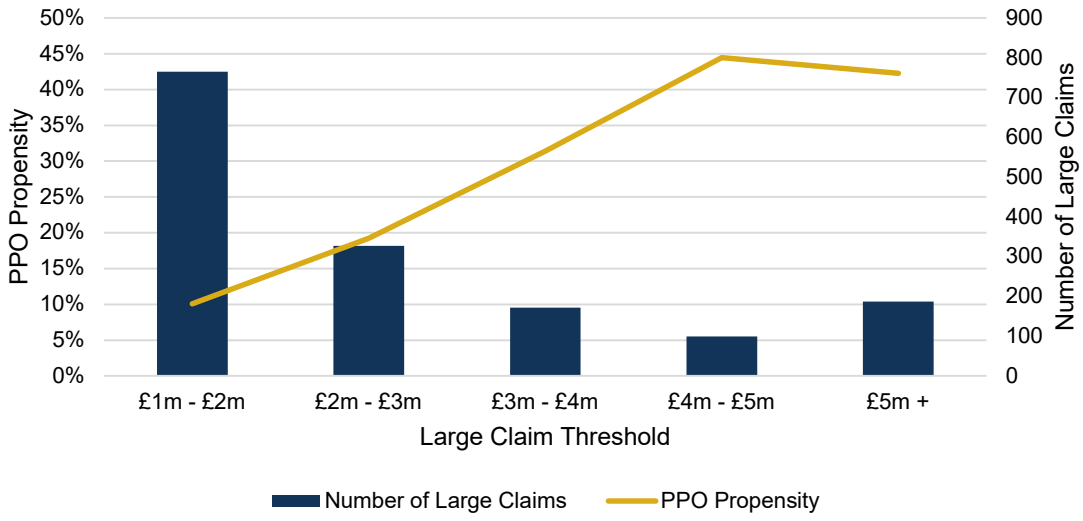

Figure C.1: Motor (non-MIB) PPO propensity, by incremental large claim threshold band (2011 terms)

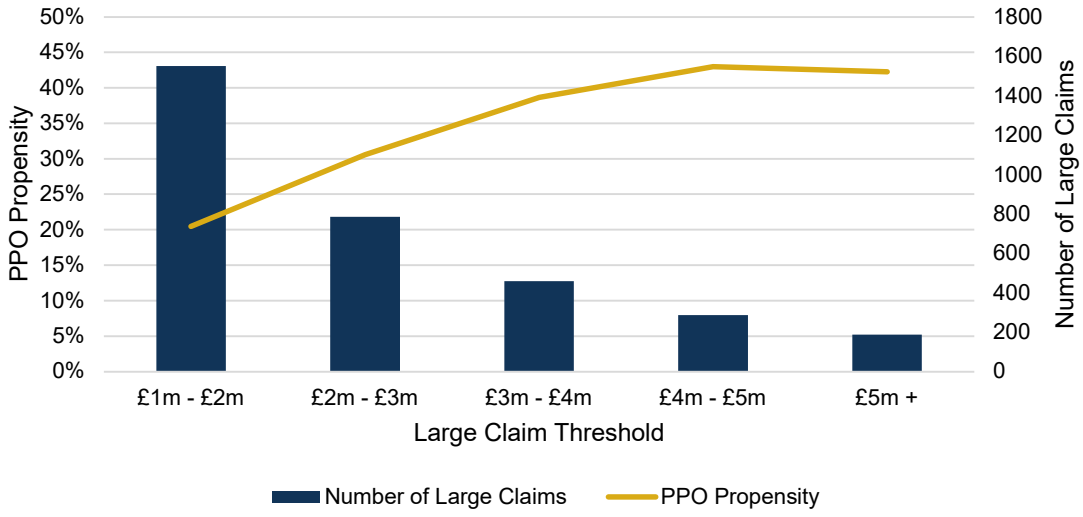

Figure C.2: Motor (non-MIB) PPO propensity, by cumulatibe large claim threshold band (2011 terms)

Appendix D Standardisation for differing Ogden discount rates

The data collected for the analysis in this report includes three different Ogden discount rate environments. This affects the valuation of the large non-PPO claims and also how we value the Ogden equivalent value for PPOs within our analysis.

By way of example, during the period post 20 March 2017 we would expect there to be more large claims above £1 million as the discount rate used to value them has decreased significantly. We might expect this to affect PPO Propensity as less significant injuries which would have a lower chance of becoming a PPO are now valued above a million and are captured in our analysis.

As part of our analysis, therefore, we have provided results on a basis consistent with all claims being values at a 2.5% Ogden discount rate. In order to revalue the large claims post 20 March 2017 we have used the claimant's characteristics, the discount rate used when settling the claim and the Ogden table multipliers.

In terms of the value taken in our analysis for PPOs, we have used the Ogden equivalent value to best match the large claims basis at that point in time. The Ogden equivalent PPO value discount rate for claims between 20 March 2017 and 5 August 2019 of 0.5% is based on the results of our market research for the qualitative survey. For claims settling post 5 August 2019 we have assumed an Ogden equivalent PPO value discount rate in line with the prevailing Ogden discount rate of -0.25%. The table below shows the rates we have used for our unadjusted and adjusted basis.

Where an Ogden adjusted figure is presented within this report, we have used the adjusted claim value for each claim to assess whether the claim meets the large threshold, as well as categorising into claim size bands.

The materiality of the impact of moving between different Ogden discount rates, is illustrated in Figure 46 to Figure 53.

Time period / adjusted or not	Ogden equivalent PPO value discount rate	Large claim discount rate
Pre March 2017	2.50%	2.50%
March 2017 - August 2019 (unadjusted)	0.50%	Rate used in settlement
Post August 2019 (unadjusted)	-0.25%	Rate used in settlement
Post March 2017 (adjusted)	2.50%	2.50%

Figure D.1: Discount rates used for propensity analysis

Appendix E Summary statistics for all PPO claims

In this appendix, we provide summary statistics for all of the PPO claims in the quantitative industry survey, for the following characteristics:

- Age of claimant at settlement (years)
- Delay from accident date until settlement date (years)
- Future life expectancy at settlement date (years)
- Life expectancy reduction (years)
- Initial annual PPO payment (summed across all heads of damage) (£ nominal)
- Lump sum payment (£ nominal).

The figures are shown cumulative across all settlement years, and also separately for the pre-2023 settlement years and the 2023 settlement year alone.

Where there are a limited number of claims available in a given cohort, summary statistics are not provided for reasons of data protection.

The figures have not been adjusted for inflation and so may under-estimate the size profile of future PPO claims. It is worth noting that the average settlement date of a PPO claim contained within the quantitative industry survey is as follows:

- The average settlement date of a non-MIB Motor PPO claim is November 2013
- The average settlement date of an MIB Motor PPO claim is May 2013
- The average settlement date of a Liability PPO claim is October 2013

E.1 Motor (non-MIB) PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	35.5	29.6	17.4	0.9	417
Delay until settlement	6.5	5.7	3.3	1.7	417
Future life expectancy at settlement	38.9	40.5	18.1	(0.2)	403
Life expectancy reduction	11.9	8.4	12.8	1.5	403
Annual PPO payment (£)	100,381	72,500	91,375	1.9	417
Lump sum (£)	1,820,289	1,600,000	1,437,271	1.6	417
Pre 2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	35.4	29.5	17.3	0.9	409
Delay until settlement	6.5	5.7	3.3	1.7	409
Future life expectancy at settlement	39.1	41.0	18.1	(0.2)	395
Life expectancy reduction	11.8	8.4	12.6	1.5	395
Annual PPO payment (£)	99,803	72,225	91,103	1.9	409
Lump sum (£)	1,787,751	1,600,000	1,402,923	1.6	409
2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	40.1	37.3	19.9	0.8	8
Delay until settlement	6.1	5.4	1.7	0.5	8
Future life expectancy at settlement	28.6	28.0	15.7	0.6	8
Life expectancy reduction	16.7	6.2	19.6	1.4	8
Annual PPO payment (£)	129,941	132,500	99,980	0.5	8
Lump sum (£)	3,483,820	2,900,000	2,057,159	0.2	8

Figure E.1: Summary statistics for Motor (non-MIB) PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	34.4	28.4	16.9	0.9	348
Delay until settlement	6.4	5.6	3.2	1.7	348
Future life expectancy at settlement	40.0	41.8	17.8	(0.2)	335
Life expectancy reduction	11.9	8.2	13.1	1.4	335
Annual PPO payment (£)	97,967	68,635	92,812	2.0	348
Lump sum (£)	1,929,170	1,670,345	1,448,719	1.7	348
Pre 2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	34.3	28.1	16.9	0.9	340
Delay until settlement	6.4	5.6	3.2	1.7	340
Future life expectancy at settlement	40.3	42.2	17.8	(0.2)	327
Life expectancy reduction	11.8	8.2	12.9	1.4	327
Annual PPO payment (£)	97,215	67,135	92,503	2.1	340
Lump sum (£)	1,892,590	1,641,439	1,410,811	1.8	340
2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	40.1	37.3	19.9	0.8	8
Delay until settlement	6.1	5.4	1.7	0.5	8
Future life expectancy at settlement	28.6	28.0	15.7	0.6	8
Life expectancy reduction	16.7	6.2	19.6	1.4	8
Annual PPO payment (£)	129,941	132,500	99,980	0.5	8
Lump sum (£)	3,483,820	2,900,000	2,057,159	0.2	8

Figure E.2: Summary statistics for Private Motor (non-MIB) PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	36.5	32.6	16.8	1.0	38
Delay until settlement	7.4	6.2	4.1	1.8	38
Future life expectancy at settlement	34.4	36.8	17.6	(0.2)	37
Life expectancy reduction	15.7	10.3	12.4	1.5	37
Annual PPO payment (£)	105,285	93,000	77,741	1.4	38
Lump sum (£)	1,002,137	0	1,344,078	1.5	38
Pre 2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	38
Delay until settlement	NA	NA	NA	NA	38
Future life expectancy at settlement	NA	NA	NA	NA	37
Life expectancy reduction	NA	NA	NA	NA	37
Annual PPO payment (£)	NA	NA	NA	NA	38
Lump sum (£)	NA	NA	NA	NA	38
2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	0
Delay until settlement	NA	NA	NA	NA	0
Future life expectancy at settlement	NA	NA	NA	NA	0
Life expectancy reduction	NA	NA	NA	NA	0
Annual PPO payment (£)	NA	NA	NA	NA	0
Lump sum (£)	NA	NA	NA	NA	0

Figure E.3: Summary statistics for Commercial Motor (non-MIB) PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	35.2	29.6	17.0	0.8	264
Delay until settlement	6.2	5.4	3.0	1.8	264
Future life expectancy at settlement	38.7	39.9	17.4	(0.2)	255
Life expectancy reduction	12.2	9.1	12.8	1.4	255
Annual PPO payment (£)	107,730	73,750	100,716	1.8	264
Lump sum (£)	1,990,497	1,694,010	1,576,878	1.7	264
Pre 2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	34.9	29.4	16.9	0.8	257
Delay until settlement	6.2	5.4	3.0	1.8	257
Future life expectancy at settlement	38.9	40.0	17.4	(0.2)	248
Life expectancy reduction	12.2	9.6	12.8	1.4	248
Annual PPO payment (£)	107,860	72,500	101,326	1.8	257
Lump sum (£)	1,946,968	1,680,000	1,534,103	1.7	257
2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	43.4	39.9	19.0	0.8	7
Delay until settlement	5.7	5.3	1.4	0.9	7
Future life expectancy at settlement	31.1	29.0	15.2	0.5	7
Life expectancy reduction	10.8	3.4	12.7	1.8	7
Annual PPO payment (£)	102,946	125,000	74,794	(0.2)	7
Lump sum (£)	3,588,651	3,050,000	2,179,116	0.0	7

Figure E.4: Summary statistics for Private Comprehensive Motor (non-MIB) PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	53.6	53.1	6.7	0.3	3
Delay until settlement	6.9	7.0	0.1	(0.5)	3
Future life expectancy at settlement	18.6	17.4	3.9	1.0	3
Life expectancy reduction	11.0	13.1	4.8	(1.4)	3
Annual PPO payment (£)	132,750	135,000	20,780	(0.4)	3
Lump sum (£)	1,482,333	1,397,000	513,865	0.6	3
Pre 2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	3
Delay until settlement	NA	NA	NA	NA	3
Future life expectancy at settlement	NA	NA	NA	NA	3
Life expectancy reduction	NA	NA	NA	NA	3
Annual PPO payment (£)	NA	NA	NA	NA	3
Lump sum (£)	NA	NA	NA	NA	3
2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	0
Delay until settlement	NA	NA	NA	NA	0
Future life expectancy at settlement	NA	NA	NA	NA	0
Life expectancy reduction	NA	NA	NA	NA	0
Annual PPO payment (£)	NA	NA	NA	NA	0
Lump sum (£)	NA	NA	NA	NA	0

Figure E.5: Summary statistics for Private Non-Comprehensive Motor (non-MIB) PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	34.0	27.8	16.7	0.9	242
Delay until settlement	6.7	5.9	3.2	1.7	242
Future life expectancy at settlement	40.3	41.5	17.7	(0.2)	232
Life expectancy reduction	12.1	7.9	14.2	1.5	232
Annual PPO payment (£)	96,670	70,500	86,234	1.7	242
Lump sum (£)	1,940,899	1,682,450	1,308,942	1.7	242
Pre 2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	33.8	27.8	16.5	0.9	235
Delay until settlement	6.8	5.9	3.3	1.6	235
Future life expectancy at settlement	40.6	41.8	17.6	(0.2)	225
Life expectancy reduction	12.0	8.1	13.9	1.5	225
Annual PPO payment (£)	95,657	70,000	85,336	1.7	235
Lump sum (£)	1,901,392	1,650,000	1,255,993	1.7	235
2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	40.9	39.9	21.1	0.7	7
Delay until settlement	6.3	5.4	1.7	0.3	7
Future life expectancy at settlement	28.3	27.0	16.7	0.7	7
Life expectancy reduction	16.5	3.4	20.9	1.4	7
Annual PPO payment (£)	130,647	140,000	106,864	0.4	7
Lump sum (£)	3,267,222	2,750,000	2,112,143	0.6	7

Figure E.6: Summary statistics for Brain Injury Motor (non-MIB) PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	38.8	33.5	17.7	0.6	65
Delay until settlement	4.6	4.6	1.4	0.4	65
Future life expectancy at settlement	35.5	38.3	16.7	(0.4)	64
Life expectancy reduction	11.4	8.2	7.9	0.9	64
Annual PPO payment (£)	116,072	87,285	112,847	2.3	65
Lump sum (£)	2,797,478	2,437,500	1,659,743	2.0	65
Pre 2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	64
Delay until settlement	NA	NA	NA	NA	64
Future life expectancy at settlement	NA	NA	NA	NA	63
Life expectancy reduction	NA	NA	NA	NA	63
Annual PPO payment (£)	NA	NA	NA	NA	64
Lump sum (£)	NA	NA	NA	NA	64
2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	1
Delay until settlement	NA	NA	NA	NA	1
Future life expectancy at settlement	NA	NA	NA	NA	1
Life expectancy reduction	NA	NA	NA	NA	1
Annual PPO payment (£)	NA	NA	NA	NA	1
Lump sum (£)	NA	NA	NA	NA	1

Figure E.7: Summary statistics for Spinal Injury Motor (non-MIB) PPO claims

E.2 Liability PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	43.1	43.7	18.2	(0.1)	43
Delay until settlement	5.9	4.9	3.2	2.1	43
Future life expectancy at settlement	26.5	20.8	17.2	1.0	40
Life expectancy reduction	17.0	13.2	15.2	1.5	40
Annual PPO payment (£)	93,027	64,000	84,006	1.0	43
Lump sum (£)	1,479,607	1,379,981	1,011,334	0.3	43
Pre 2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	43
Delay until settlement	NA	NA	NA	NA	43
Future life expectancy at settlement	NA	NA	NA	NA	40
Life expectancy reduction	NA	NA	NA	NA	40
Annual PPO payment (£)	NA	NA	NA	NA	43
Lump sum (£)	NA	NA	NA	NA	43
2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	0
Delay until settlement	NA	NA	NA	NA	0
Future life expectancy at settlement	NA	NA	NA	NA	0
Life expectancy reduction	NA	NA	NA	NA	0
Annual PPO payment (£)	NA	NA	NA	NA	0
Lump sum (£)	NA	NA	NA	NA	0

Figure E.8: Summary statistics for Liability PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	39.5	40.0	20.0	0.1	14
Delay until settlement	7.9	6.9	3.7	1.8	14
Future life expectancy at settlement	32.4	30.3	20.6	0.4	13
Life expectancy reduction	16.2	12.6	14.3	1.9	13
Annual PPO payment (£)	80,650	57,552	72,438	1.2	14
Lump sum (£)	1,684,939	1,366,031	1,017,481	0.7	14
Pre 2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	14
Delay until settlement	NA	NA	NA	NA	14
Future life expectancy at settlement	NA	NA	NA	NA	13
Life expectancy reduction	NA	NA	NA	NA	13
Annual PPO payment (£)	NA	NA	NA	NA	14
Lump sum (£)	NA	NA	NA	NA	14
2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	0
Delay until settlement	NA	NA	NA	NA	0
Future life expectancy at settlement	NA	NA	NA	NA	0
Life expectancy reduction	NA	NA	NA	NA	0
Annual PPO payment (£)	NA	NA	NA	NA	0
Lump sum (£)	NA	NA	NA	NA	0

Figure E.9: Summary statistics for Brain Injury Liability PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	57.3	59.4	8.8	(1.9)	7
Delay until settlement	3.4	3.2	0.8	0.7	7
Future life expectancy at settlement	12.3	10.7	4.1	1.1	7
Life expectancy reduction	14.2	13.4	6.2	0.6	7
Annual PPO payment (£)	165,286	167,500	82,727	0.1	7
Lump sum (£)	1,970,584	1,850,000	619,456	0.1	7
Pre 2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	7
Delay until settlement	NA	NA	NA	NA	7
Future life expectancy at settlement	NA	NA	NA	NA	7
Life expectancy reduction	NA	NA	NA	NA	7
Annual PPO payment (£)	NA	NA	NA	NA	7
Lump sum (£)	NA	NA	NA	NA	7
2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	0
Delay until settlement	NA	NA	NA	NA	0
Future life expectancy at settlement	NA	NA	NA	NA	0
Life expectancy reduction	NA	NA	NA	NA	0
Annual PPO payment (£)	NA	NA	NA	NA	0
Lump sum (£)	NA	NA	NA	NA	0

Figure E.10: Summary statistics for Spinal Injury Liability PPO claims

E.3 Motor (MIB) PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	34.0	29.8	13.5	0.8	219
Delay until settlement	7.6	6.6	3.8	1.2	219
Future life expectancy at settlement	43.3	46.0	16.8	(0.3)	219
Life expectancy reduction	8.2	5.3	11.4	1.9	219
Annual PPO payment (£)	67,566	43,500	73,311	2.6	219
Lump sum (£)	1,518,784	1,100,000	1,317,064	3.0	219
Pre 2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	37.6	26.8	18.2	1.7	3
Delay until settlement	7.2	5.3	2.7	1.7	3
Future life expectancy at settlement	30.0	36.0	13.0	(1.5)	3
Life expectancy reduction	17.0	20.3	5.8	(1.7)	3
Annual PPO payment (£)	356,667	350,000	9,428	1.7	3
Lump sum (£)	7,000,000	7,500,000	1,870,829	(0.9)	3
2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	37.6	26.8	18.2	1.7	3
Delay until settlement	7.2	5.3	2.7	1.7	3
Future life expectancy at settlement	30.0	36.0	13.0	(1.5)	3
Life expectancy reduction	17.0	20.3	5.8	(1.7)	3
Annual PPO payment (£)	356,667	350,000	9,428	1.7	3
Lump sum (£)	7,000,000	7,500,000	1,870,829	(0.9)	3

Figure E.11: Summary statistics for Motor (MIB) PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	32.2	27.9	12.9	0.9	157
Delay until settlement	8.1	7.1	3.9	1.1	157
Future life expectancy at settlement	45.1	47.0	17.2	(0.5)	157
Life expectancy reduction	8.4	5.1	12.0	2.0	157
Annual PPO payment (£)	67,412	45,000	67,771	2.9	157
Lump sum (£)	1,431,467	1,000,000	1,424,061	3.3	157
Pre 2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	37.6	26.8	18.2	1.7	3
Delay until settlement	7.2	5.3	2.7	1.7	3
Future life expectancy at settlement	30.0	36.0	13.0	(1.5)	3
Life expectancy reduction	17.0	20.3	5.8	(1.7)	3
Annual PPO payment (£)	356,667	350,000	9,428	1.7	3
Lump sum (£)	7,000,000	7,500,000	1,870,829	(0.9)	3
2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	37.6	26.8	18.2	1.7	3
Delay until settlement	7.2	5.3	2.7	1.7	3
Future life expectancy at settlement	30.0	36.0	13.0	(1.5)	3
Life expectancy reduction	17.0	20.3	5.8	(1.7)	3
Annual PPO payment (£)	356,667	350,000	9,428	1.7	3
Lump sum (£)	7,000,000	7,500,000	1,870,829	(0.9)	3

Figure E.12: Summary statistics for Brain Injury Motor (MIB) PPO claims

All	Mean	Median	Standard Deviation	Skewness	Sample Size
Age at settlement	36.7	34.4	13.1	0.4	36
Delay until settlement	6.9	6.3	3.5	1.3	36
Future life expectancy at settlement	36.0	38.0	14.4	0.0	36
Life expectancy reduction	12.2	10.7	8.8	1.8	36
Annual PPO payment (£)	94,986	50,000	100,738	1.5	36
Lump sum (£)	2,074,995	2,012,500	970,087	0.7	36
Pre 2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	0
Delay until settlement	NA	NA	NA	NA	0
Future life expectancy at settlement	NA	NA	NA	NA	0
Life expectancy reduction	NA	NA	NA	NA	0
Annual PPO payment (£)	NA	NA	NA	NA	0
Lump sum (£)	NA	NA	NA	NA	0
2023	**Mean**	**Median**	**Standard Deviation**	**Skewness**	**Sample Size**
Age at settlement	NA	NA	NA	NA	0
Delay until settlement	NA	NA	NA	NA	0
Future life expectancy at settlement	NA	NA	NA	NA	0
Life expectancy reduction	NA	NA	NA	NA	0
Annual PPO payment (£)	NA	NA	NA	NA	0
Lump sum (£)	NA	NA	NA	NA	0

Figure E.13: Summary statistics for Spinal Injury Motor (MIB) PPO claims

Appendix F Number of PPO claim settlements

F.1 Motor (non-MIB) PPO claims and Liability PPO claims combined

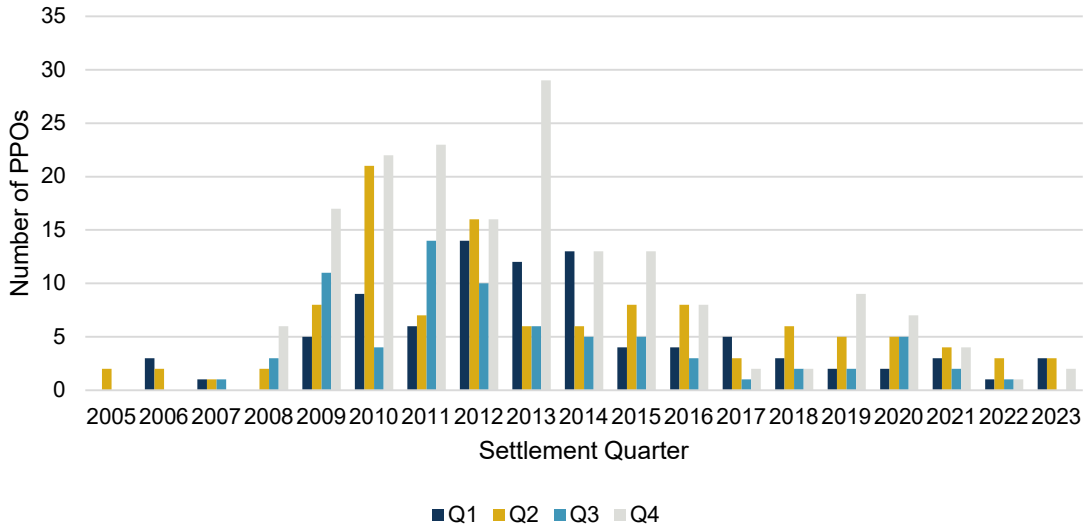

Figure F.1: Number of (non-MIB) PPO claims, by settlement quarter

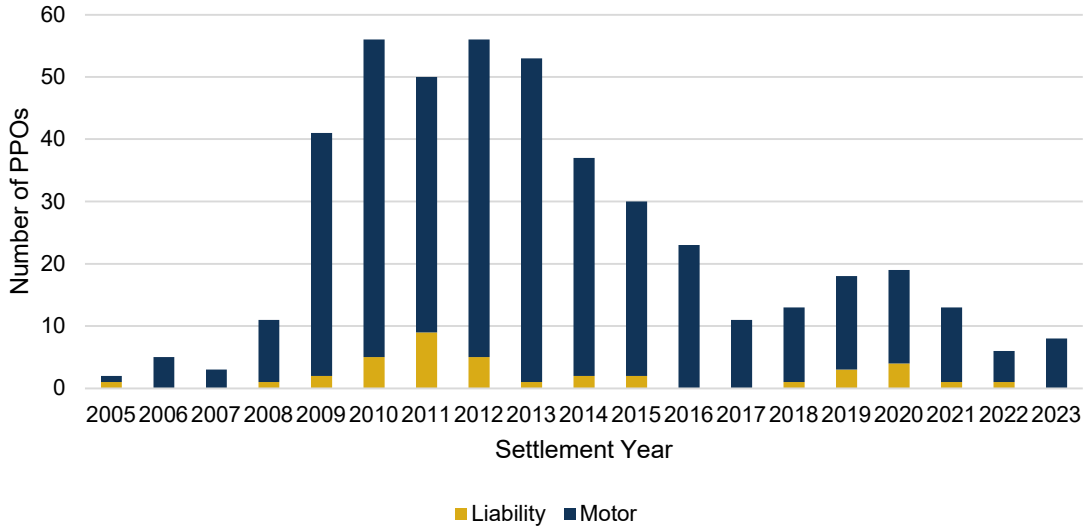

Figure F.2: Number of (non-MIB) PPO claims, by settlement year – Motor and Liability

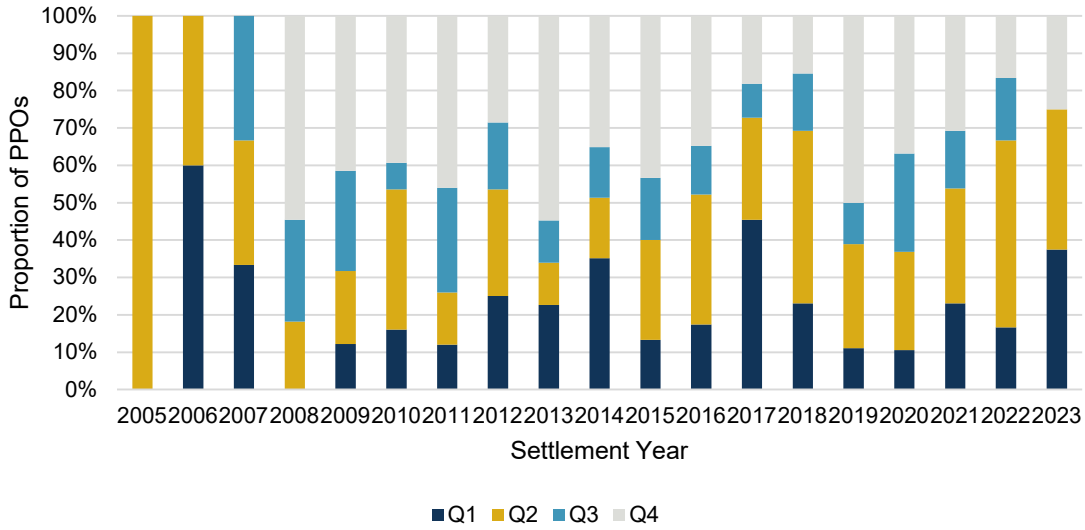

Figure F.3: Proportion of (non-MIB) PPO claims that settle in each quarter, by settlement year

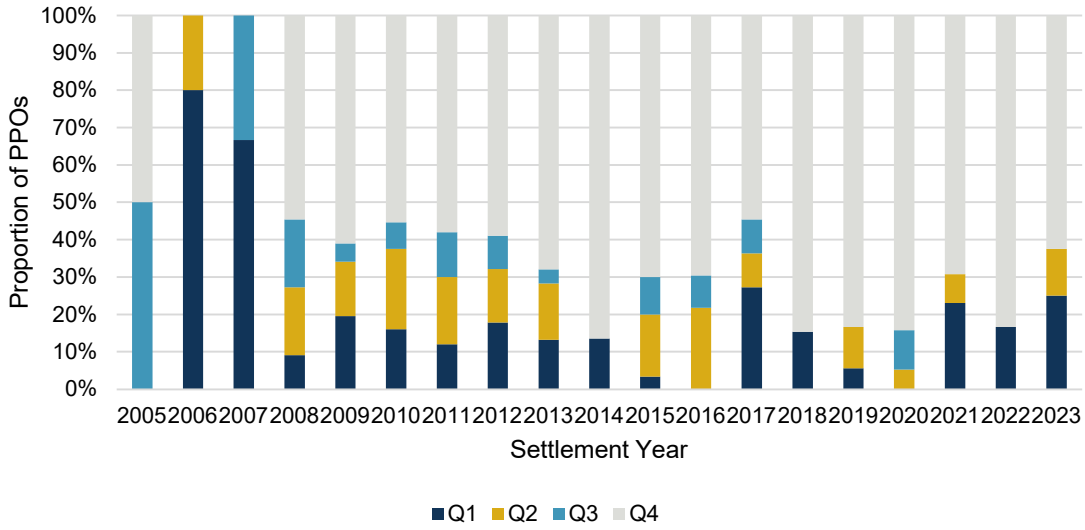

Figure F.4: Proportion of (non-MIB) PPO claims that are paid (i.e. start) in each quarter, by settlement year

F.2 Motor (non-MIB) PPO claims

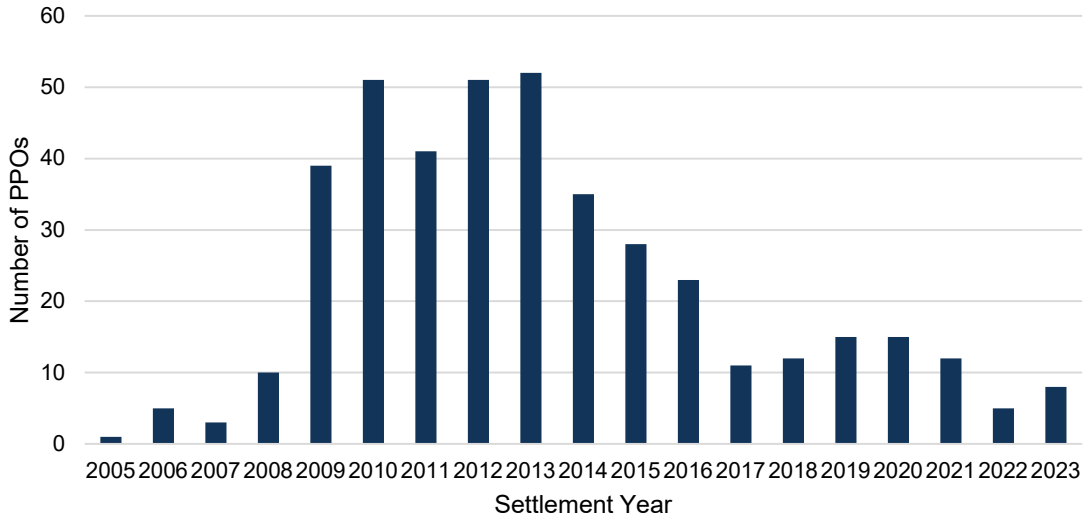

Figure F.5: Number of Motor (non-MIB) PPO claims, by settlement year

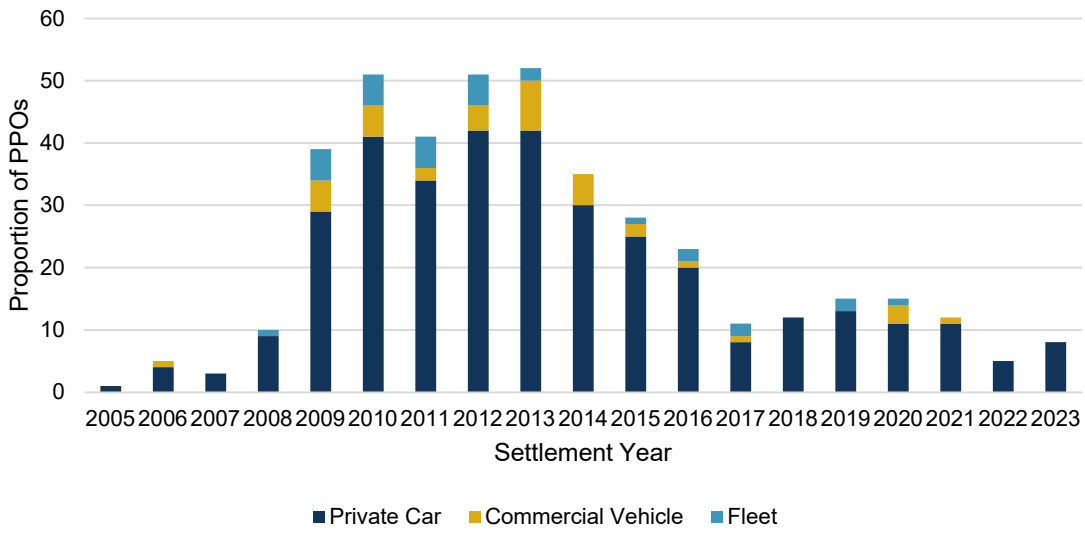

Figure F.6: Number of Motor (non-MIB) PPO claims, by class of business, by settlement year

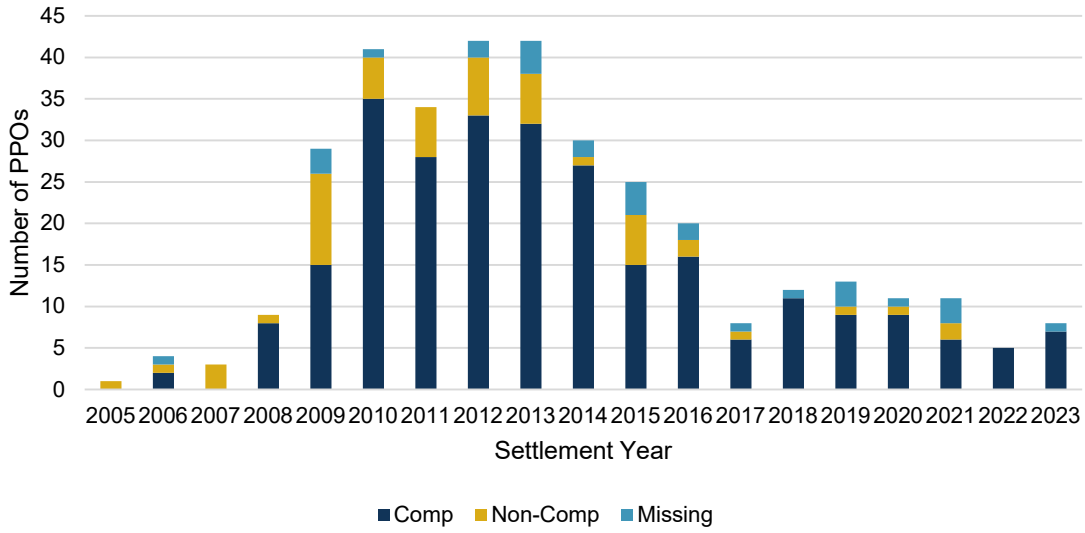

Figure F.7: Number of Motor (non-MIB) PPO claims, for Private Motor, by settlement year and by cover type

F.3 Liability PPO claims

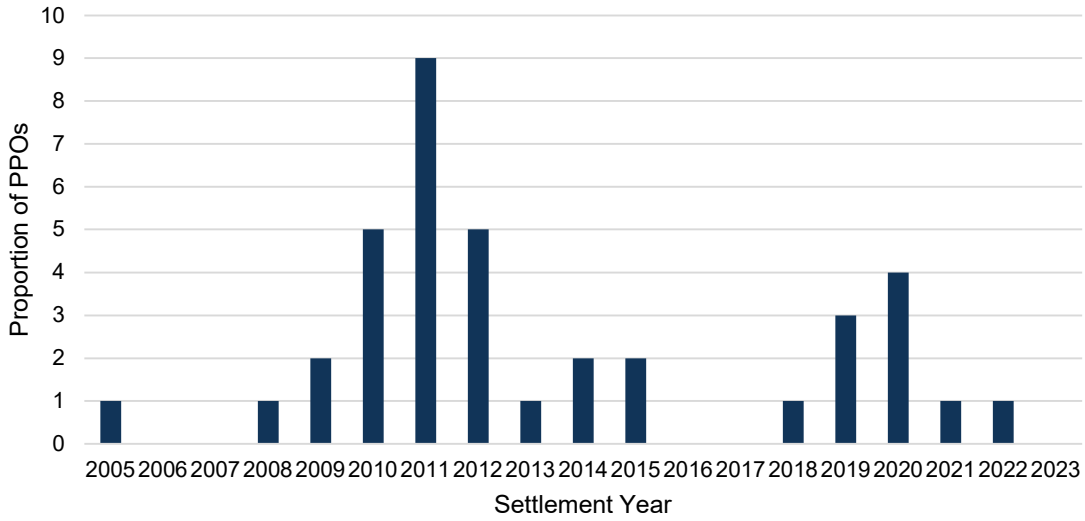

Figure F.8: Number of Liability PPO claims, by settlement year

F.4 Motor (MIB) PPO claims

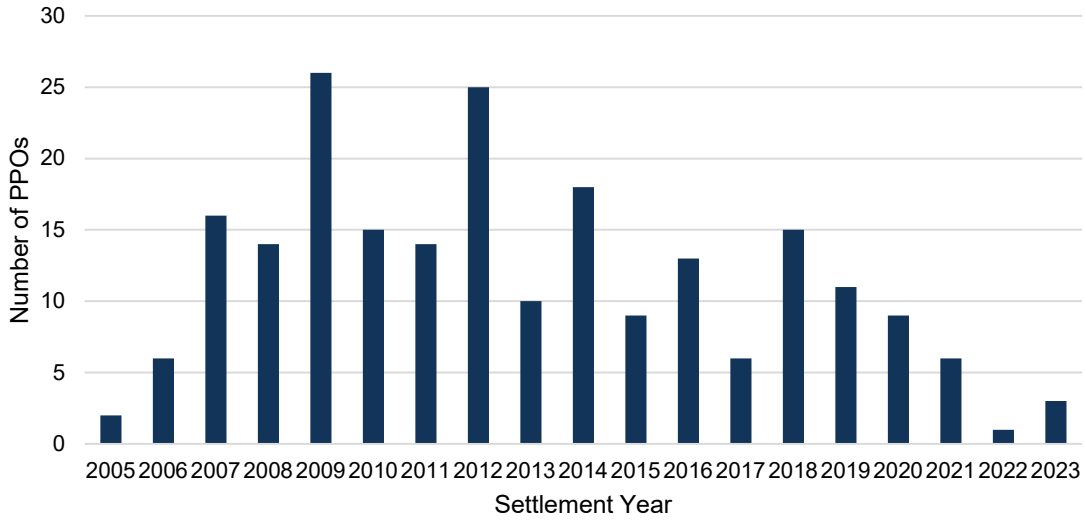

Figure F.9: Number of Motor (MIB) PPO claims, by settlement year

F.5 Motor (MIB) PPO claims versus the rest of the industry (i.e. Motor (non-MIB)) PPO claims

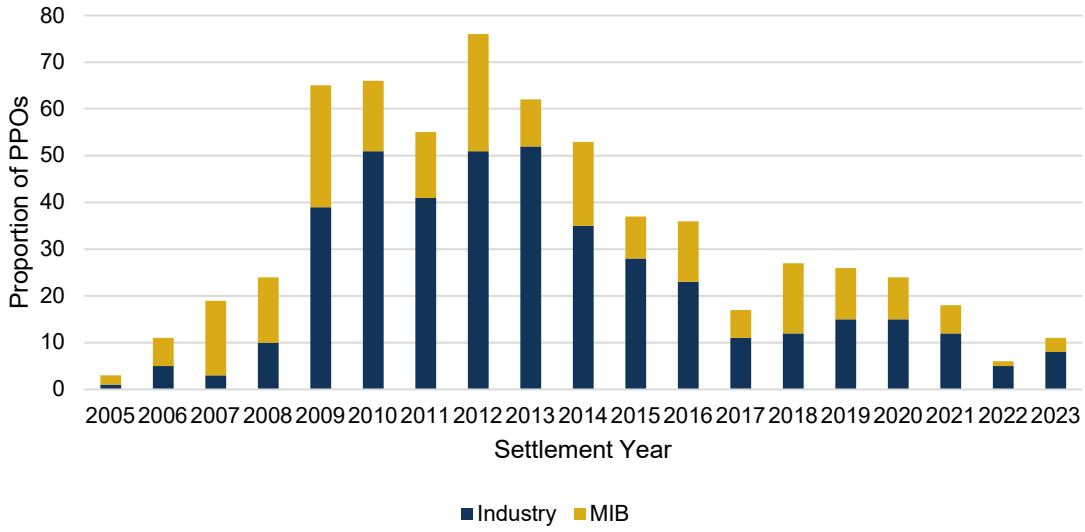

Figure F.10: Number of PPO claims, by settlement year – MIB and the rest of the industry (for participating insurers)

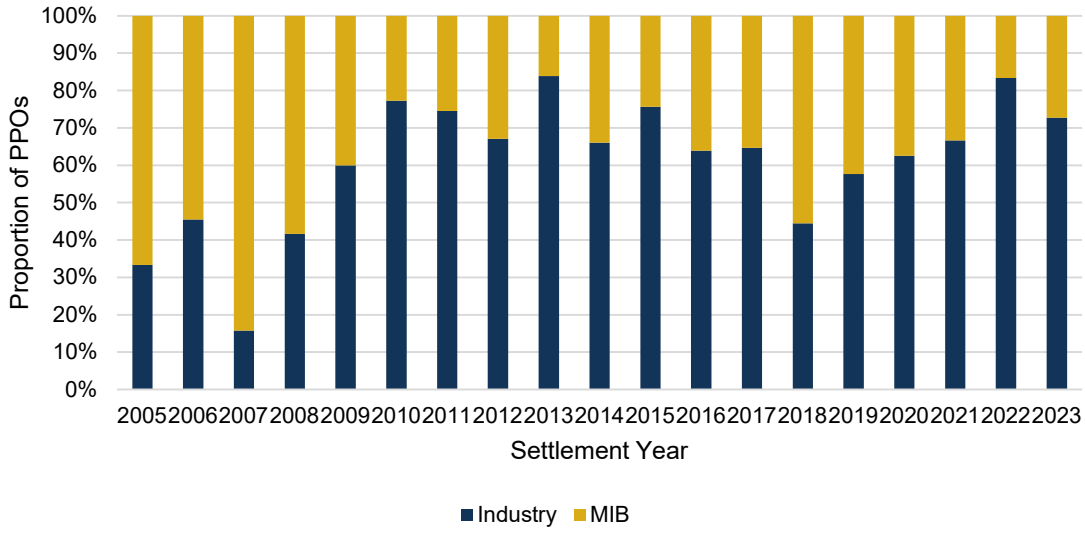

Figure F.11: Proportion of PPO claims, by settlement year – MIB and the rest of the industry (for participating insurers)

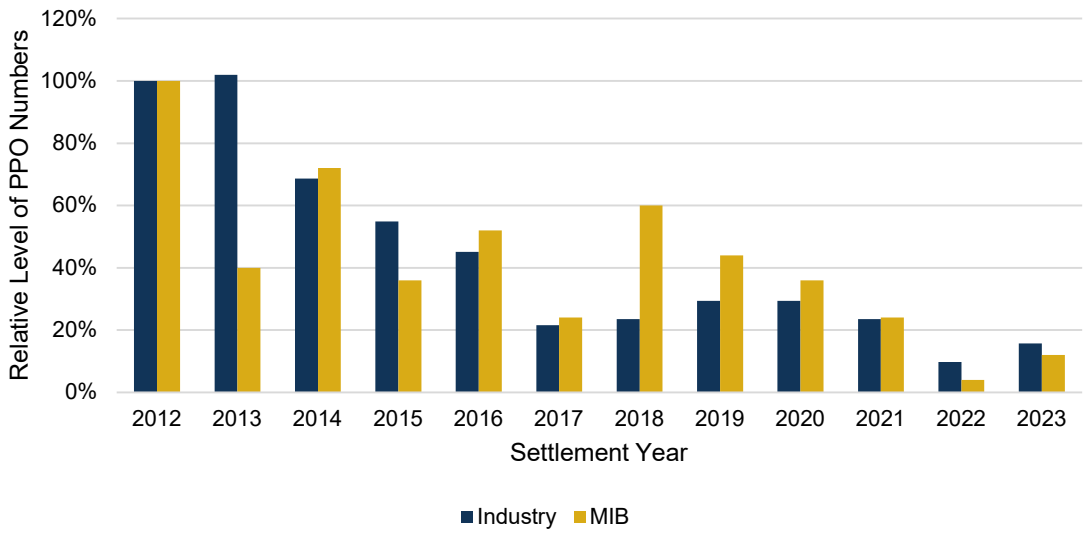

Figure F.12: Relative level of PPO claims compared with 2012 – MIB and the rest of the industry (for participating insurers)

Appendix G Propensity of Motor (non-MIB) PPO claims

In this appendix, we provide summary statistics for the propensity of Motor (non-MIB) PPO claims split by different policy, claim and claimant characteristics.

Unless otherwise specified, the propensity is expressed as the number of PPO claims as a proportion of the number of large claims.

The raw PPO propensity for settlement years prior to 2009 are considerably lower than that for subsequent years, and so the data underlying the summary statistics within this appendix have been restricted to settlement years 2009 and post to reduce the potential for distortion.

See Appendix C for the definition of a large claim, and an explanation of the incremental threshold analysis and the cumulative threshold analysis. See Appendix B for an explanation of the standardisation basis for claim size used for Motor (non-MIB) claims.

For some figures within this section we have also produced analysis with an “Ogden Adjustment”. The reason for doing this is so that we can effectively look at data in a consistent 2.5% Ogden discount rate world. To do this we have taken the Ogden tables and used the information provided by insurers to extract the relevant multipliers by discount rate, age and gender. We can then rebase data attributed to large claims and PPOs settling after 20 March 2017 back to a 2.5% Ogden discount rate world.

See Appendix D for an explanation of the standardisation basis for Ogden discount rate used.

The reason why we believe it is important to analyse the data with this adjustment is to separate the effect of the change in the mix of claimants, owing to more large claims settling above £1 million, on PPO propensity from any behavioral changes. You may, for instance, expect to have more less severe claims settling at above £1 million, which would be less likely to settle as a PPO, since 20 March 2017.

Figure G.1 below shows an example of the Ogden multipliers under a 2.5%, 0.5%, -0.25% and -0.75% discount rate for a male aged 55 at settlement, with £60 thousand annual care cost and £60 thousand loss of earnings. Using a 2.5% and 0.5% Ogden discount rate this claim would not be classified as large, however under a -0.25% and -0.75% Ogden discount rate this claim breaches the £1 million threshold and would be included within our analysis.

Within this section, where we present the PPO propensity adjusted for the claim size standarisation this is referred to as "Standardised". Where we present the PPO propensity adjusted to be on a consistent Ogden discount rate this is referred to as "Ogden Adjusted". Otherwise, or presented as "Raw" is the PPO propensity without adjustment.

		Ogden discount rate			
Claim component	Annual Payment	2.50%	0.50%	-0.25%	-0.75%
Care	60,000	20.2	27.2	30.8	33.6
Loss of Earnings	60,000	8.6	9.5	9.8	10.1

Lump sum	**1,731,000**	**2,202,000**	**2,439,600**	**2,623,200**
Lump sum (2011 terms)	**768,585**	**977,714**	**1,083,212**	**1,164,732**

Using Tables 1 and 9 from the Actuarial Tables for use in personal injury and fatal accident cases - 8th edition

Figure G.1: Example claim under different Ogden discount rates

G.1 Propensity by settlement year

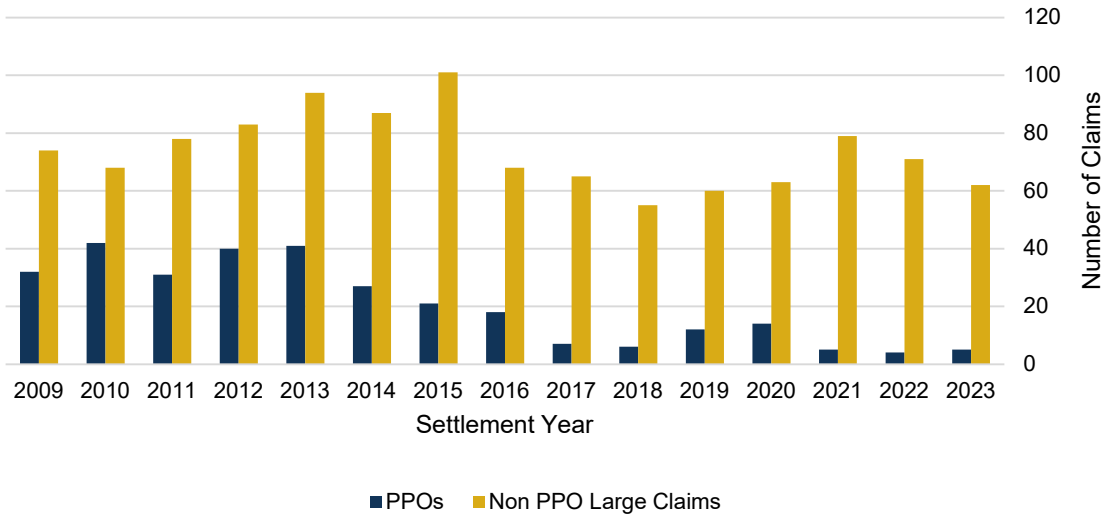

Figure G.2: Number of Motor (non-MIB) PPO claims and Motor (non-MIB) non-PPO large claims underlying the PPO propensity statistics, by settlement year

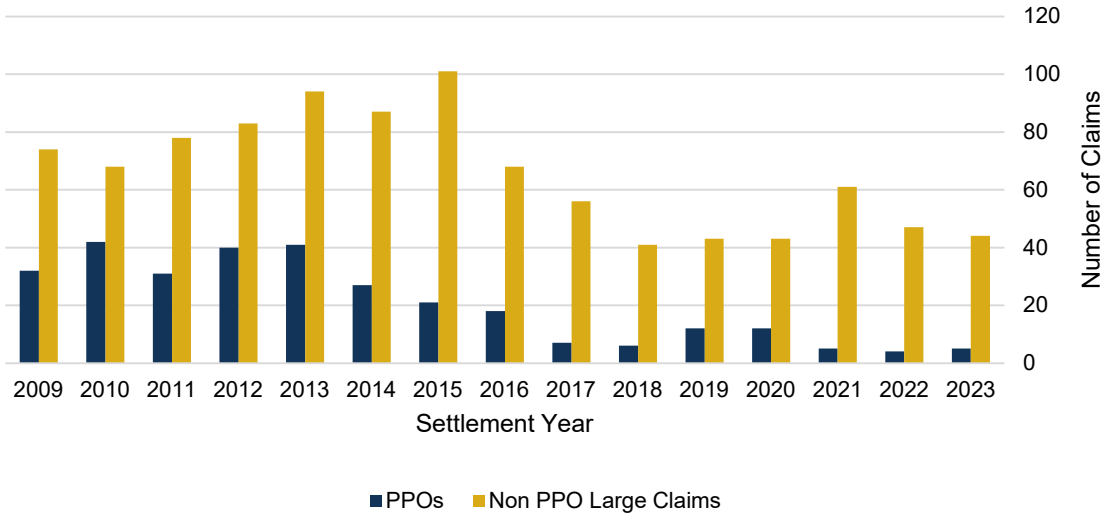

Figure G.3: Number of Motor (non-MIB) PPO claims and Motor (non-MIB) non-PPO large claims underlying the PPO propensity statistics, by settlement year, with Ogden Adjustment

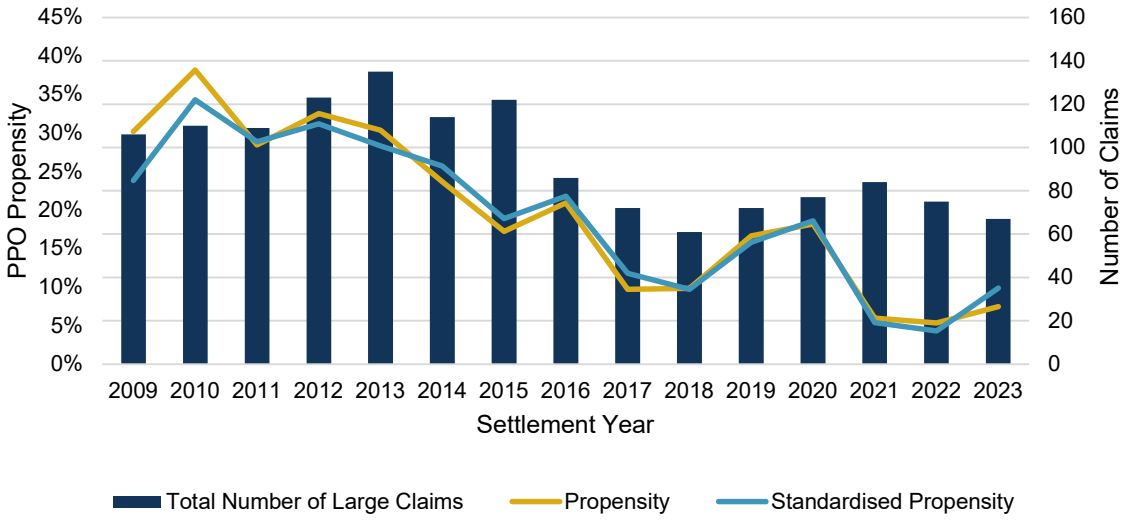

Figure G.4: Motor (non-MIB) PPO propensity and standardised Motor (non-MIB) PPO propensity, by settlement year

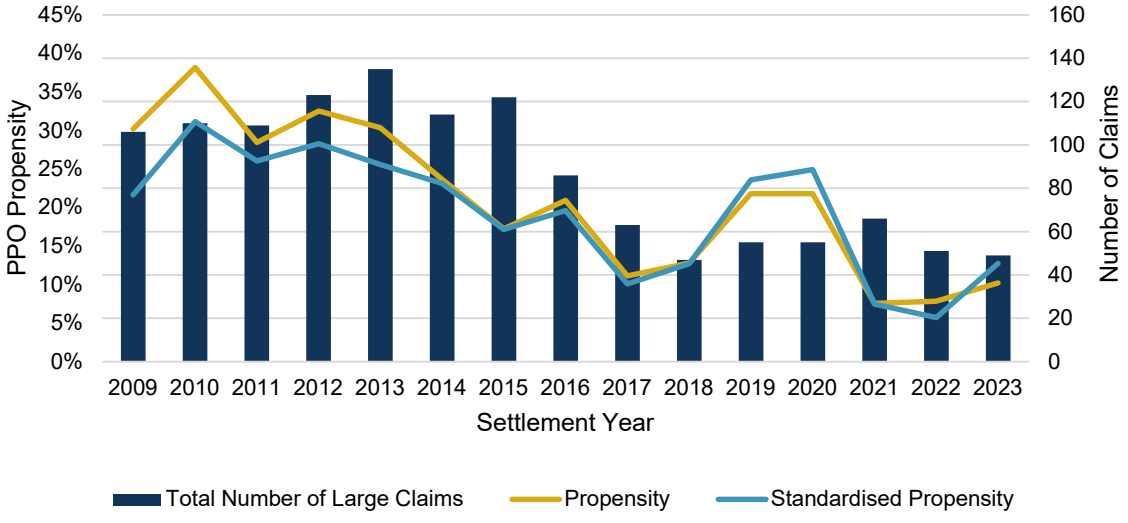

Figure G.5: Motor (non-MIB) PPO propensity and standardised Motor (non-MIB) PPO propensity, by settlement year, with Ogden adjustment

Figures G.6 and G.7 present PPO propensity as the number of PPO claims as a proportion of the gross earned premium and earned vehicle years. The exposure data has been "earned" out to settlement year using the distribution of accident year to settlement year lag across all PPOs and non-PPO large claims.

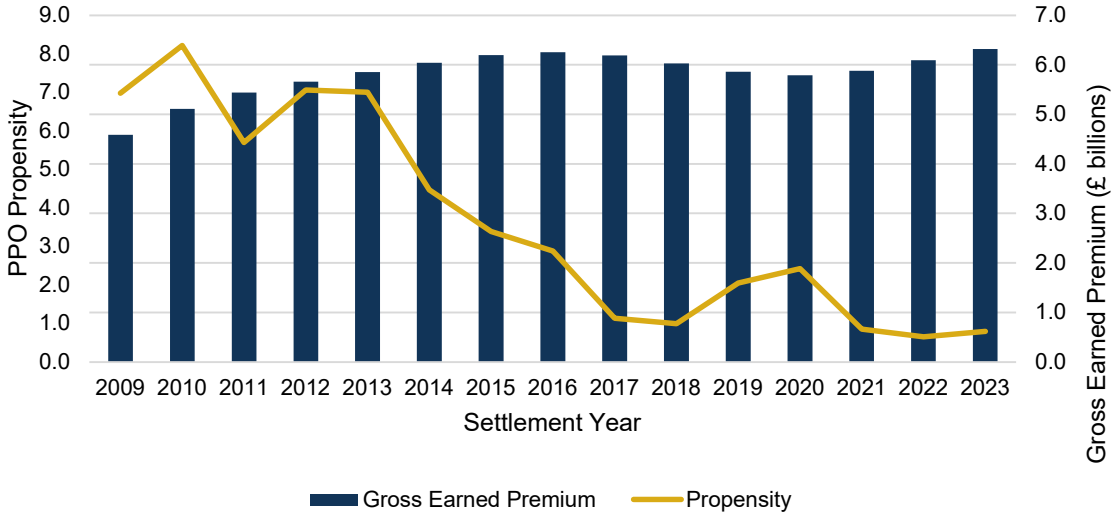

Figure G.6: Motor (non-MIB) PPO propensity, expressed as the number of PPO claims as a proportion of the gross earned premium, by settlement year

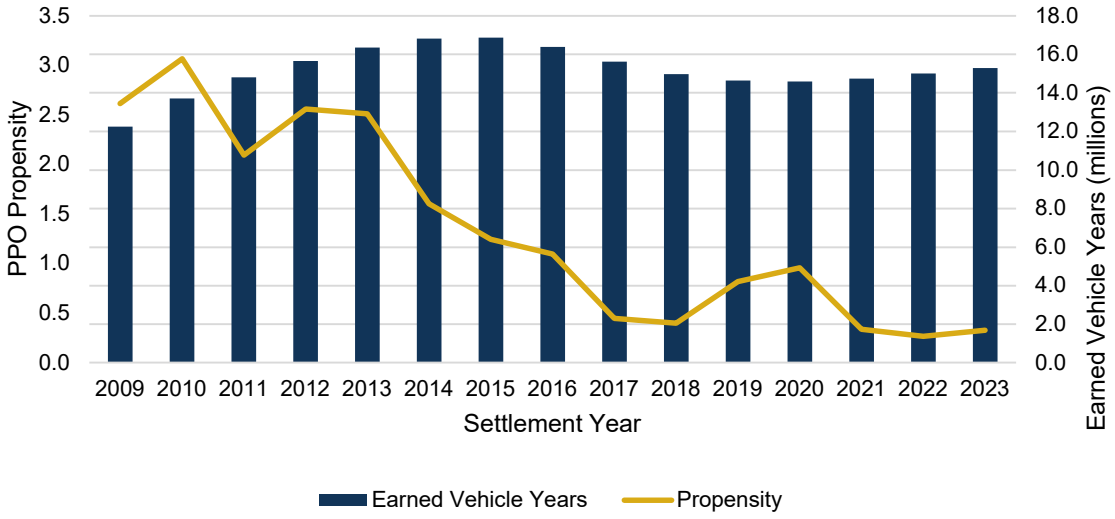

Figure G.7: Motor (non-MIB) PPO propensity, expressed as the number of PPO claims as a proportion of the earned vehicle years, by settlement year

G.2 Propensity by accident year

The following charts show the propensity analysis by accident year. It is important to note that the delays between accident date and settlement date, as well as how these differ between PPOs and non-PPO large claims, are likely to cause distortions when looking at settled PPOs by accident year.

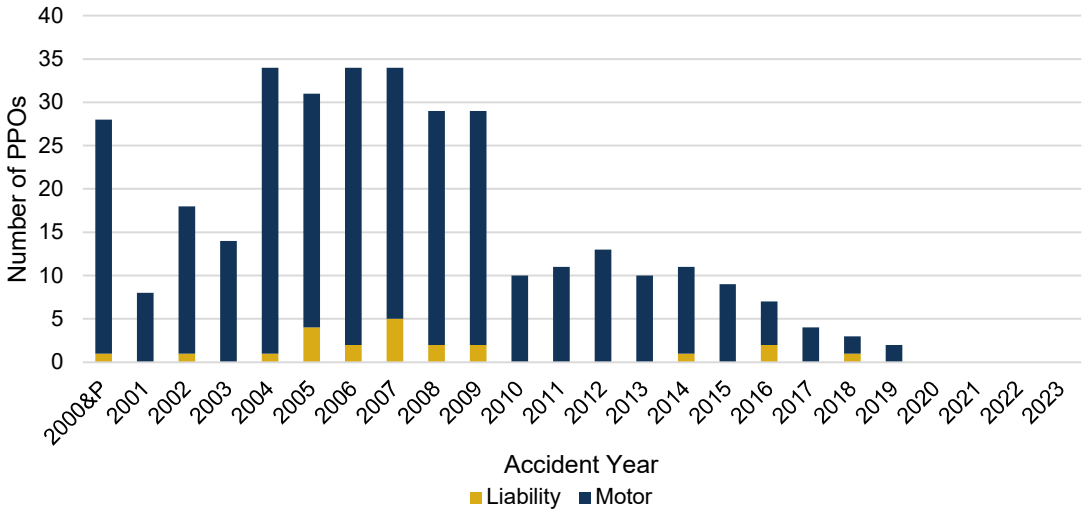

Figure G.8: Number of (non-MIB) PPO claims, by accident year - Motor and Liability

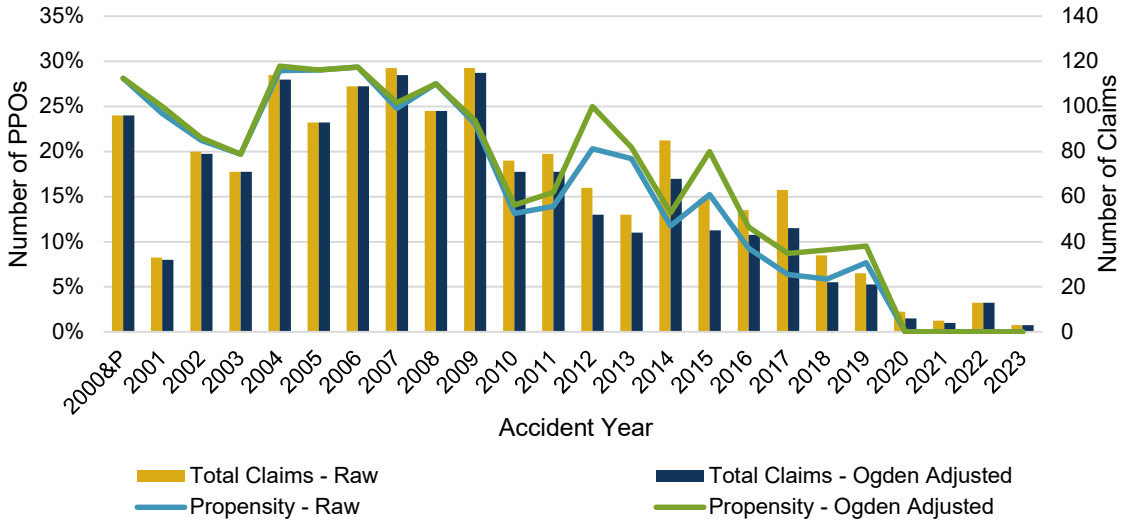

Figure G.9: Motor (non-MIB) PPO propensity, by accident year, with and without Ogden adjustment

G.3 Propensity by insurer

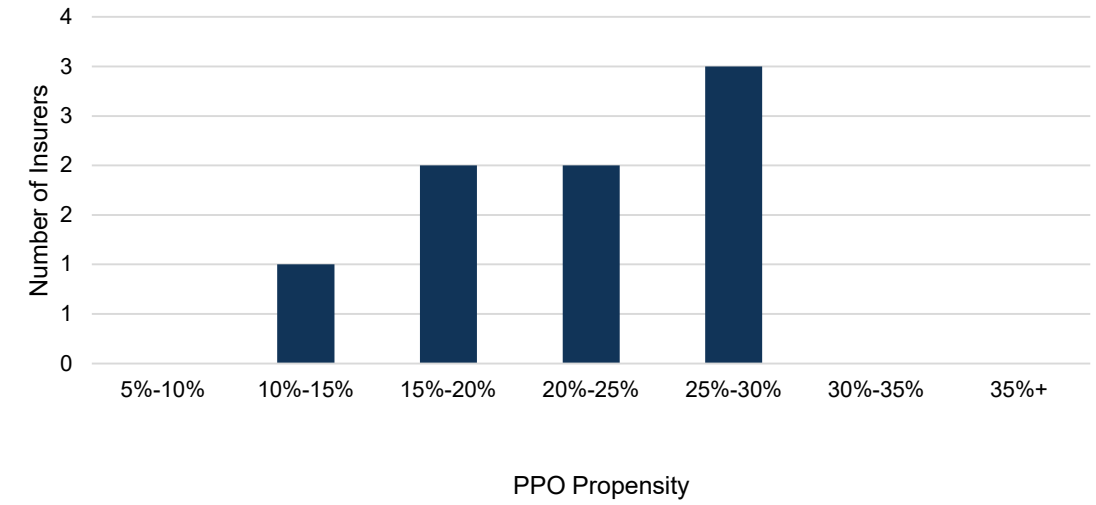

Figure G.10: Distribution of Motor (non-MIB) PPO propensity for insurers that have settled at least 25 large claims (including PPO claims), for claims settled since 2009

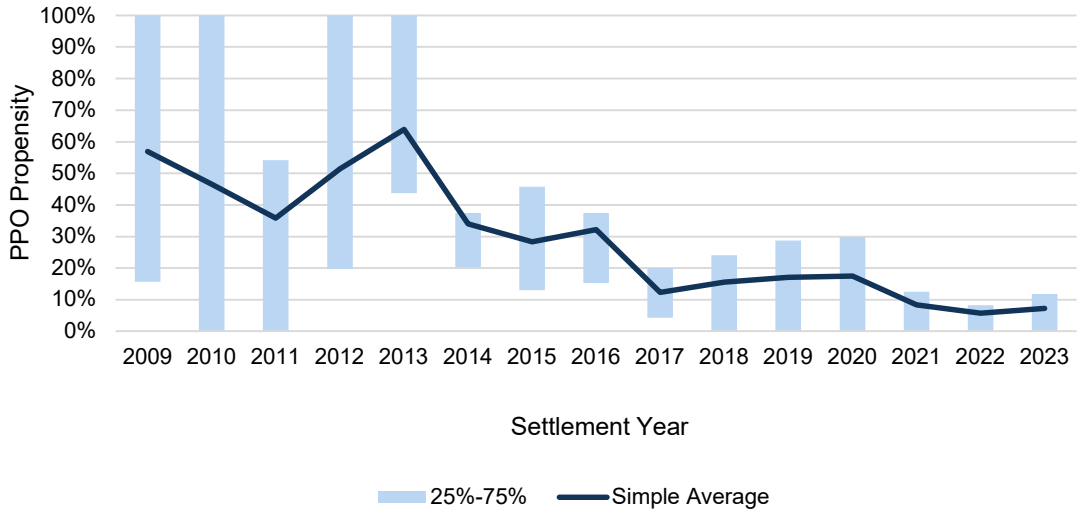

Figure G.11: Distribution of contributing insurers' Motor (non-MIB) PPO propensity, by settlement year

G.4 Propensity by class of business and cover type

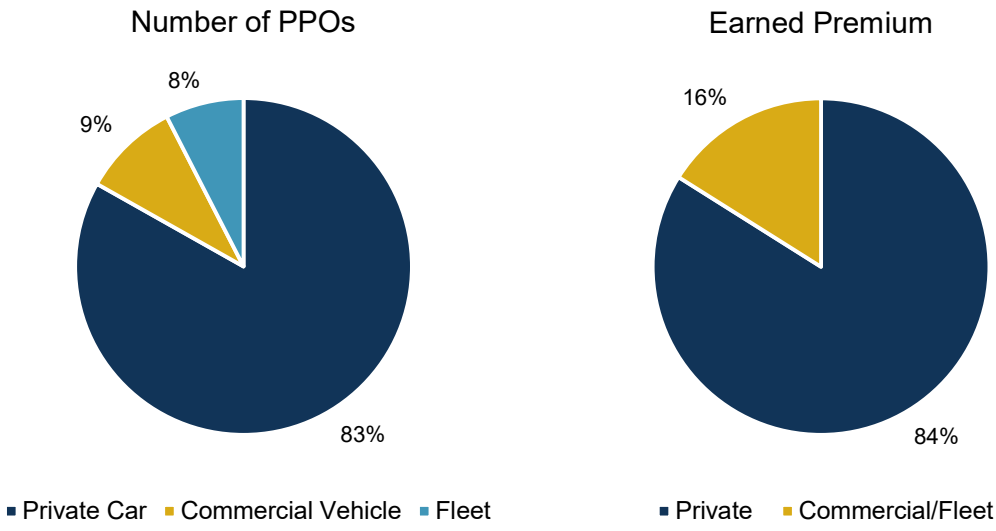

Figure G.12: Private / Commercial split of the number of Motor (non-MIB) PPO claims and Motor earned premium

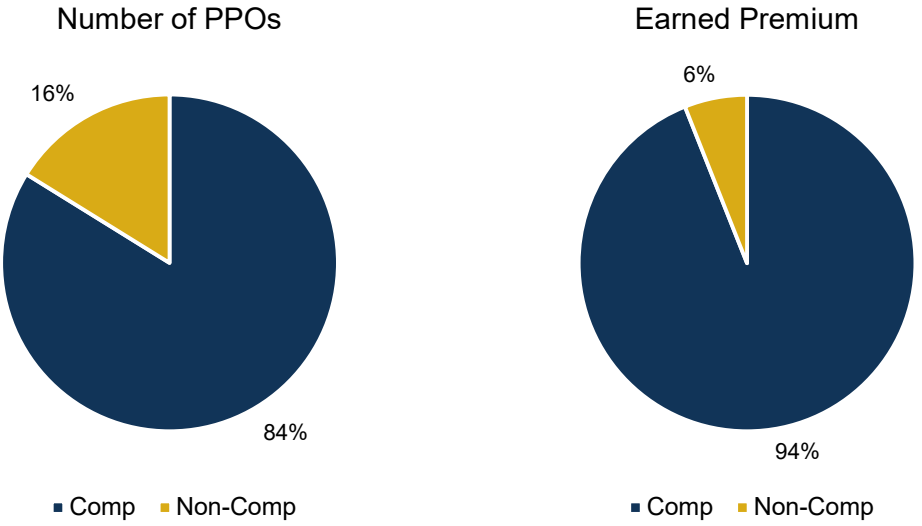

Figure G.13: Private Motor Comprehensive/ Non-Comprehensive split of the number of Motor (non-MIB) PPO claims and Motor earned premium

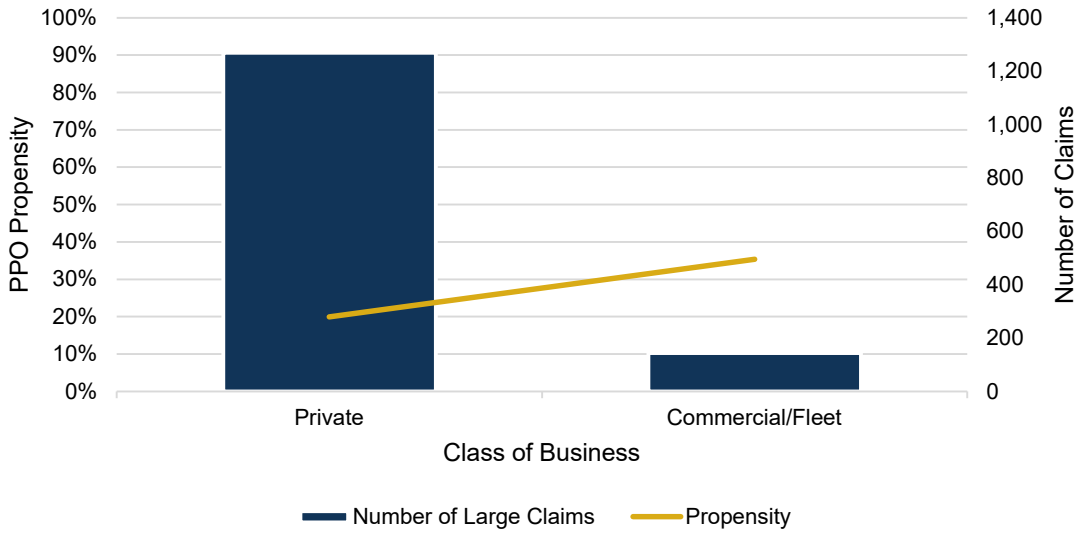

Figure G.14: Motor (non-MIB) PPO propensity, by class of business, for claims settled since 2009

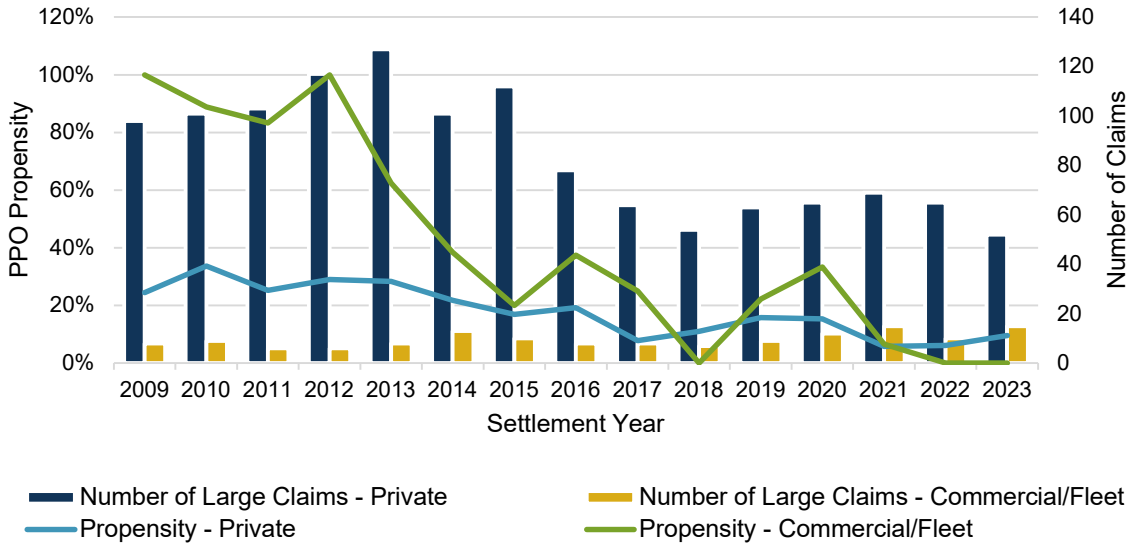

Figure G.15: Motor (non-MIB) PPO propensity, by class of business, by settlement year

G.5 Propensity by incremental large claim threshold band

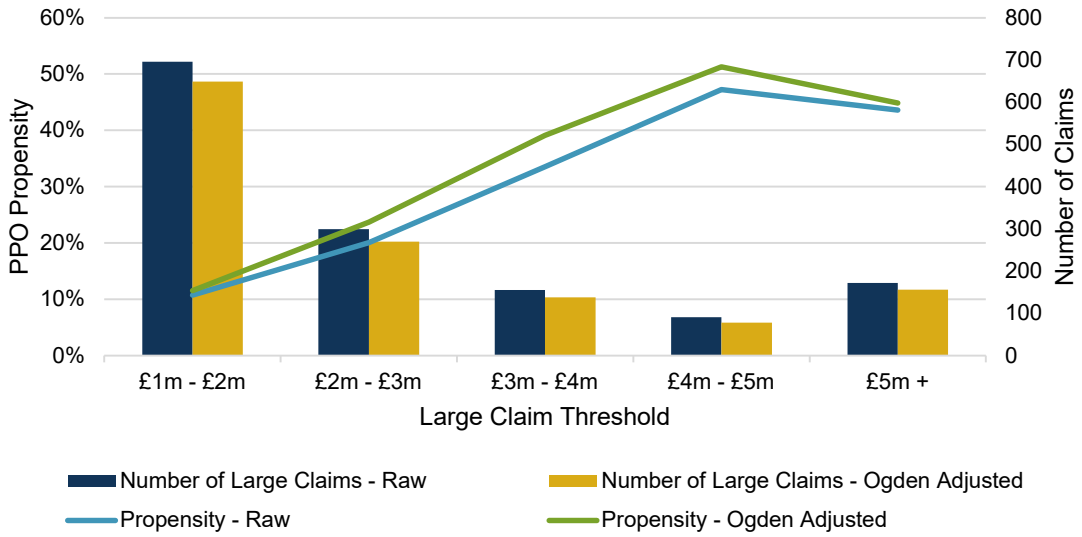

Figure G.16: Motor (non-MIB) PPO propensity, by incremental large claim threshold band (2011 terms), for claims settled since 2009, with and without Ogden adjustment

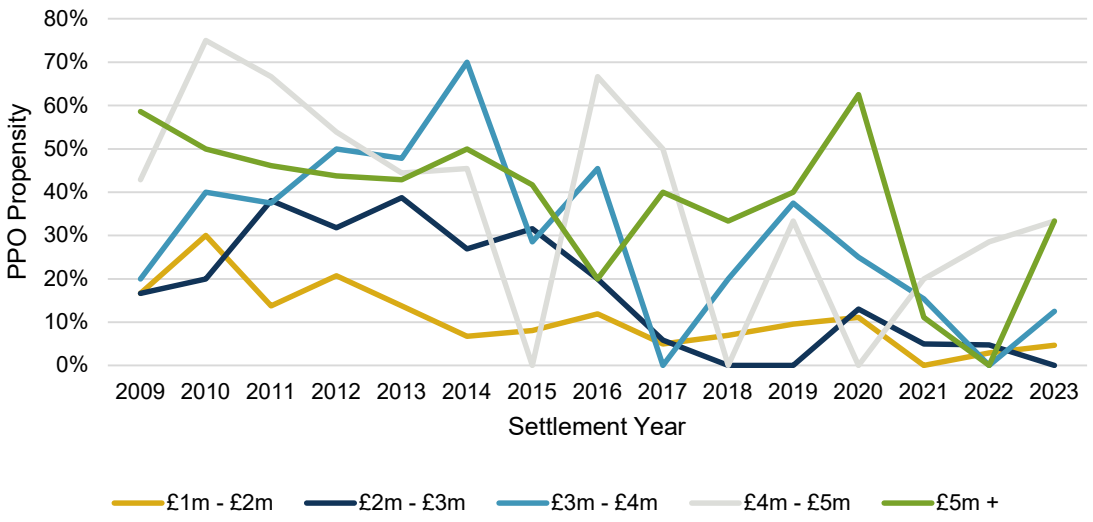

Figure G.17: Motor (non-MIB) PPO propensity, by incremental large claim threshold band (2011 terms), and by settlement year, without Ogden adjustment

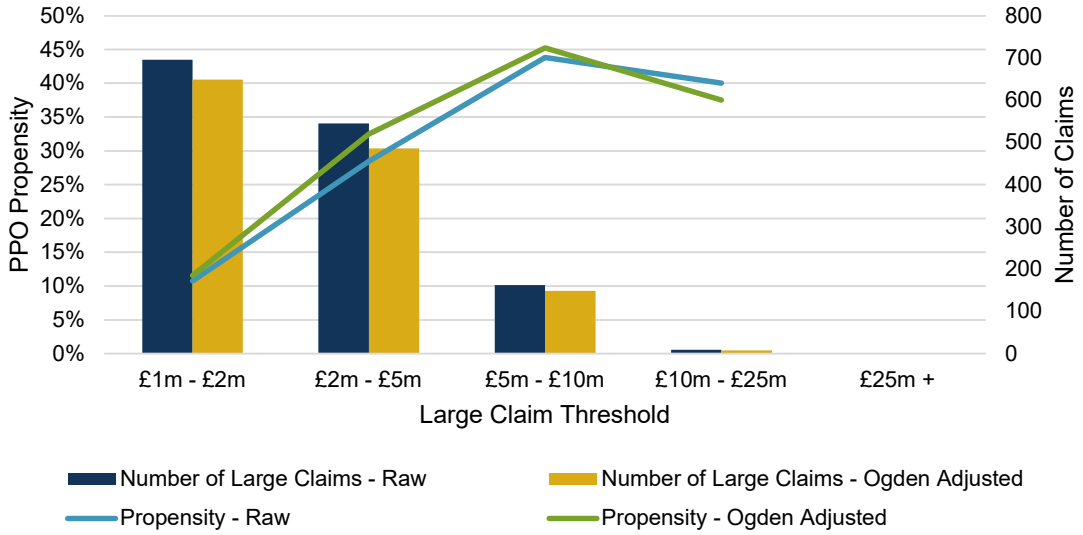

Figure G.18: Motor (non-MIB) PPO propensity, by incremental large claim threshold band (2011 terms), for claims settled since 2009, with and without Ogden adjustment

G.6 Propensity by cumulative large claim threshold band

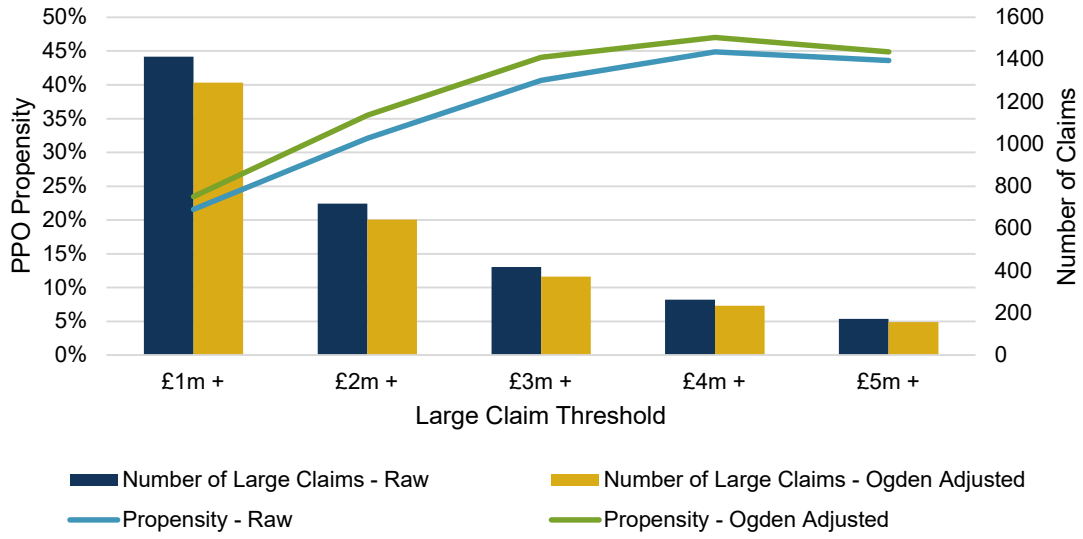

Figure G.19: Motor (non-MIB) PPO propensity, by cumulative large claim threshold band (2011 terms), for claims settled since 2009, with and without Ogden adjustment

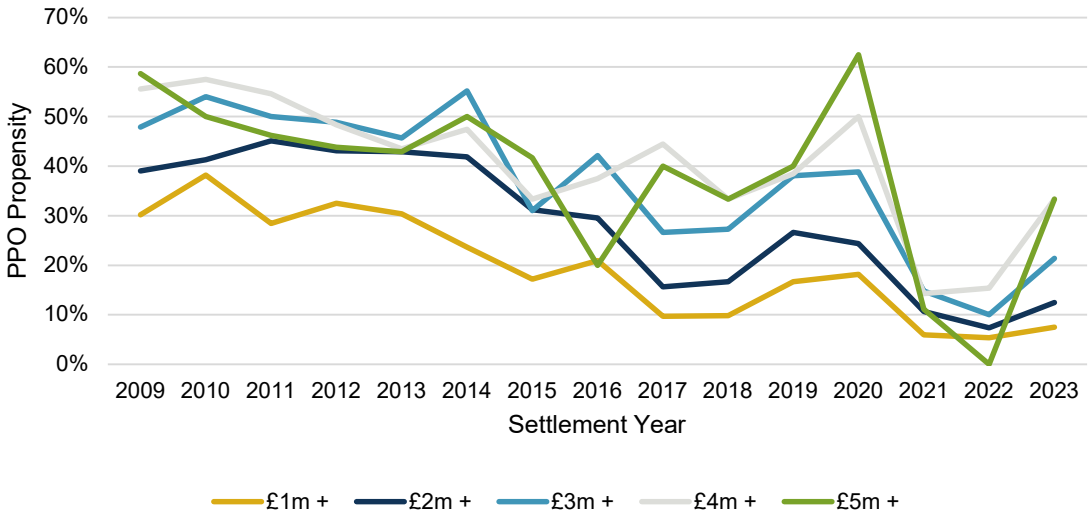

Figure G.20: Motor (non-MIB) PPO propensity, by cumulative large claim threshold band (2011 terms), and by settlement year, without Ogden adjustment

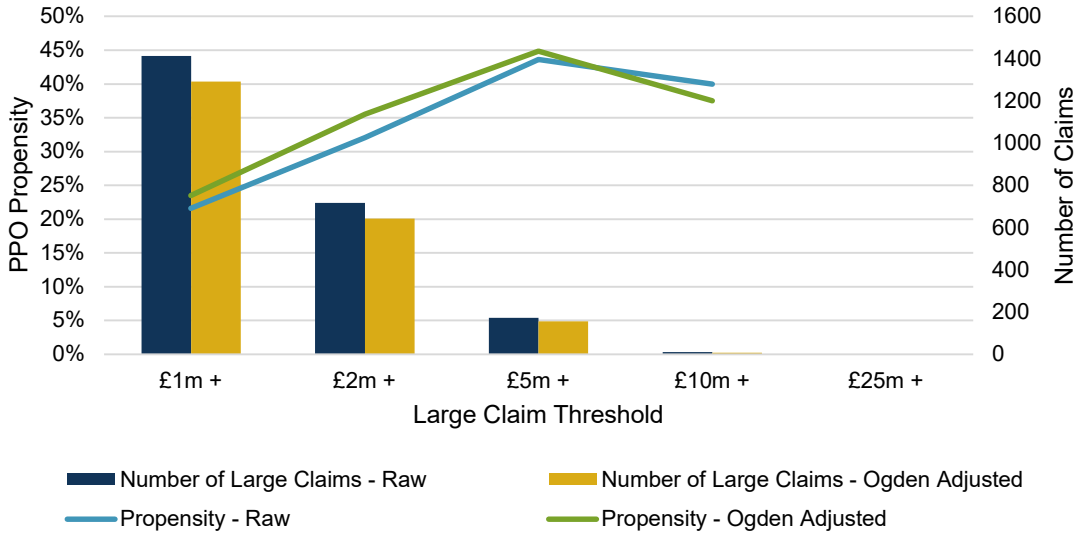

Figure G.21: Motor (non-MIB) PPO propensity, by cumulative large claim threshold band (2011 terms), for claims settled since 2009, with and without Ogden adjustment

G.7 Propensity by claimant characteristics

Please note that the results presented below only include claims where the relevant characteristics were provided for both the PPO and non-PPO large claim submissions.

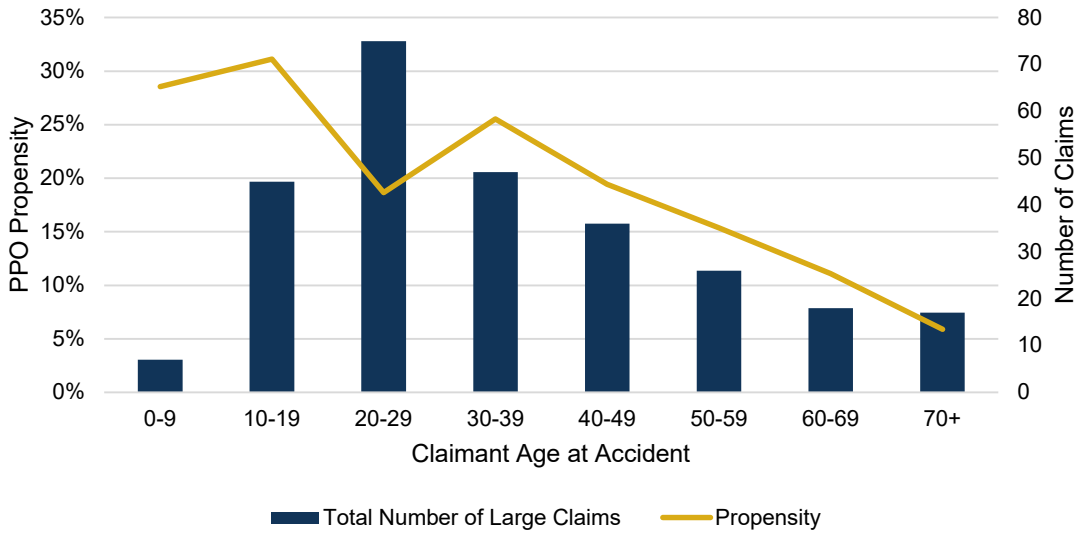

Figure G.22: Motor (non-MIB) PPO propensity, by claimant age at accident, for claims settled since 2009

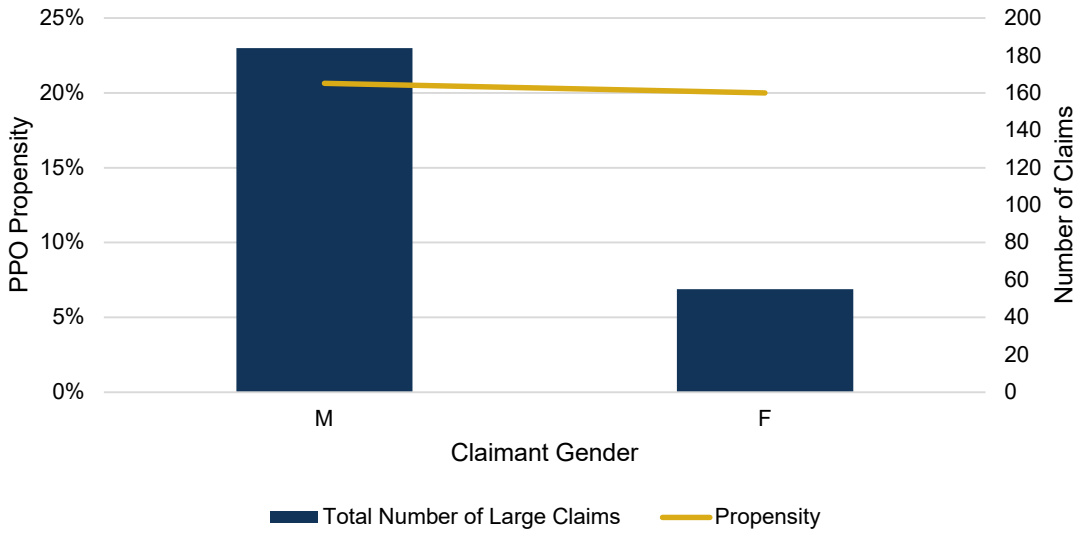

Figure G.23: Motor (non-MIB) PPO propensity, by claimant gender, for claims settled since 2009

G.8 Propensity by driver characteristics

Please note that the results presented below only include claims where the relevant characteristics were provided for both the PPO and non-PPO large claim submissions.

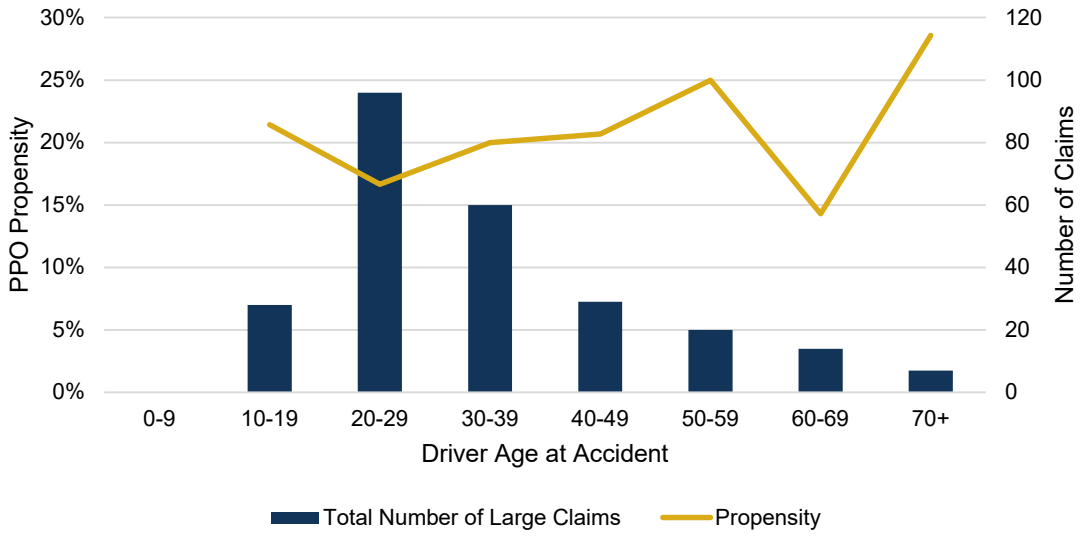

Figure G.24: Motor (non-MIB) PPO propensity, by driver age at accident, for claims settled since 2009

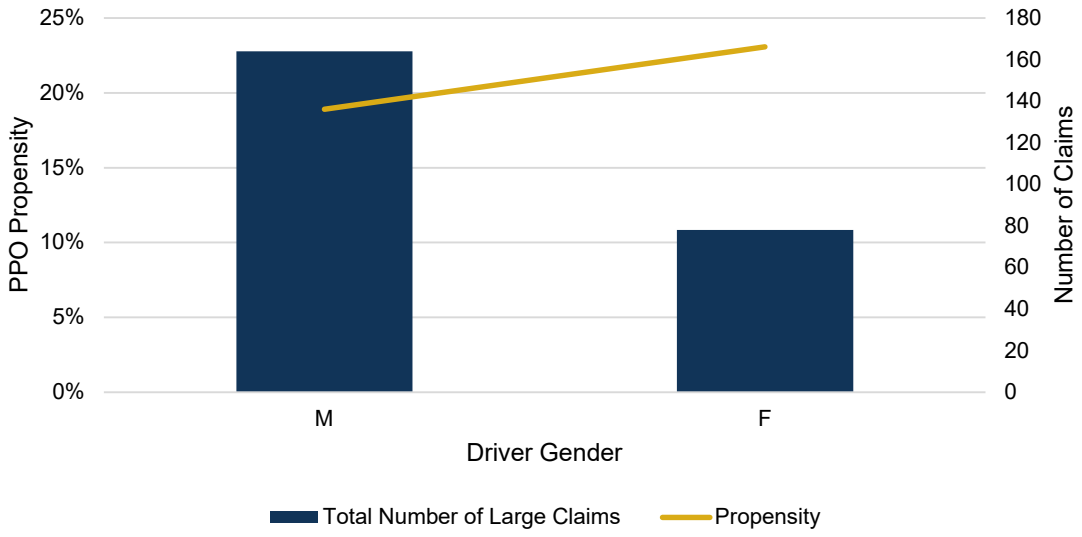

Figure G.25: Motor (non-MIB) PPO propensity, by driver gender, for claims settled since 2009

Appendix H Propensity of Liability PPO claims

In this appendix, we provide summary statistics for the propensity of Liability PPO claims split by different policy, claim and claimant characteristics.

Unless otherwise specified, the propensity is expressed as the number of PPO claims as a proportion of the number of large claims.

In 2008 and prior there were very few Liability claims settling from our contributors and so the data underlying the summary statistics within this appendix have been restricted to settlement years 2009 and post to reduce the potential for distortion.

See Appendix C for the definition of a large claim, and an explanation of the incremental threshold analysis and the cumulative threshold analysis. See Appendix B for an explanation of the standardisation basis for claim size used for Liability claims. See Appendix D for an explanation of the standardisation basis for Ogden discount rate used.

The number of Liability claims settled in each year, and also the number of Liability PPO claims, in the data we have received for the quantitative industry survey is small, especially when considered relative to the equivalent Motor claims data received. The small number of Liability claims is likely to have contributed to the volatility in experience in the summary statistics provided in this appendix.

Due to limited data volumes and claim details provided, we have omitted the summary statistics by type of injury and claimant characteristics. We encourage participants to provide this level of detail in future surveys.

H.1 Propensity by settlement year

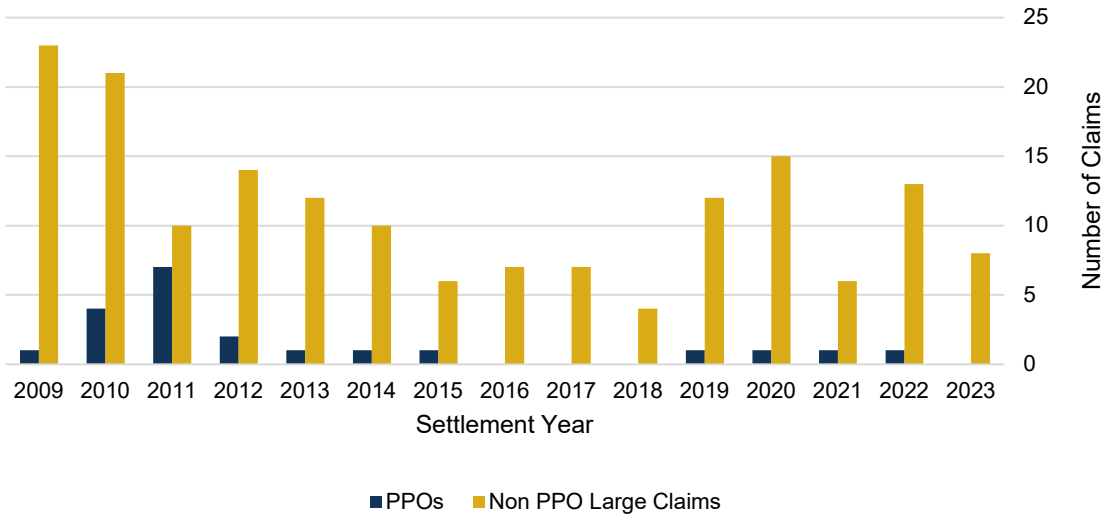

Figure H.1: Number of Liability PPO claims and Liability non-PPO large claims underlying the PPO propensity statistics, by settlement year

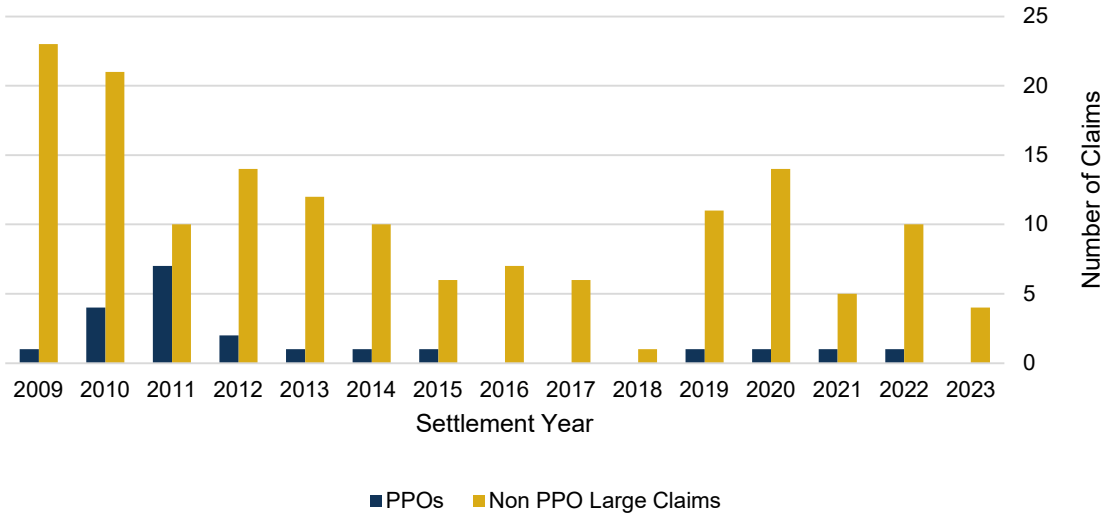

Figure H.2: Number of Liability PPO claims and Liability non-PPO large claims underlying the PPO propensity statistics, by settlement year, with Ogden Adjustment

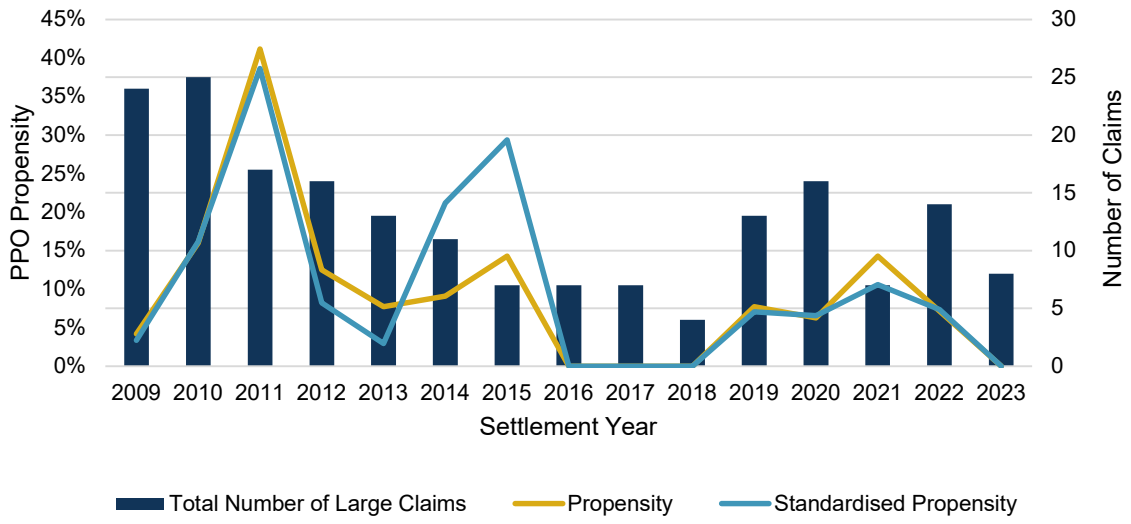

Figure H.3: Liability PPO propensity and standardised Liability PPO propensity, by settlement year

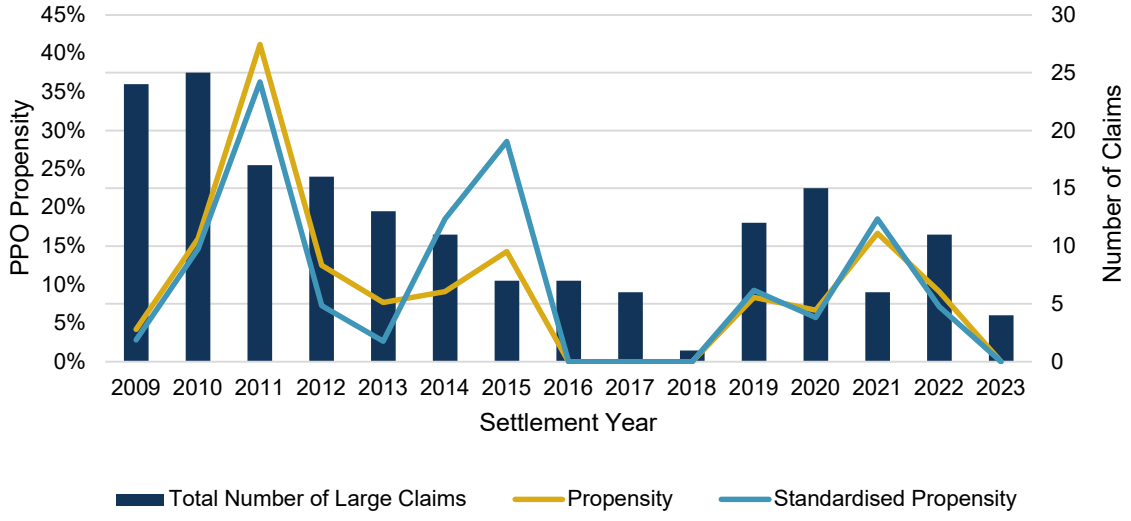

Figure H.4: Liability PPO propensity and standardised Liability PPO propensity, by settlement year, with Ogden adjustment

Figure H.5 presents PPO propensity as the number of PPO claims as a proportion of the gross earned premium. The exposure data has been "earned" out to settlement year using the distribution of accident year to settlement year lag across all PPOs and non-PPO large claims.

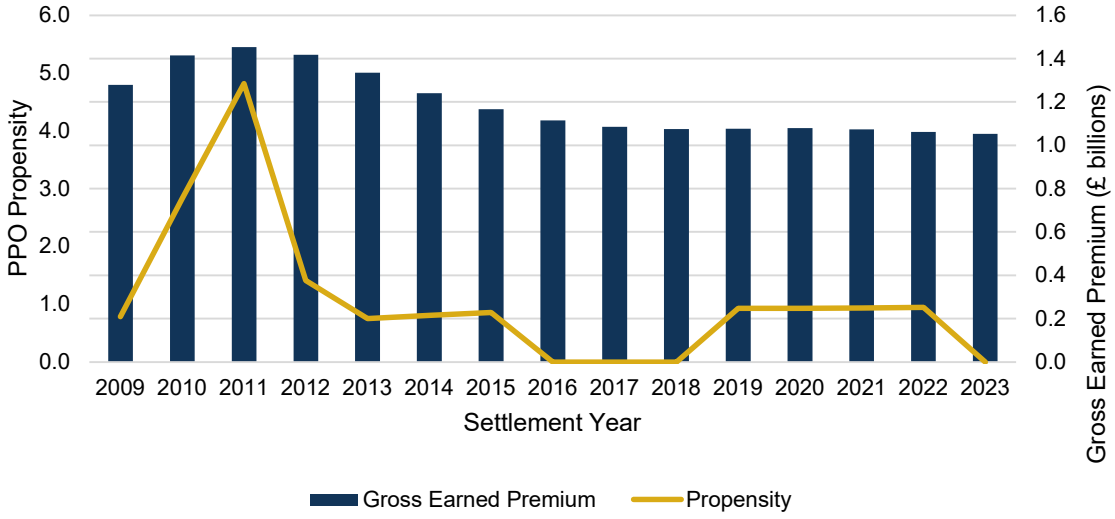

Figure H.5: Liability PPO propensity, expressed as the number of PPO claims as a proportion of the gross earned premium, by settlement year

H.2 Propensity by insurer

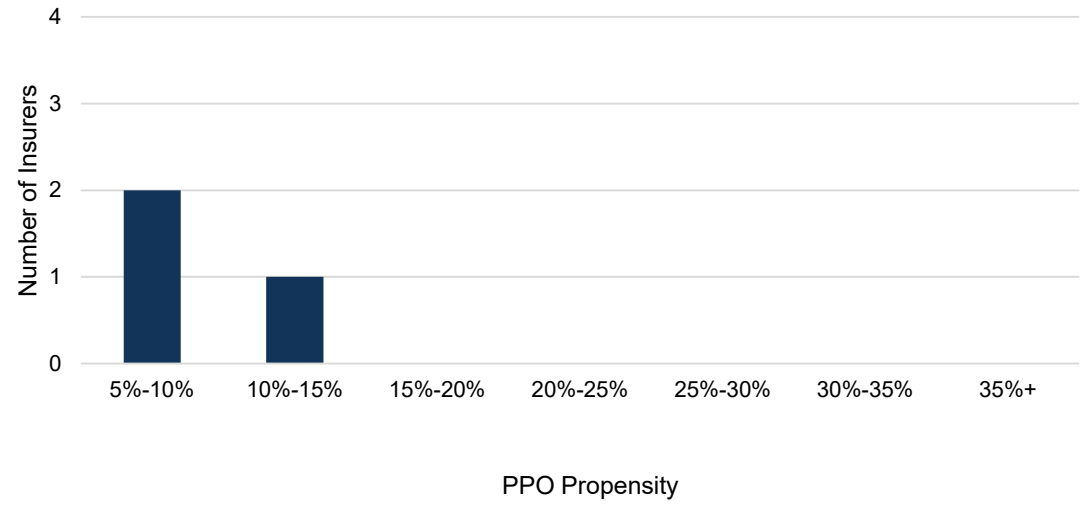

Figure H.6: Distribution of Liability PPO propensity for insurers that have settled at least 5 large claims (including PPO claims), for claims settled since 2009

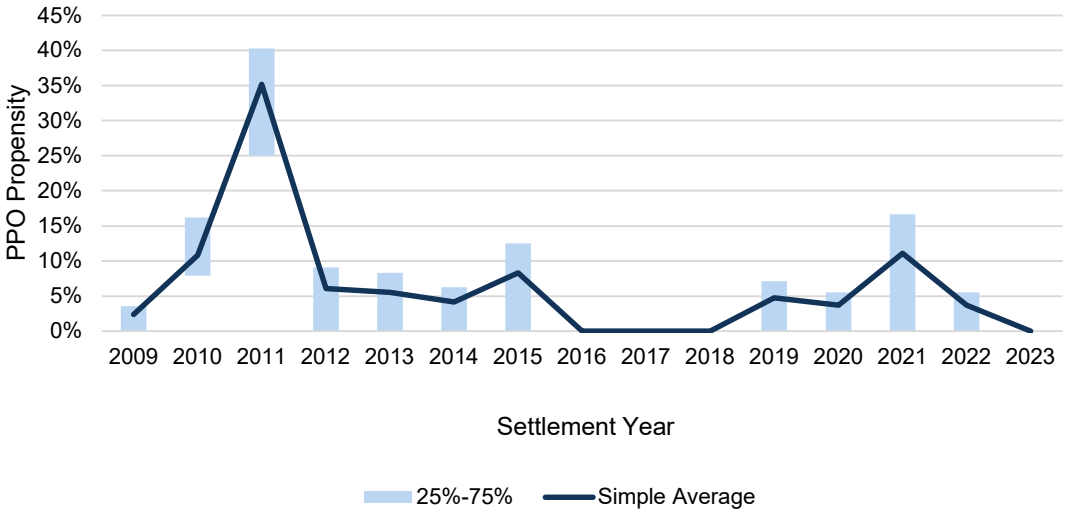

Figure H.7: Distribution of contributing insurers' Liability PPO propensity, by settlement year

H.3 Propensity by class of business

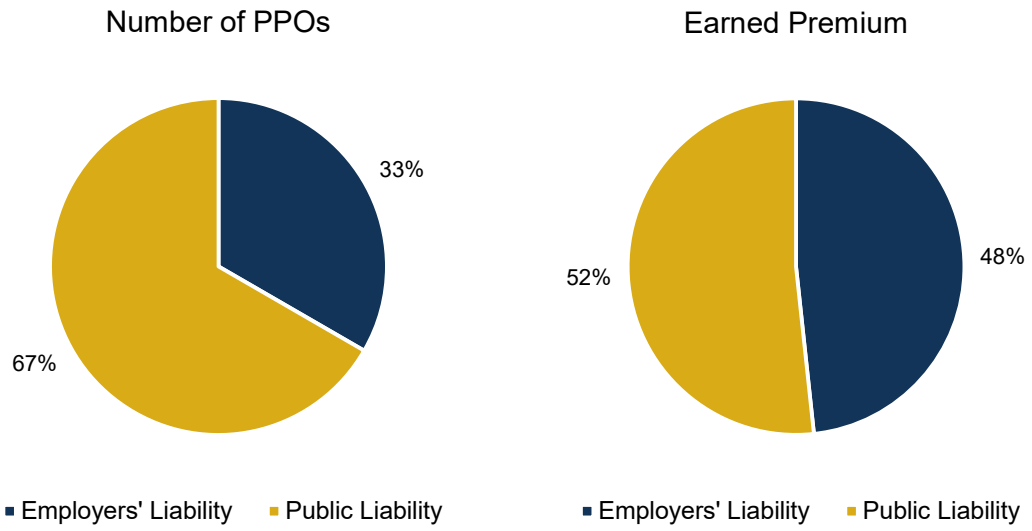

Figure H.8: Employers' Liability / Public Liability split of the number of Liability PPO claims and Liability earned premium

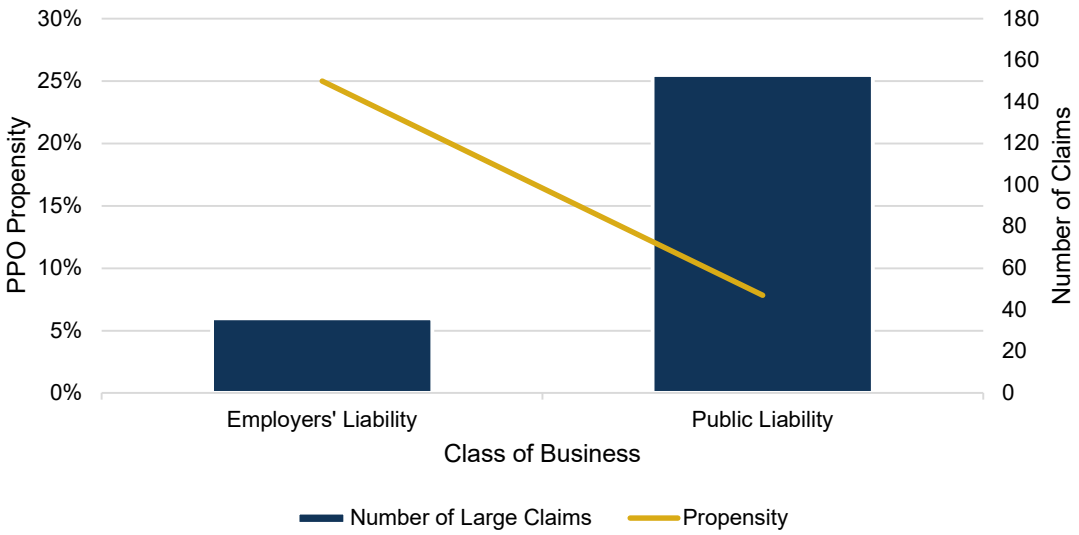

Figure H.9: Liability PPO propensity, by class of business, for claims settled since 2009

H.4 Propensity by incremental large claim threshold band

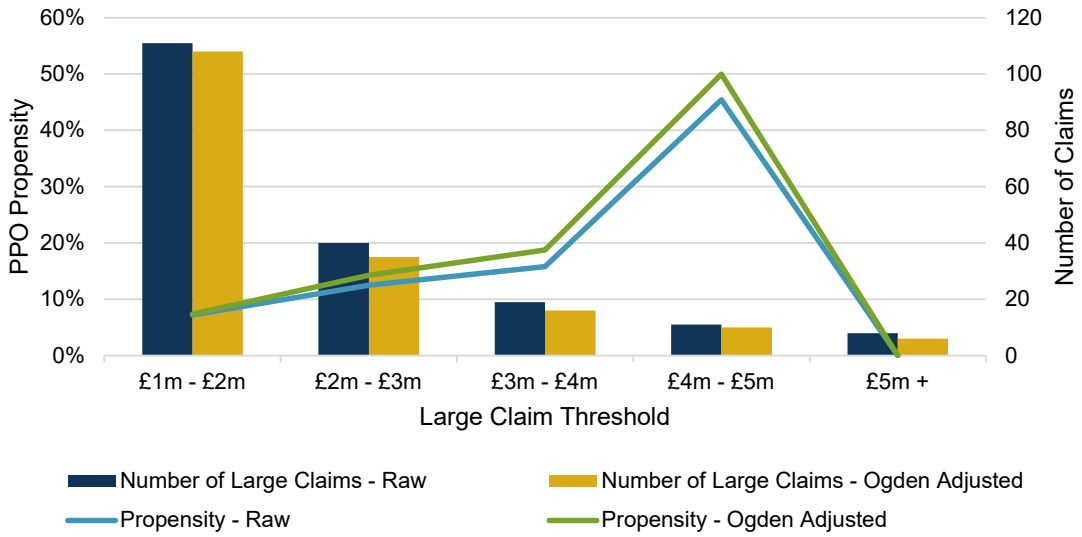

Figure H.10: Liability PPO propensity, by incremental large claim threshold band (2011 terms), for claims settled since 2009, with and without Ogden adjustment

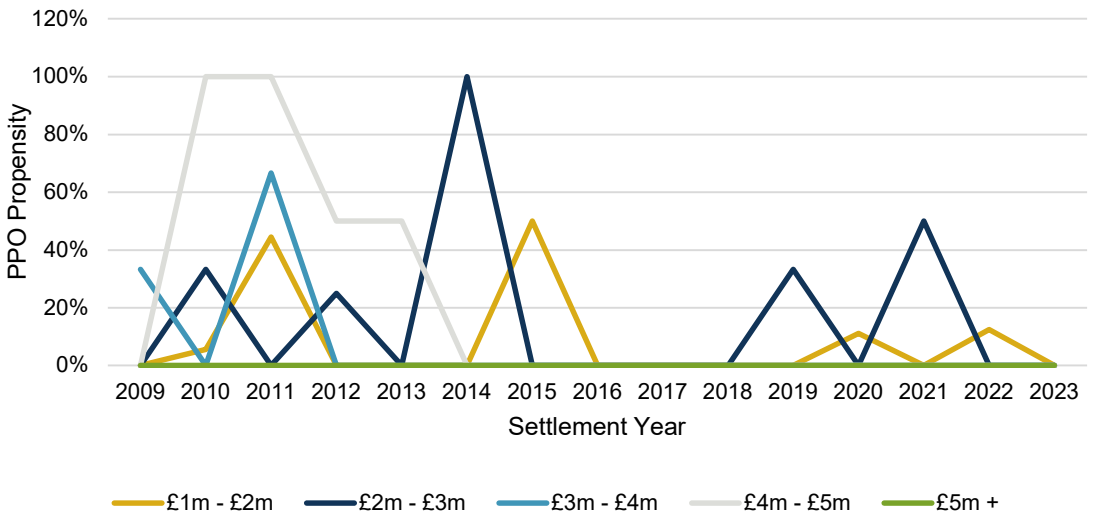

Figure H.11: Liability PPO propensity, by incremental large claim threshold band (2011 terms), and by settlement year, without Ogden adjustment

H.5 Propensity by cumulative large claim threshold band

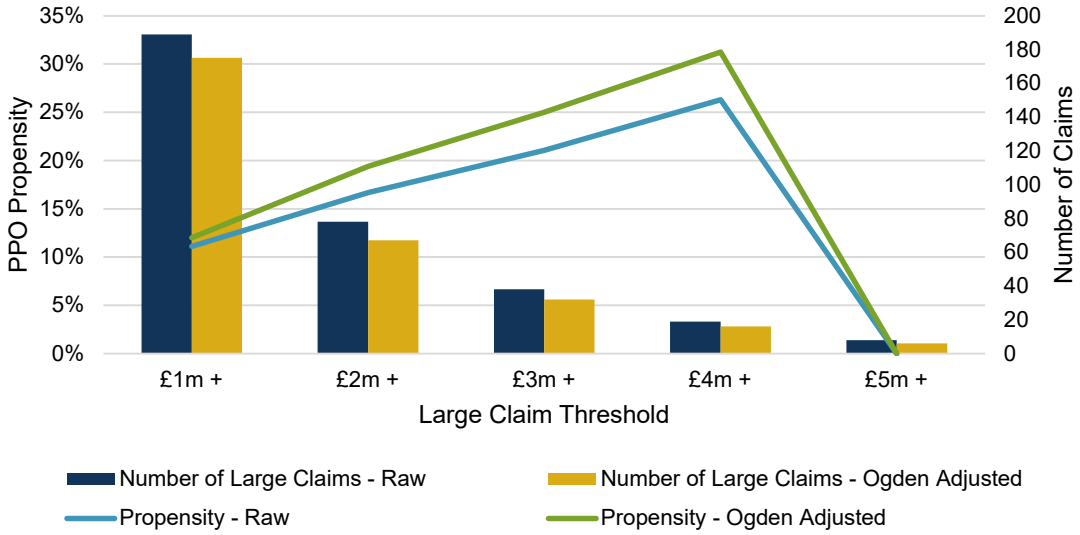

Figure H.12: Liability PPO propensity, by cumulative large claim threshold band (2011 terms), for claims settled since 2009, with and without Ogden adjustment

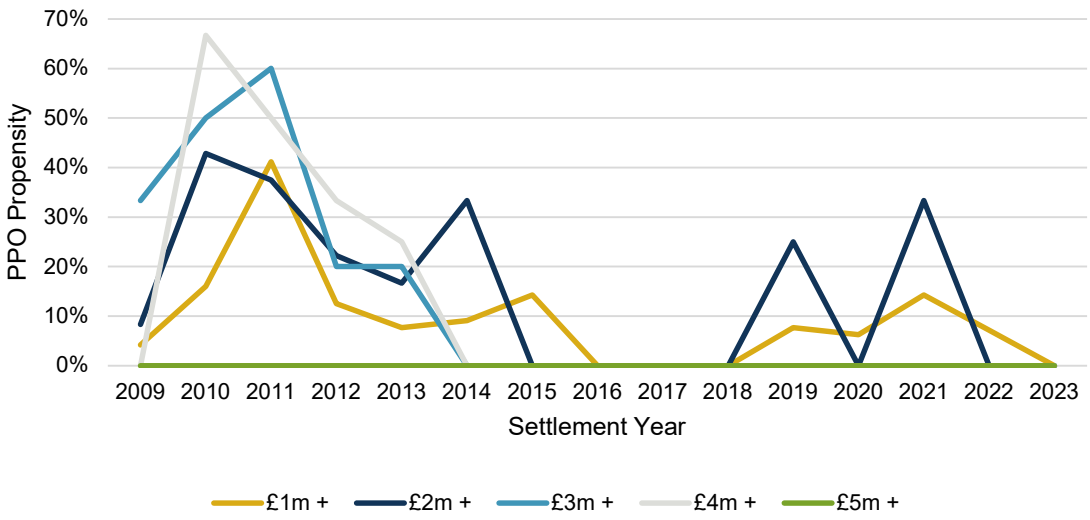

Figure H.13: Liability PPO propensity, by cumulative large claim threshold band (2011 terms), and by settlement year, without Ogden adjustment

Appendix I Accident year triangles

In this appendix, we provide triangle development charts for PPO claims, non-PPO large claims and PPO propensity, which take into account the accident year of a claim as well as the time to settlement.

As we have only collected data on large claims settled since 2008, the results are distorted for accident years prior to 2008 and have been excluded.

I.1 Cumulative development charts

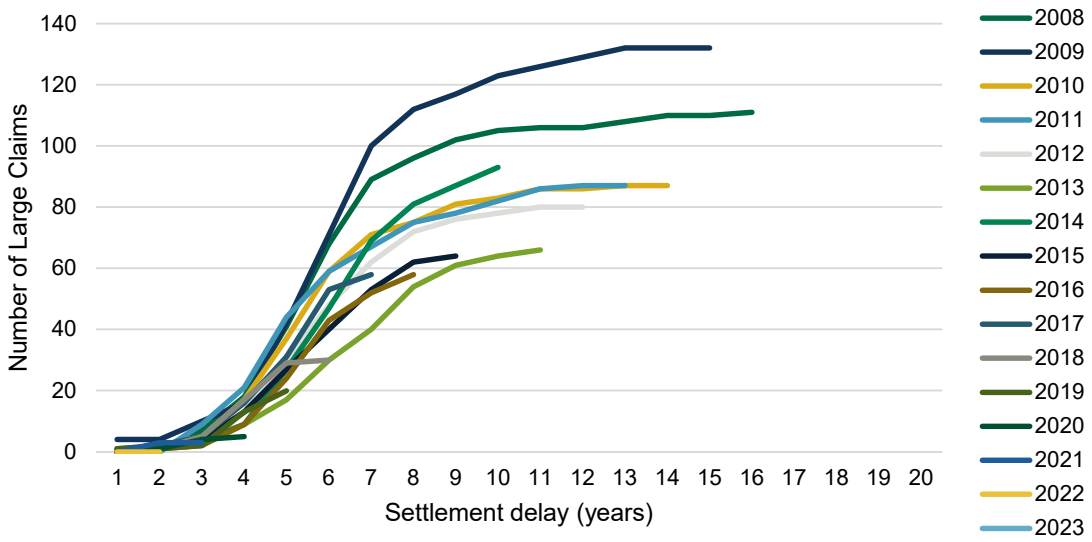

Figure I.1: Graph showing the accident year cumulative settlement of the number of PPO and non-PPO large claims (non-MIB)

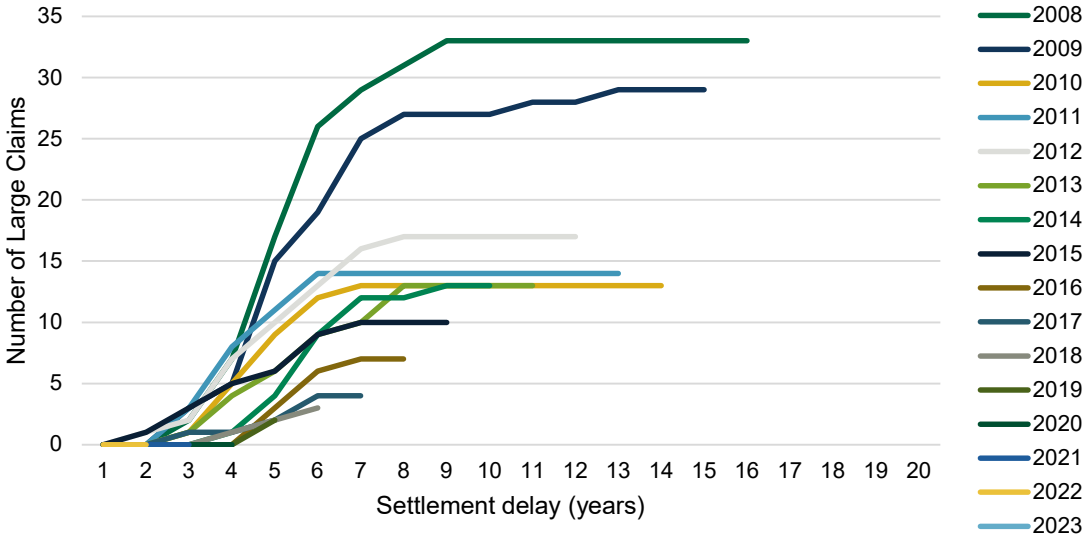

Figure I.2: Graph showing the accident year cumulative settlement of the number of Motor (non-MIB) PPO claims

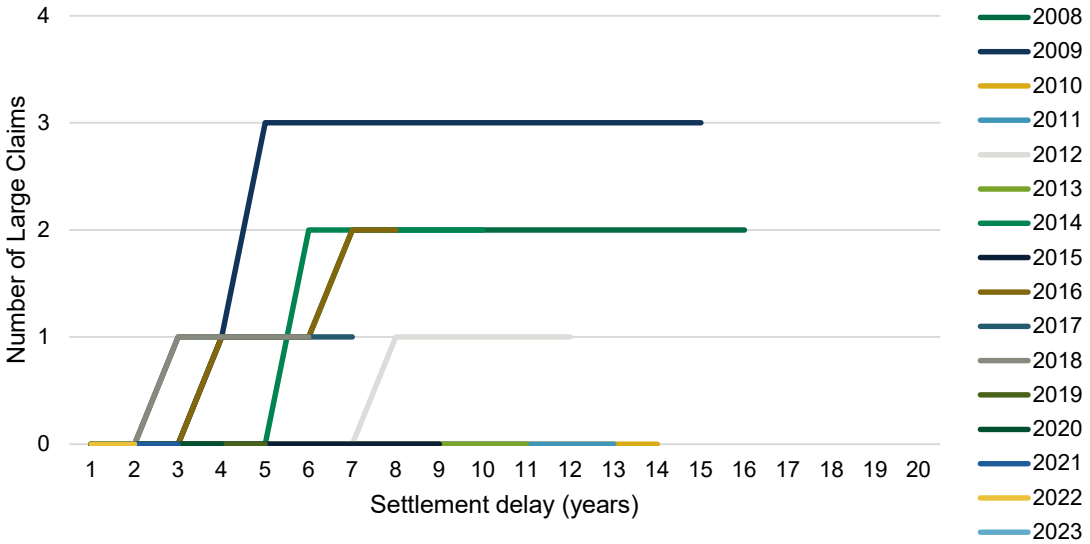

Figure I.3: Graph showing the accident year cumulative settlement of the number of Liability PPO claims

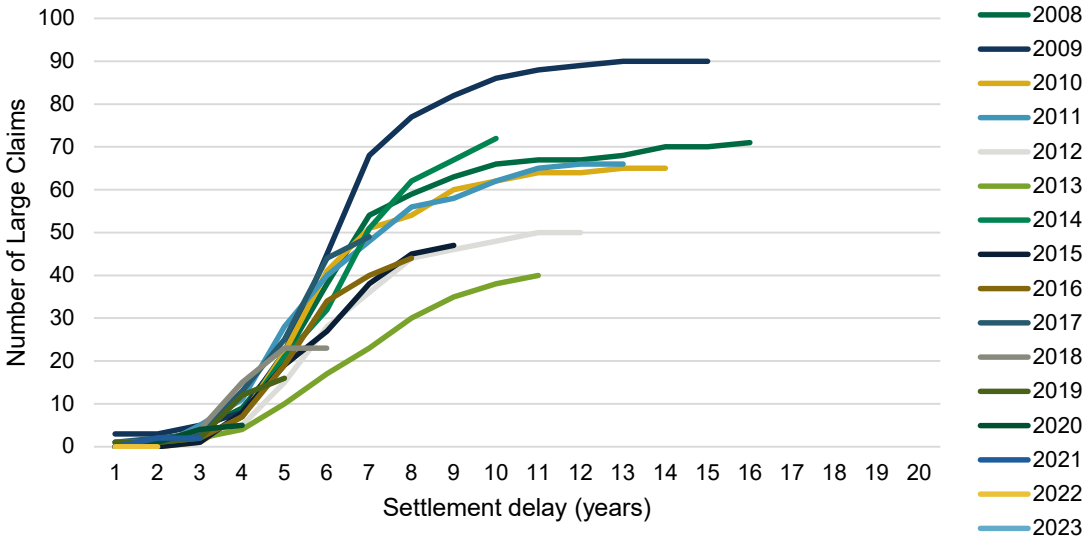

Figure I.4: Graph showing the accident year cumulative settlement of the number of Motor (non-MIB) non-PPO large claims

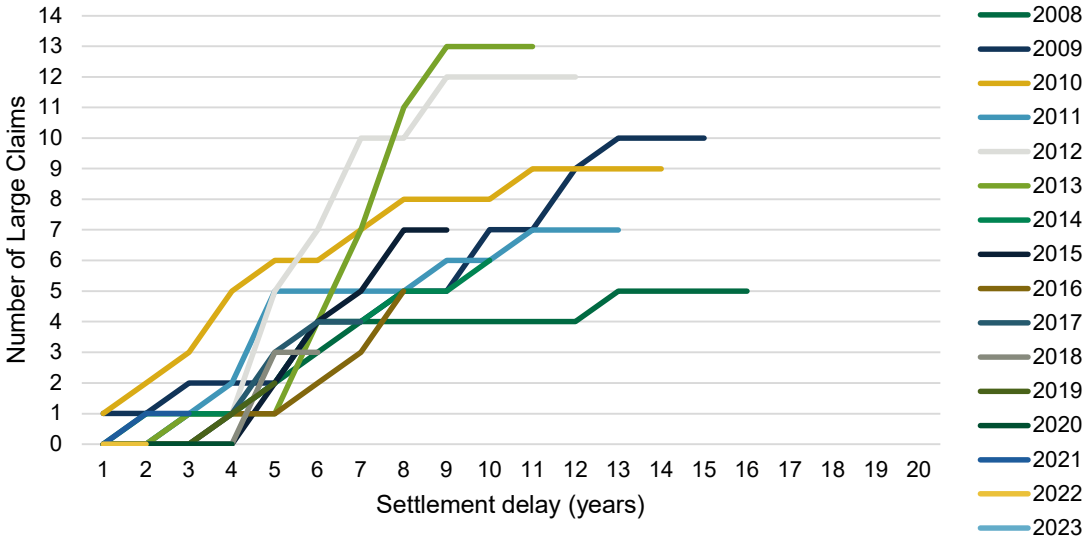

Figure I.5: Graph showing the accident year cumulative settlement of the number of Liability non-PPO large claims

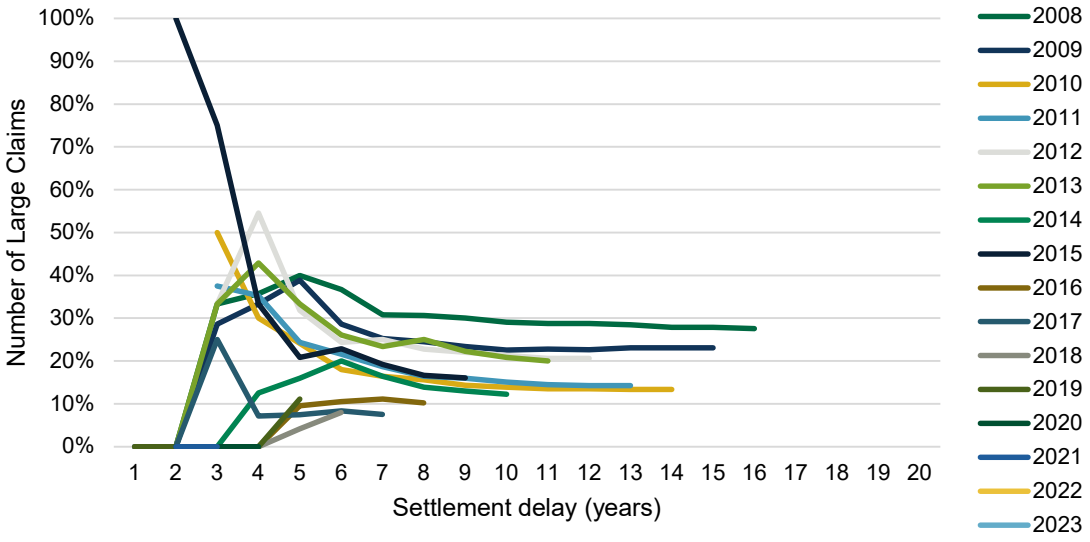

Figure I.6: Graph showing the accident year cumulative settlement of the number of Motor (non-MIB) PPO propensity

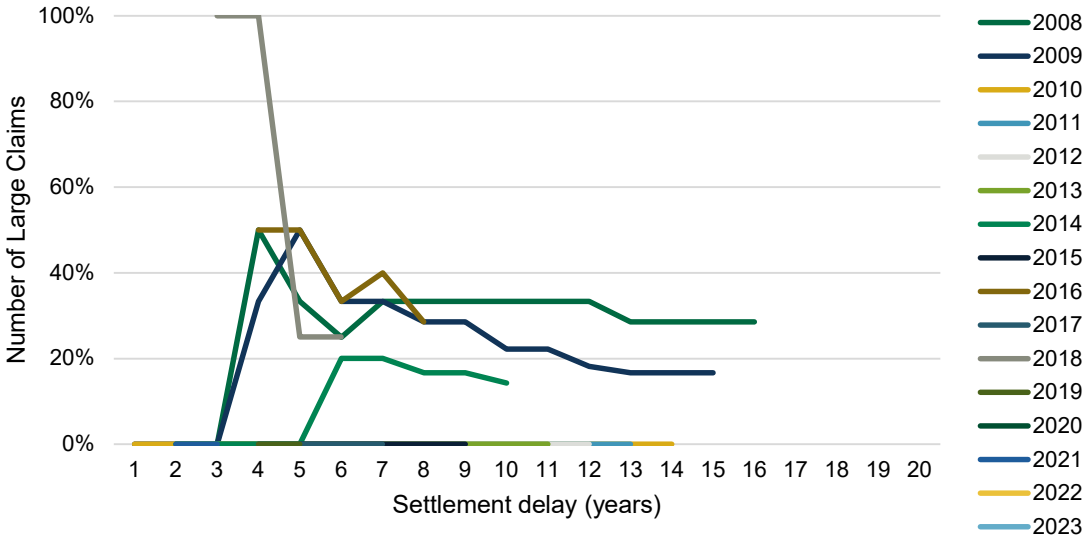

Figure I.7: Graph showing the accident year cumulative settlement of the number of Liability PPO propensity

Appendix J General characteristics of Motor (non-MIB) PPO claims

J.1 Age of driver at accident date and gender of driver

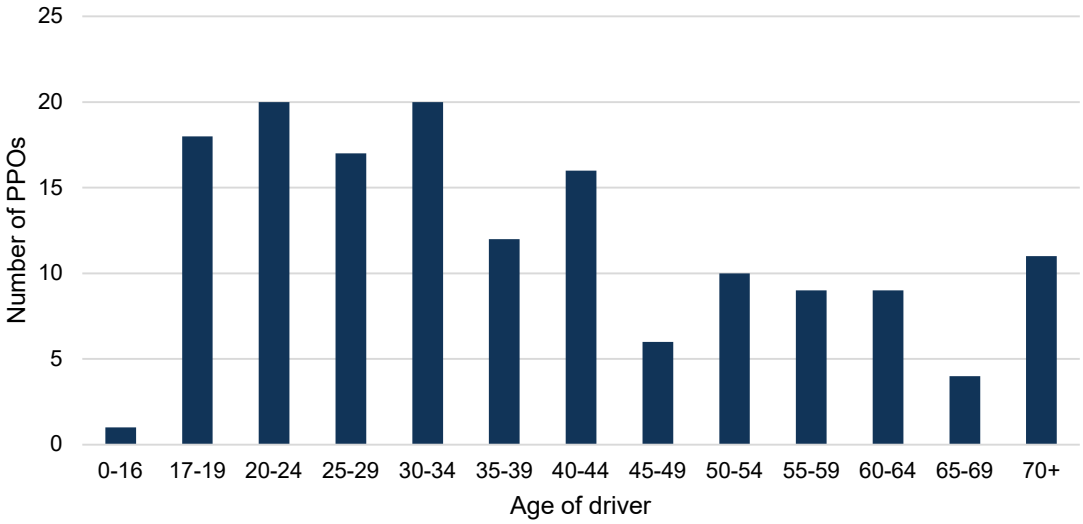

Figure J.1: Number of (non-MIB) PPO claims, by age of driver at accident date

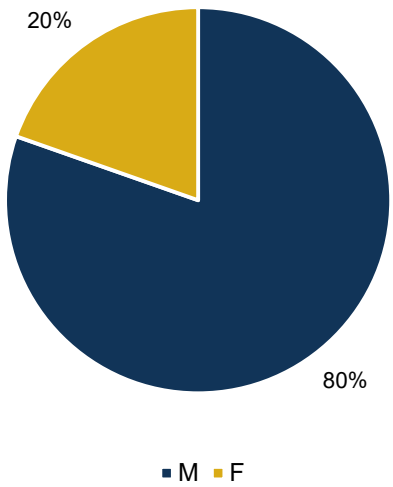

Figure J.2: Split of the number of Motor (non-MIB) PPO claims, by gender of driver

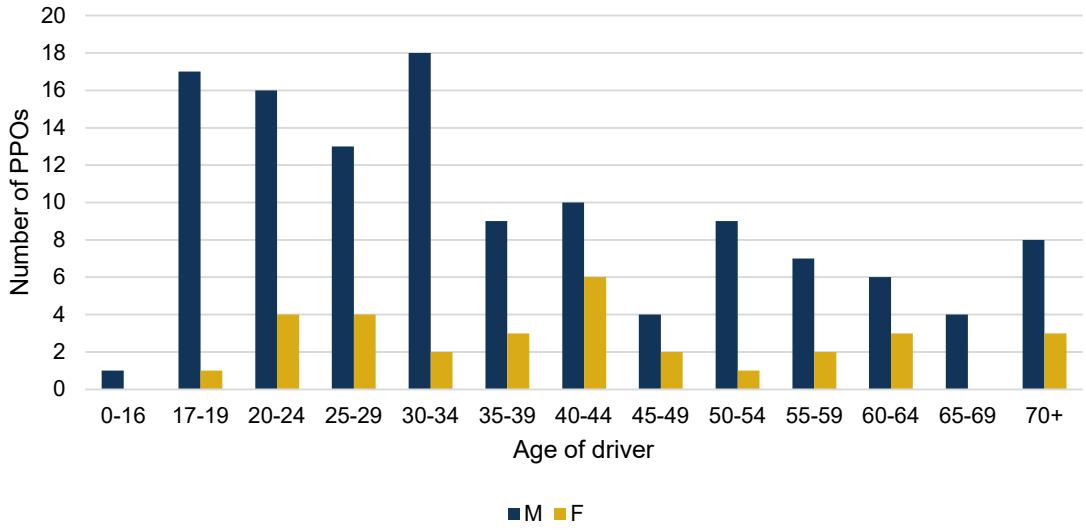

Figure J.3: Number of Motor (non-MIB) PPO claims, by age of driver at accident date and by gender of driver

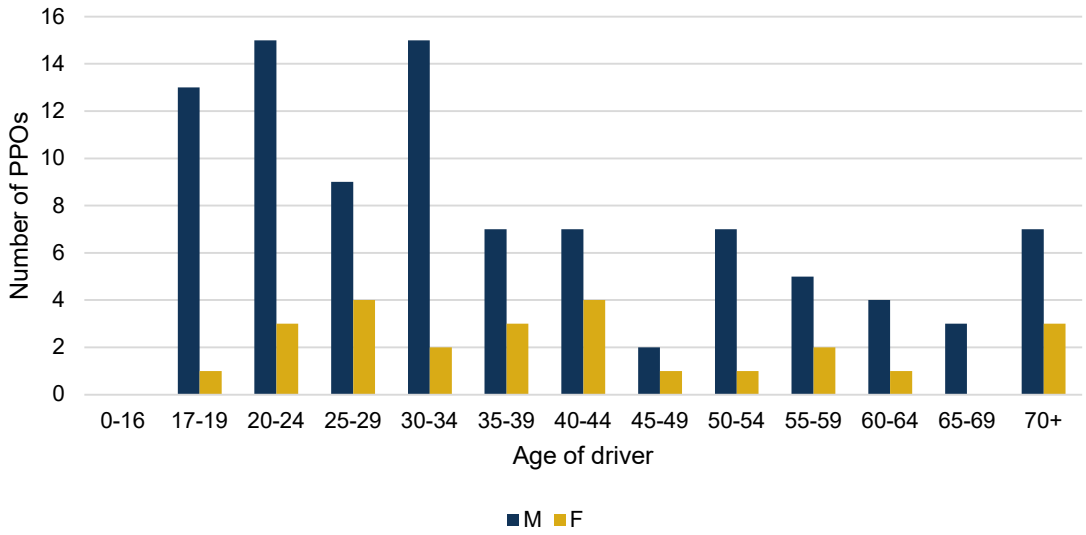

Figure J.4: Number of Motor (non-MIB) PPO claims, for Private Motor, by age of driver at accident date and by gender of driver

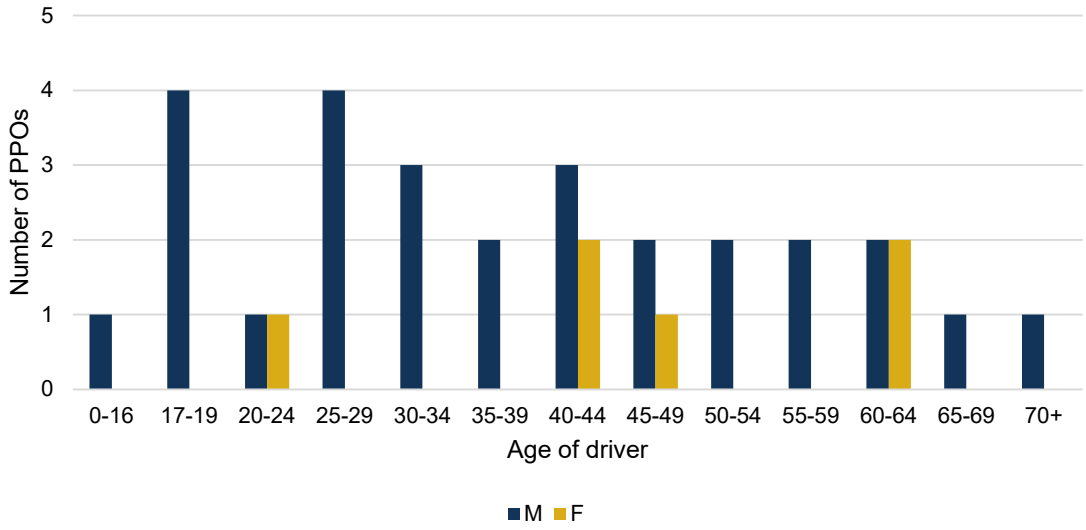

Figure J.5: Number of Motor (non-MIB) PPO claims, for Fleet/Commercial Motor, by age of driver at accident date and by gender of driver

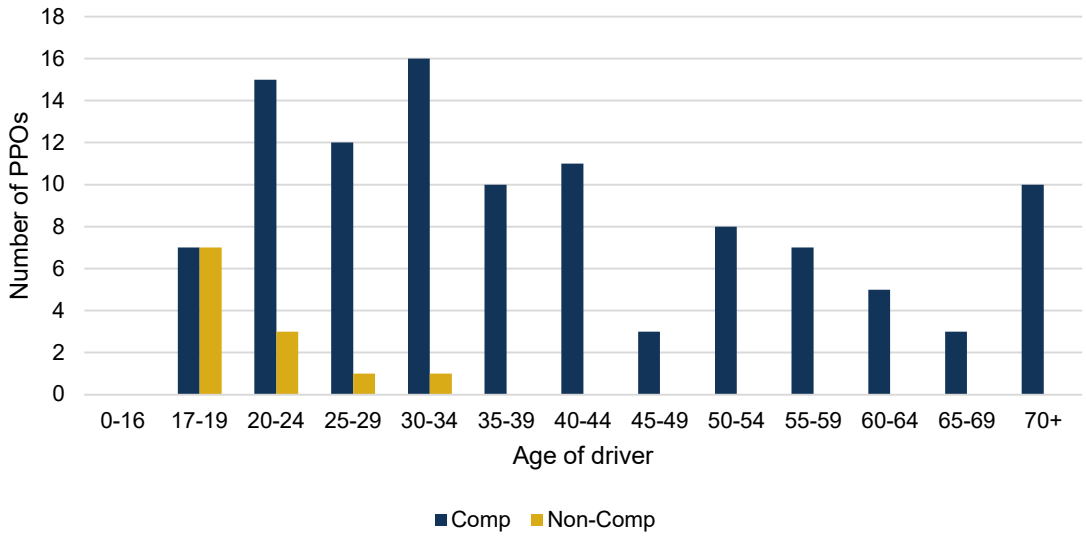

Figure J.6: Number of Motor (non-MIB) PPO claims, for Private Motor, by age of driver at accident date and by cover type

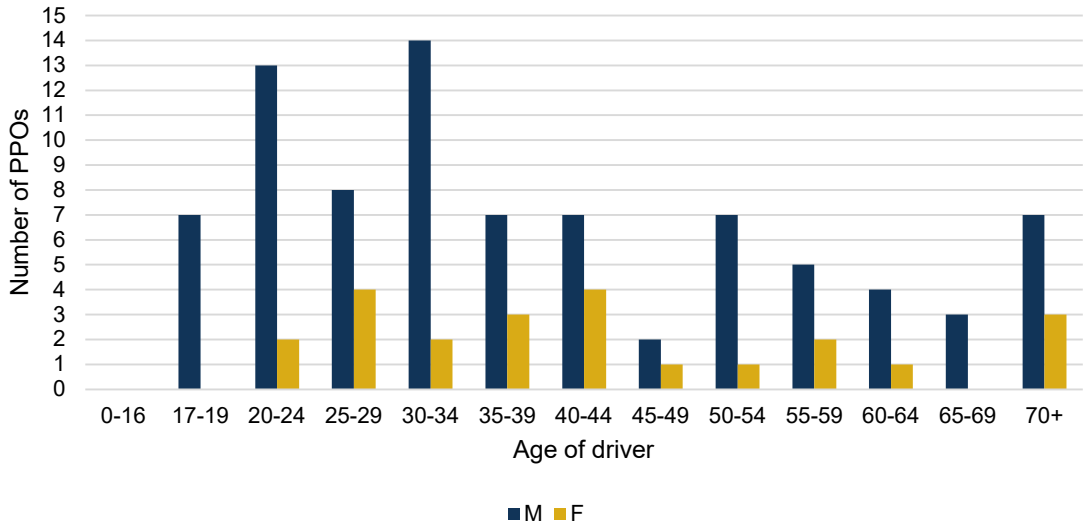

Figure J.7: Number of Motor (non-MIB) PPO claims, for Private Motor Comprehensive, by age of driver at accident date and by gender of driver

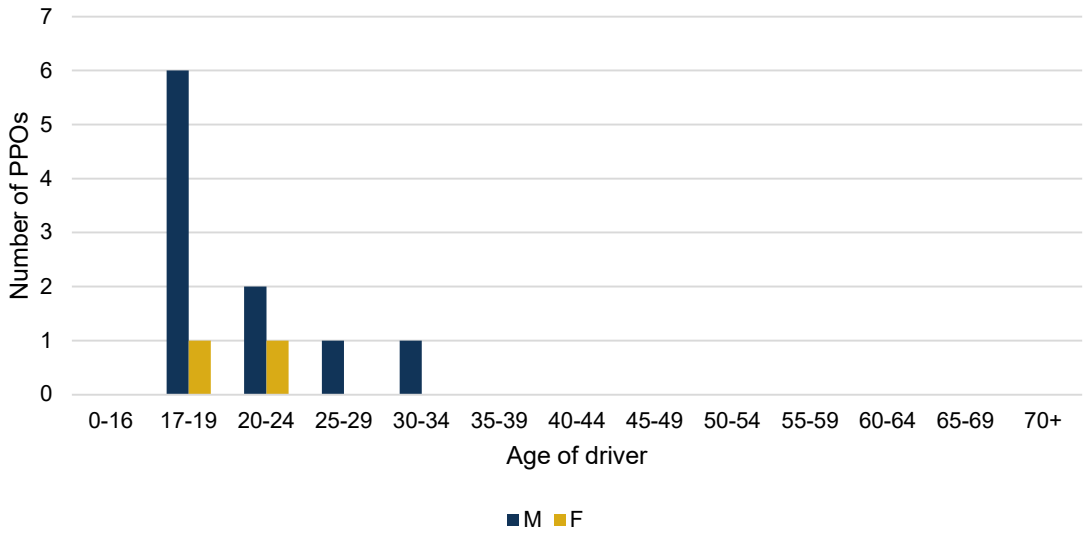

Figure J.8: Number of Motor (non-MIB) PPO claims, for Private Motor Non-Comprehensive, by age of driver at accident date and by gender of driver

J.2 Age of claimant at accident date and gender of claimant

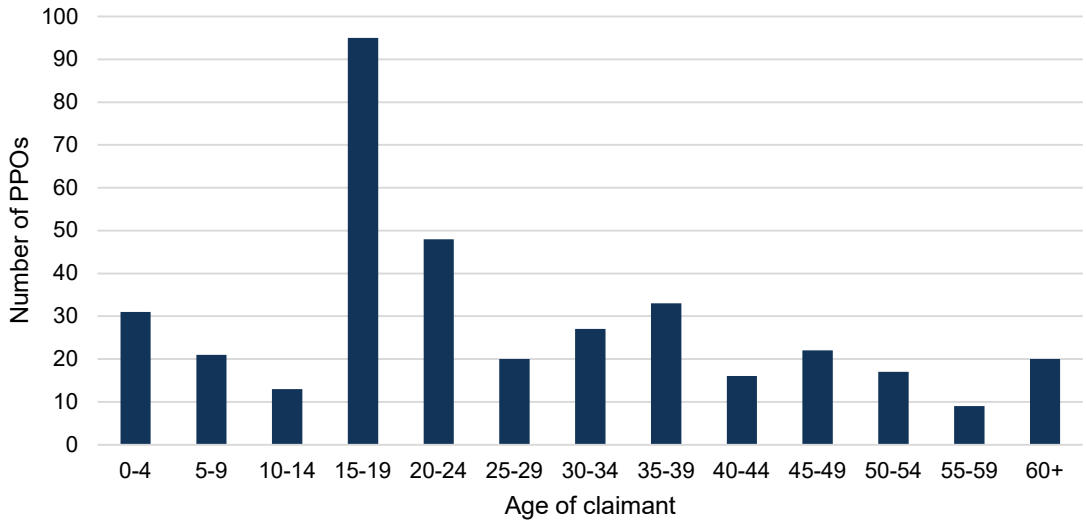

Figure J.9: Number of (non-MIB) PPO claims, by age of claimant at accident date

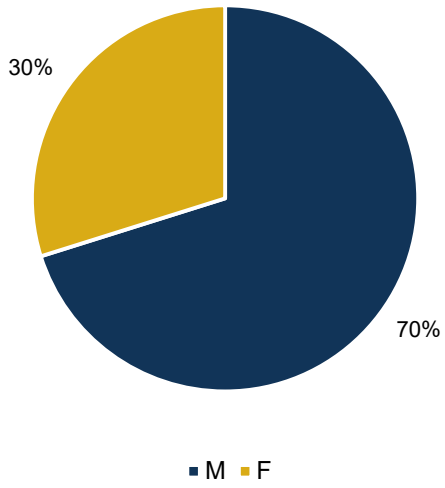

Figure J.10: Split of the number of Motor (non-MIB) PPO claims, by gender of claimant

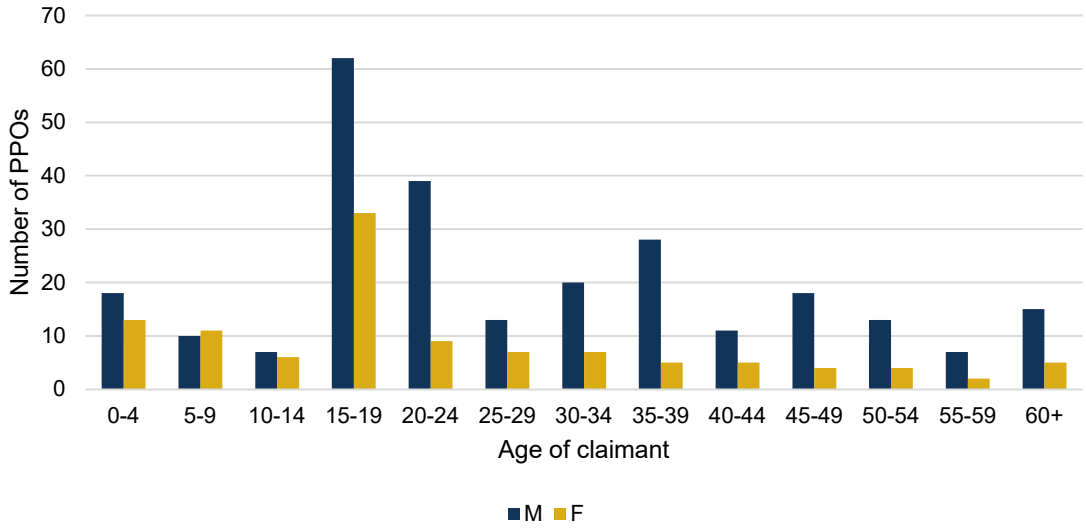

Figure J.11: Number of Motor (non-MIB) PPO claims, by age of claimant at accident date and by gender of claimant

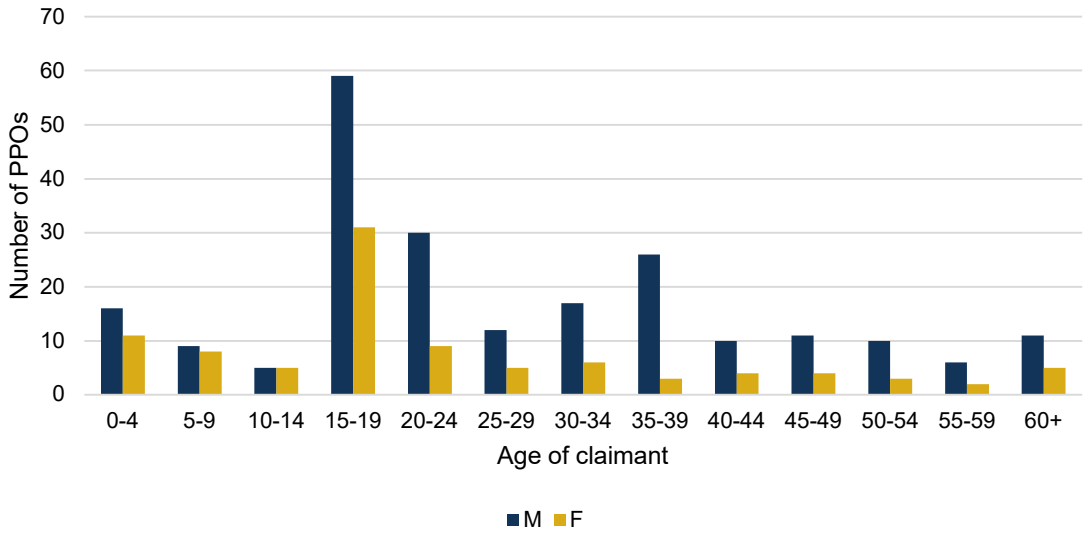

Figure J.12: Number of Motor (non-MIB) PPO claims, for Private Motor, by age of claimant at accident date and by gender of claimant

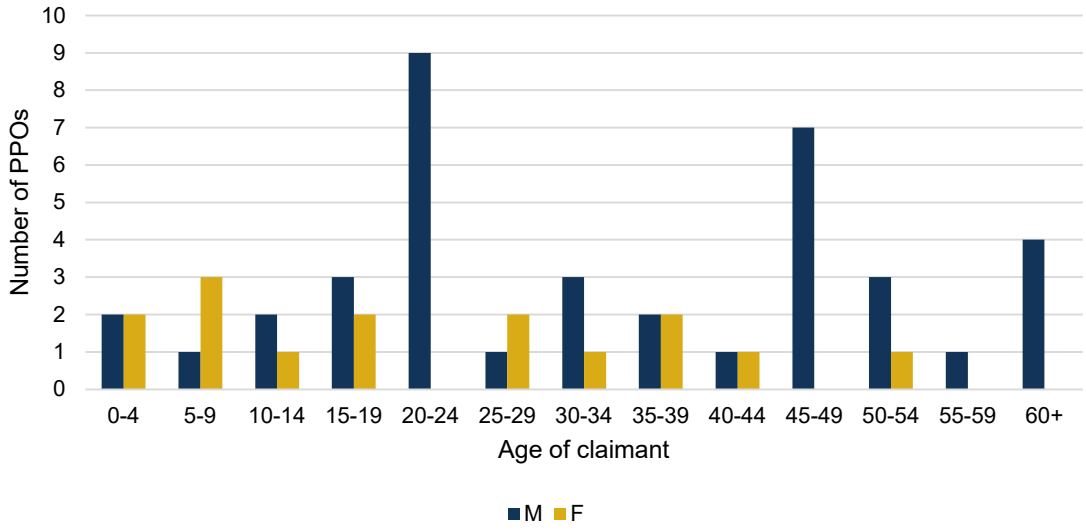

Figure J.13: Number of Motor (non-MIB) PPO claims, for Fleet/Commercial Motor, by age of claimant at accident date and by gender of claimant

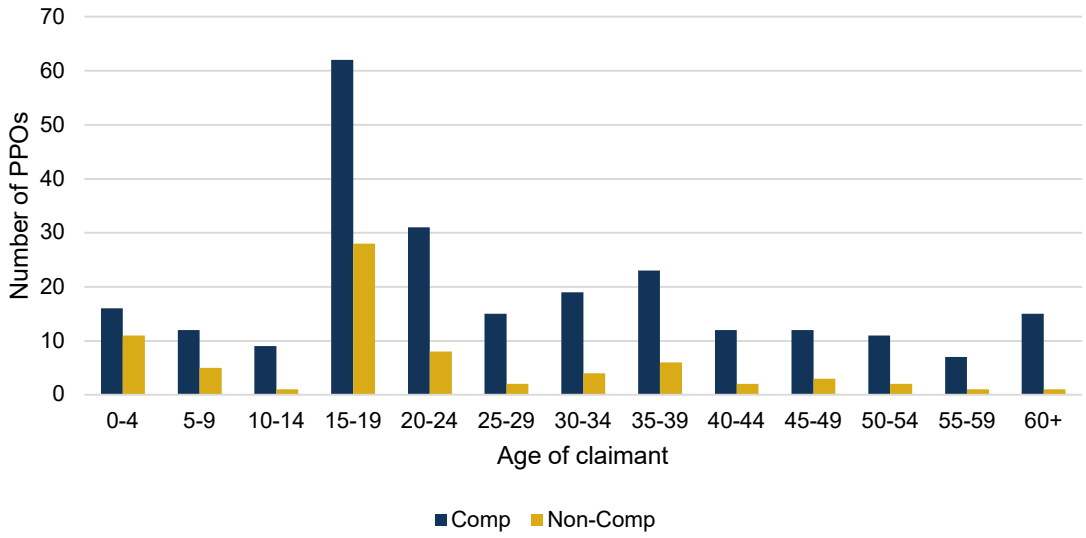

Figure J.14: Number of Motor (non-MIB) PPO claims, for Private Motor, by age of claimant at accident date and by cover type

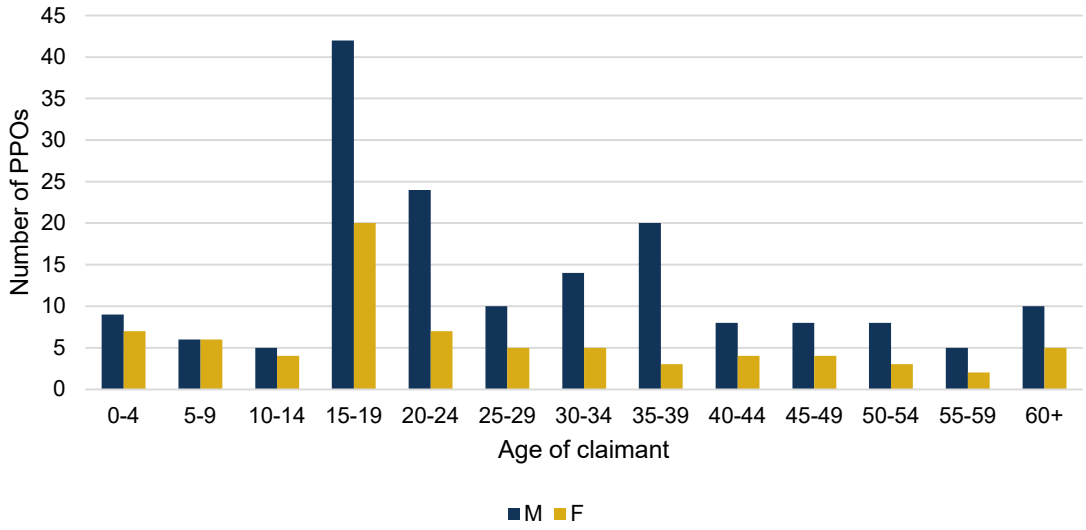

Figure J.15: Number of Motor (non-MIB) PPO claims, for Private Motor Comprehensive, by age of claimant at accident date and by gender of claimant

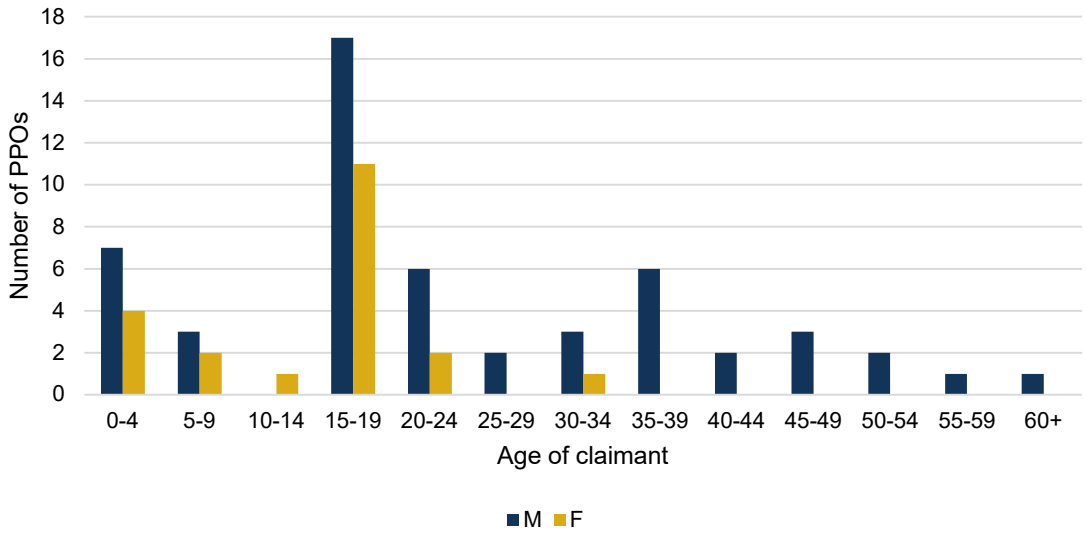

Figure J.16: Number of Motor (non-MIB) PPO claims, for Private Motor Non-Comprehensive, by age of claimant at accident date and by gender of claimant

J.3 Age of claimant at settlement date and gender of claimant

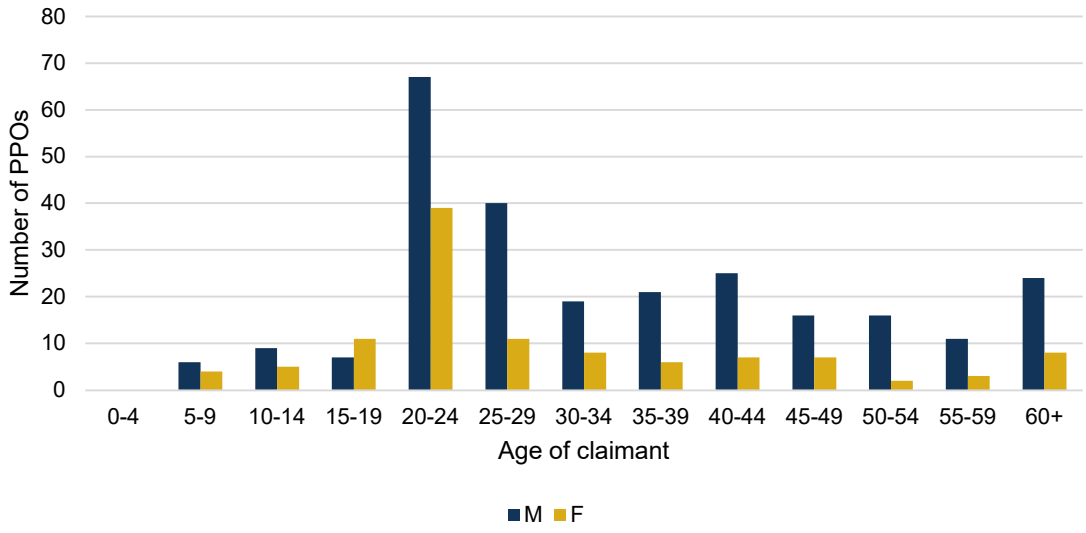

Figure J.17: Number of (non-MIB) PPO claims, by age of claimant at settlement date and by gender of claimant

J.4 Age of driver and age of claimant at accident date

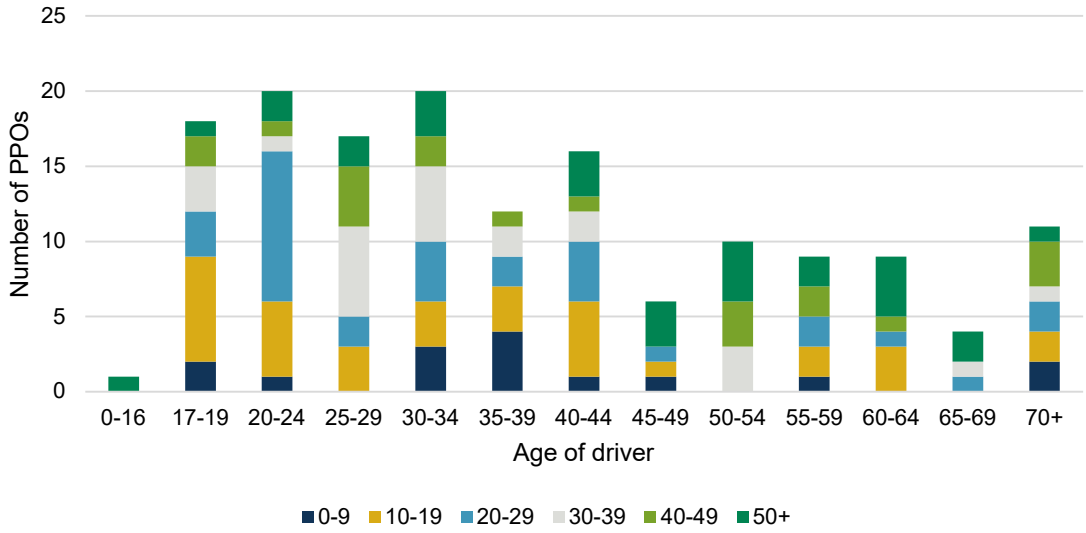

Figure J.18: Split of the number of Motor (non-MIB) PPO claims, by age of driver and by age of claimant at accident date

J.5 Delay to settlement

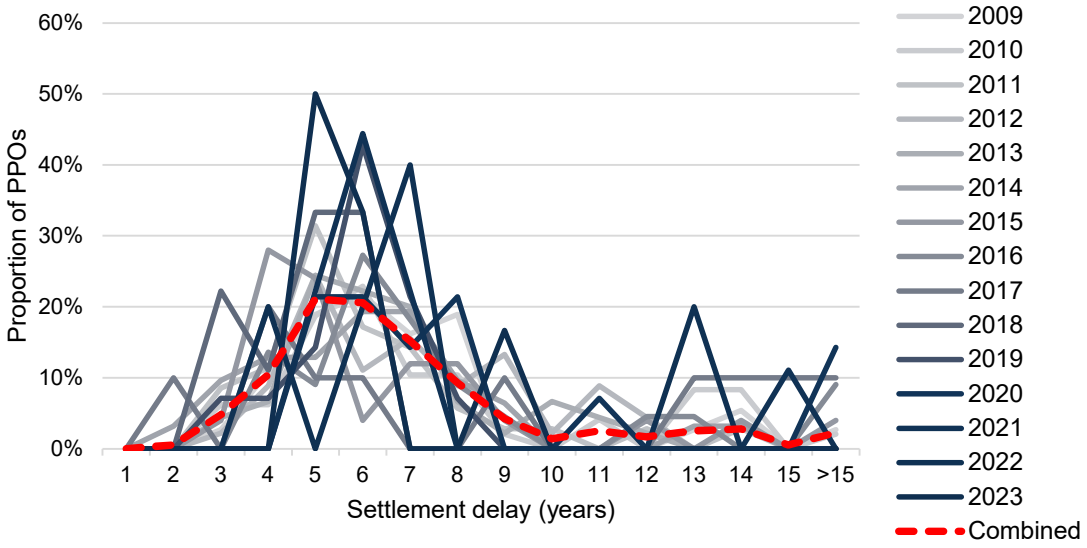

Figure J.19: Distribution of the delay to settlement for Motor (non-MIB) PPO claims, by settlement year, for claims settled since 2009

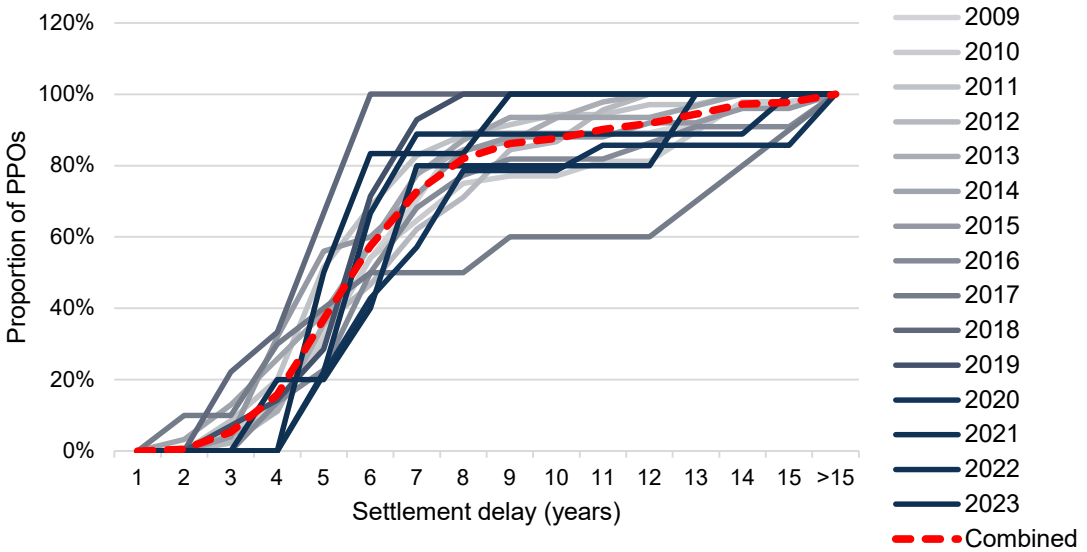

Figure J.20: Cumulative distribution of the delay to settlement for Motor (non-MIB) PPO claims, by settlement year, for claims settled since 2009

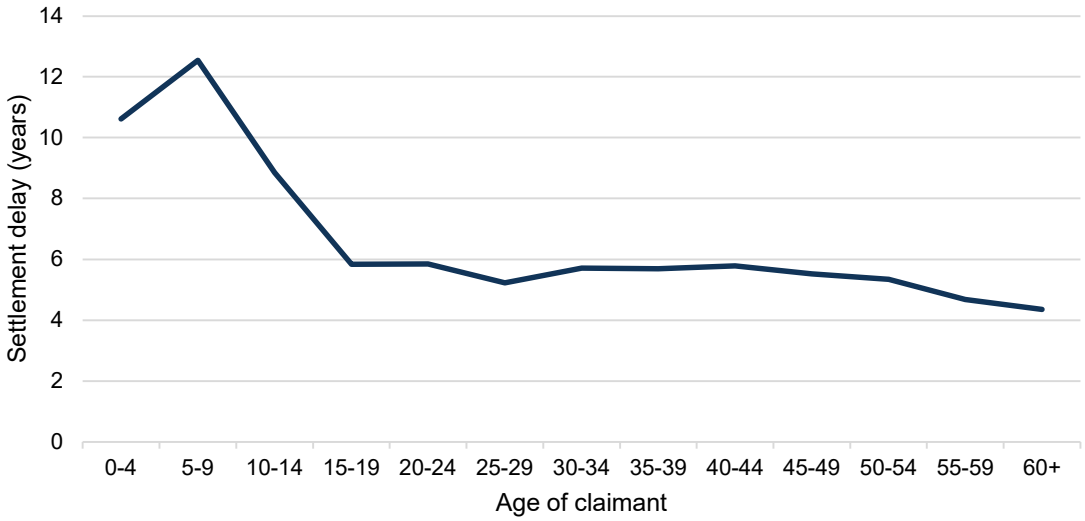

Figure J.21: Average delay to settlement for Motor (non-MIB) PPO claims, by age of claimant at accident date, for claims settled since 2009

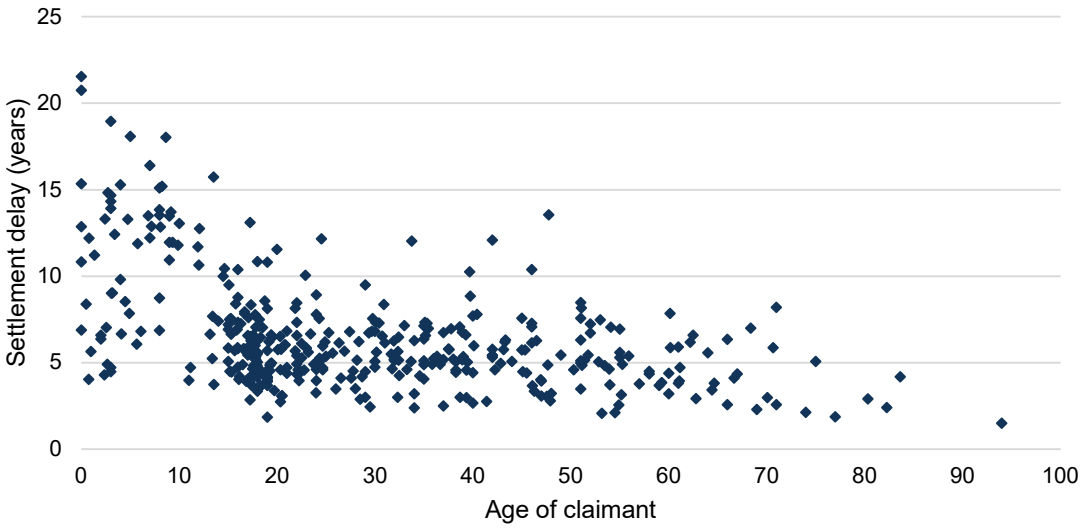

Figure J.22: Scatter graph of the delay to settlement for Motor (non-MIB) PPO claims and the age of claimant at accident date, for claims settled since 2009

Correlation coefficients:

Pearson	-0.46
Spearman	-0.43

The coefficients represent the strength and direction of the correlation between the two variables, ranging between -1.00 and +1.00. A larger absolute value represents a stronger relationship in the data, the sign indicating the direction.

J.6 Life expectancy of claimant at settlement date

The term "life expectancy" in this document is defined as the future life expectancy at the time of settlement, as per the quantitative industry survey responses. It is not clear whether the data collected represents the claimant experts' views, the defendant experts' views, internal views, or a combination of these.

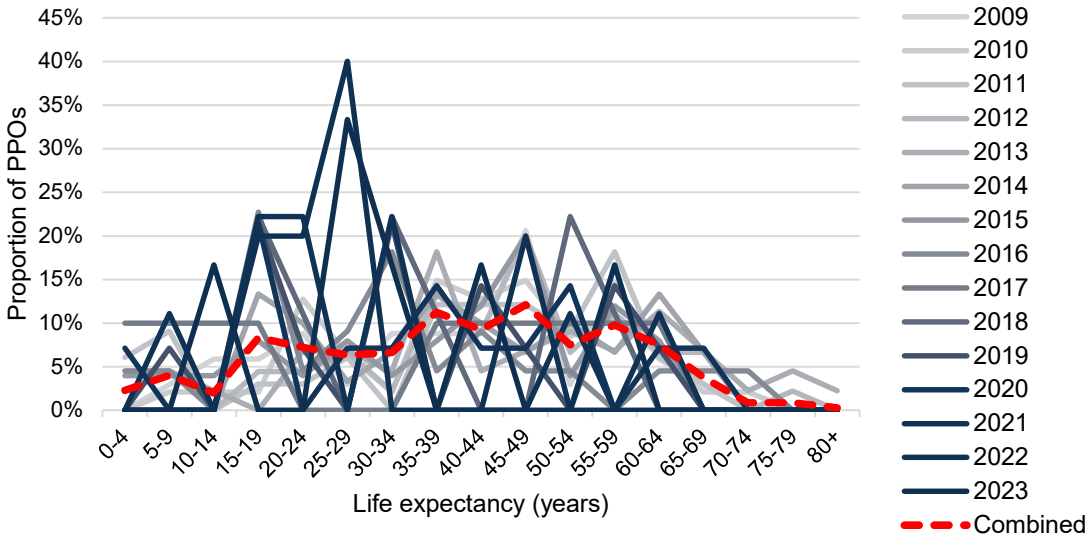

Figure J.23: Distribution of the life expectancy for of claimant at settlement date for Motor (non-MIB) PPO claims, by settlement year, for claims settled since 2009

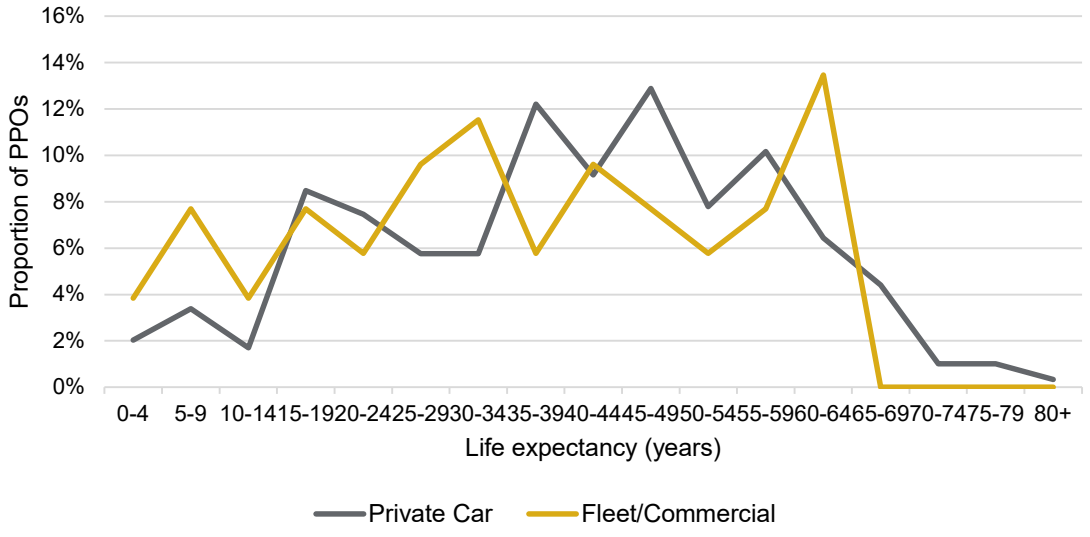

Figure J.24: Distribution of the life expectancy of claimant at settlement date, for Motor (non-MIB) PPO claims, for Private and Commercial Motor, for claims settled since 2009

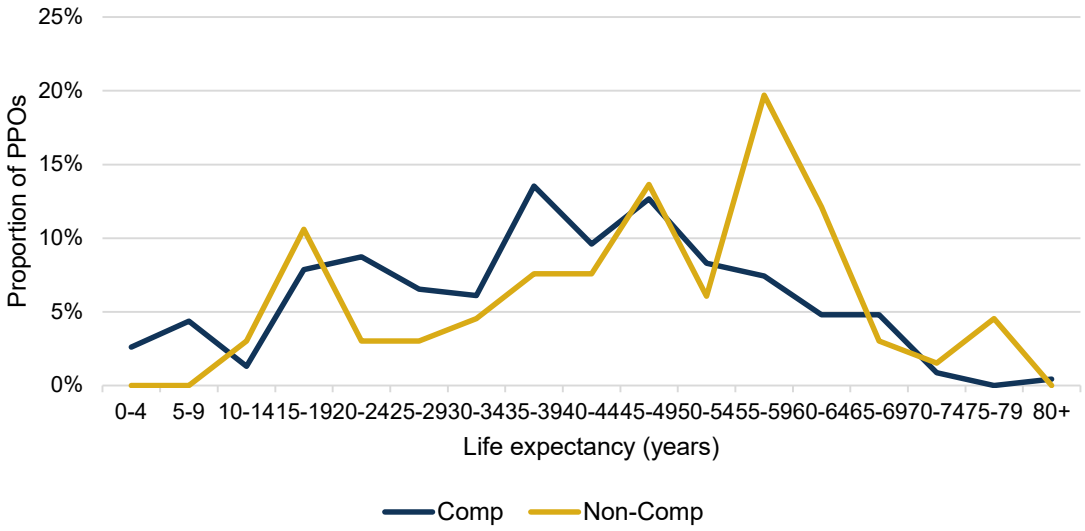

Figure J.25: Distribution of the life expectancy of claimant at settlement date, for Motor (non-MIB) PPO claims, for Private Motor by cover type, for claims settled since 2009

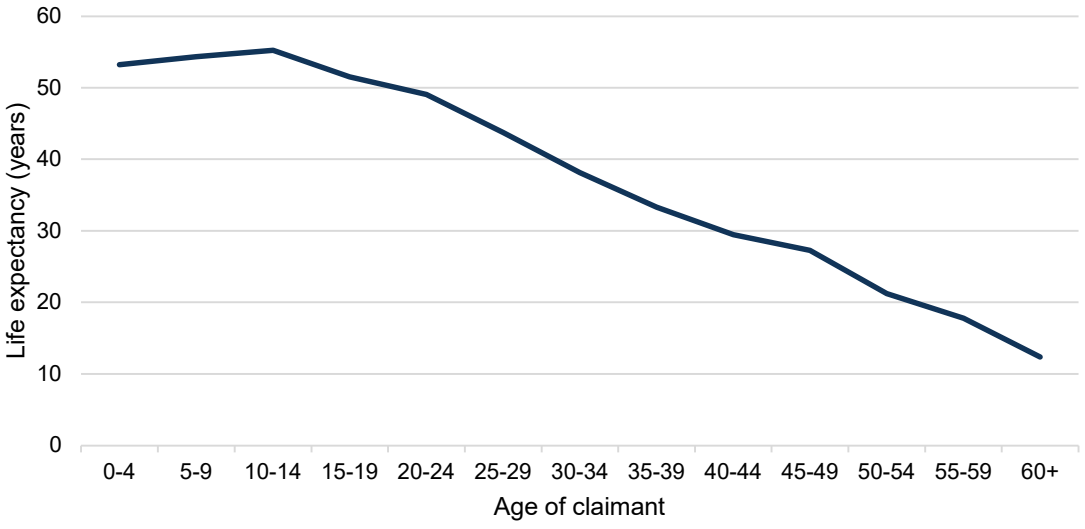

Figure J.26: Distribution of the life expectancy of claimant at settlement date, for Motor (non-MIB) PPO claims, by age of claimant at settlement date, for claims settled since 2009

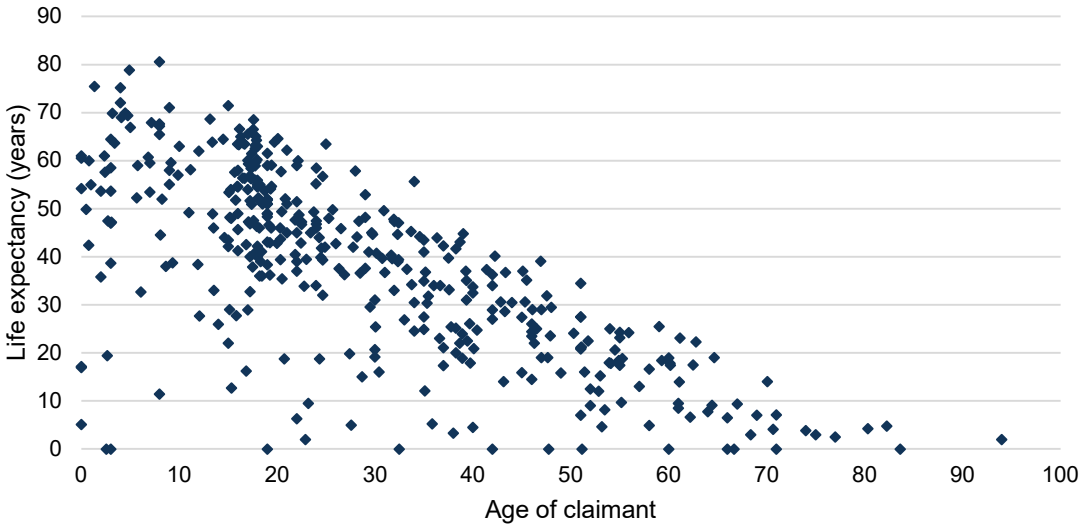

Figure J.27: Scatter graph of the life expectancy of claimant at settlement date for Motor (non-MIB) PPO claims and the age of claimant at settlement date, for claims settled since 2009

Correlation coefficients:

Pearson	-0.74
Spearman	-0.72

J.7 Reduction in life expectancy of the claimant

The percentage reduction in life expectancy is defined as:
(unimpaired life expectancy - life expectancy as provided by participants) / unimpaired life expectancy

where the unimpaired life expectancy is taken from the 2018 ONS United Kingdom mortality tables, and all life expectancies are quoted as at the date of settlement.

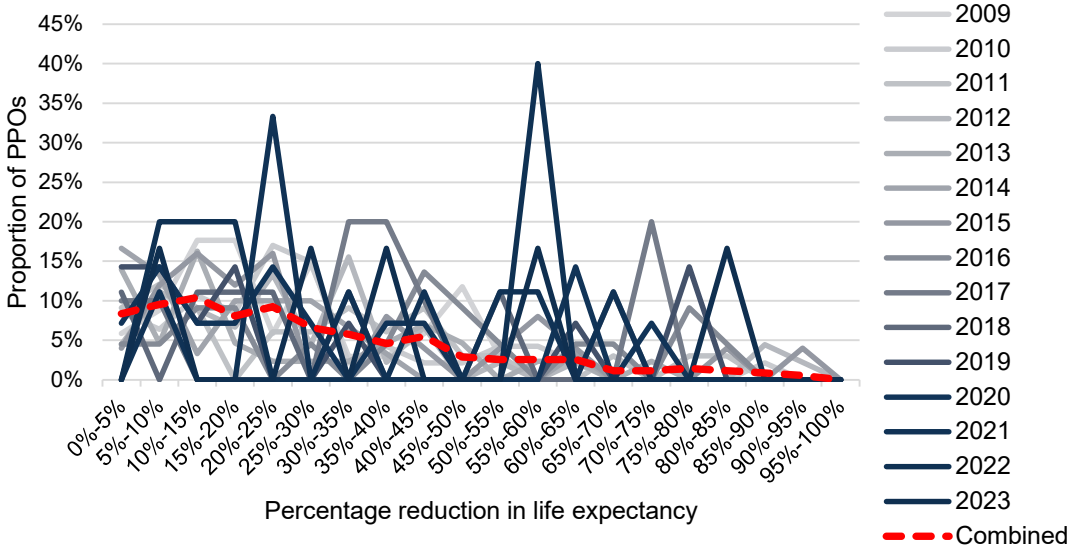

Figure J.28: Distribution of the life expectancy for of claimant at settlement date for Motor (non-MIB) PPO claims, by settlement year, for claims settled since 2009

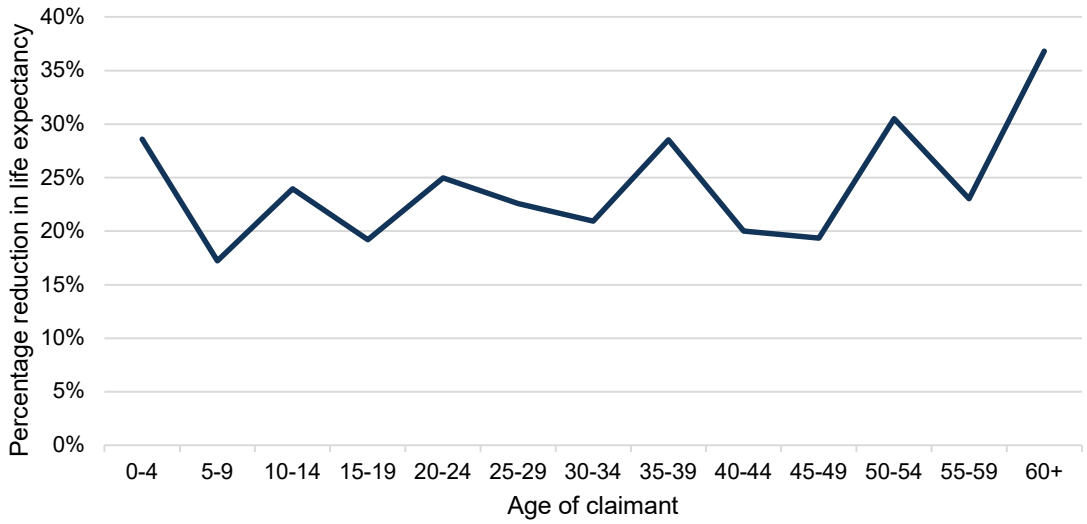

Figure J.29: Distribution of the percentage reduction in life expectancy of a claimant, for Motor (non-MIB) PPO claims, by age of claimant at accident date, for claims settled since 2009

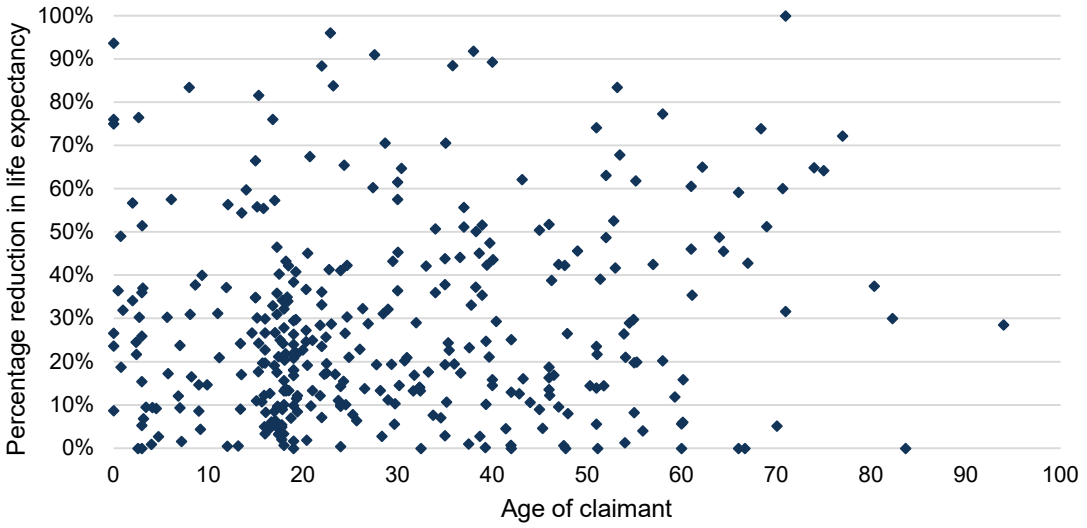

Figure J.30: Scatter graph of the percentage reduction in life expectancy of a claimant at settlement date, for Motor (non-MIB) PPO claims, and the age of claimant at settlement date, for claims settled since 2009

Correlation coefficients:

Pearson	0.12
Spearman	0.09

Appendix K General characteristics of Liability PPO claims

For ease of comparison between the summary statistics, a number of the figures in this appendix summarise the data for both Liability PPO claims and Motor (non-MIB) PPO claims.

Due to limited data volumes and claim details provided, we have omitted the summary statistics by type of injury and claimant characteristics. We encourage participants to provide this level of detail in future surveys.

K.1 Age of claimant at accident date and class of business

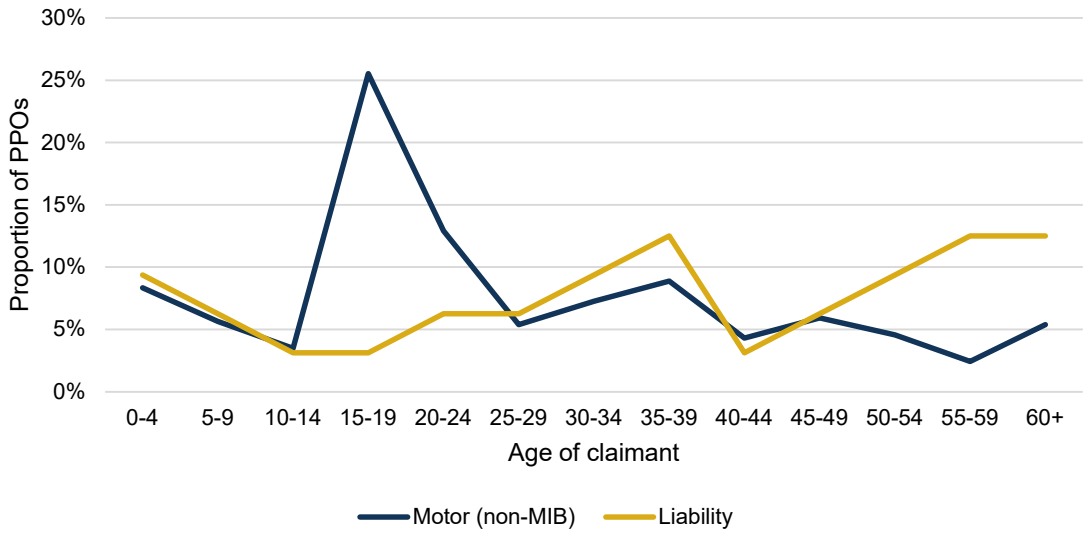

Figure K.1: Distribution of the number of Liability PPO claims and Motor (non-MIB) PPO claims, by age of claimant at accident date

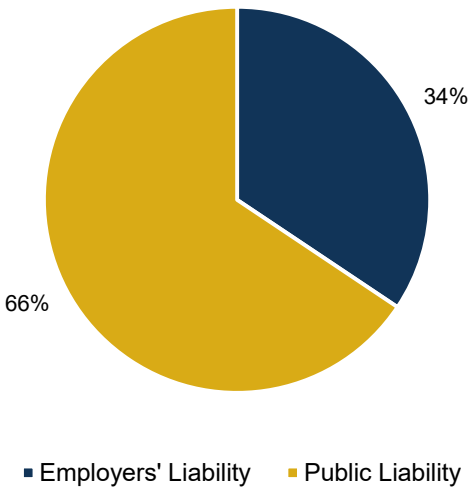

Figure K.2: Split of the number of Liability PPO claims, by class of business

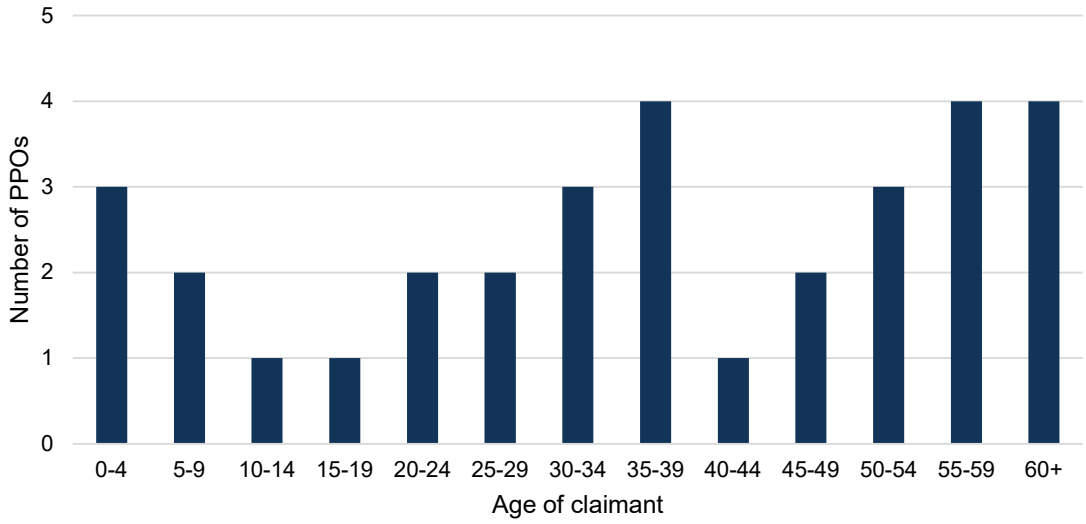

Figure K.3: Number of Liability PPO claims, by age of claimant at accident date

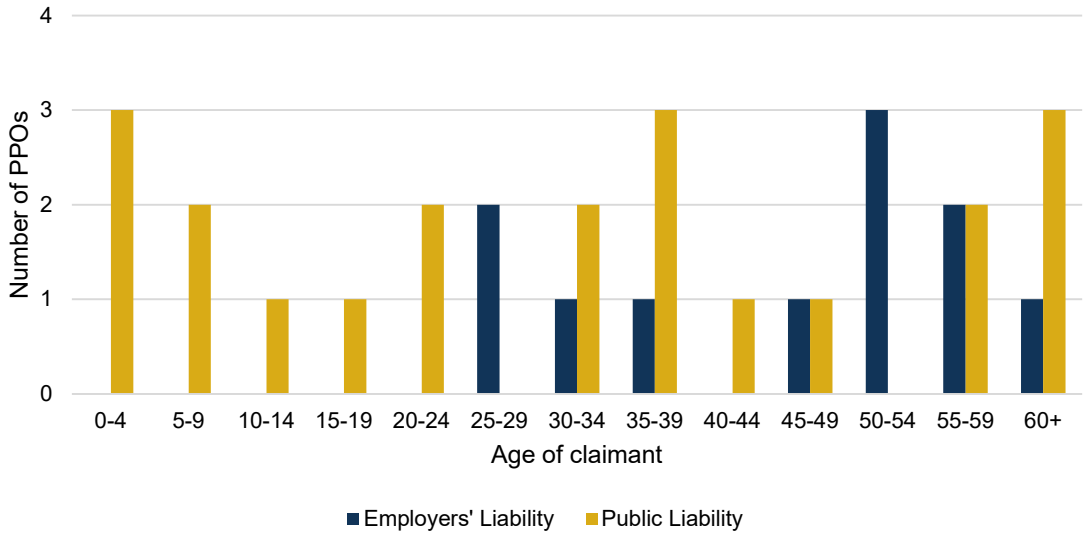

Figure K.4: Number of Liability PPO claims, by age of claimant at accident date and class of business

K.2 Age of claimant at settlement date and class of business

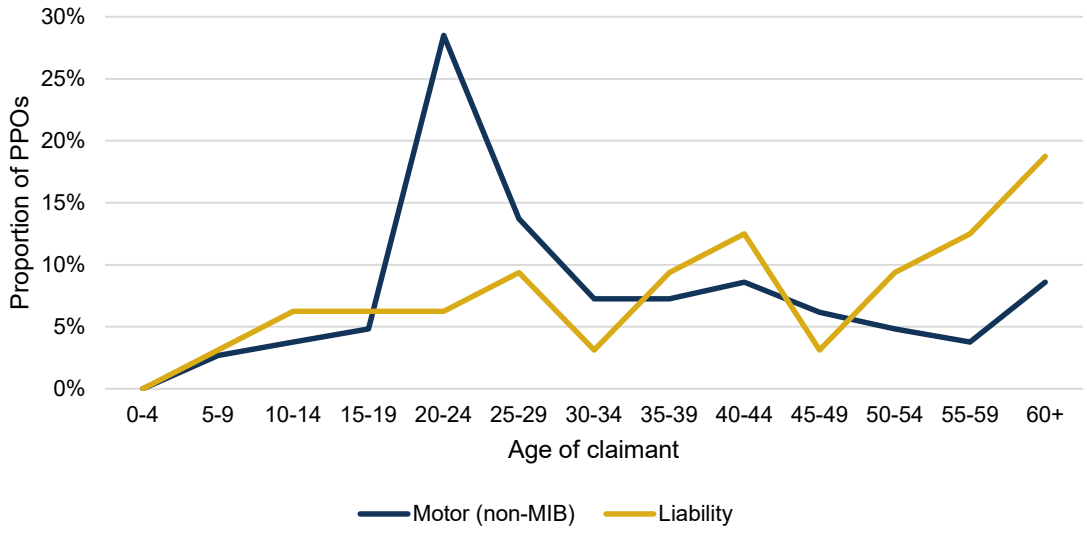

Figure K.5: Distribution of the number of Liability PPO claims and Motor (non-MIB) PPO claims, by age of claimant at settlement date

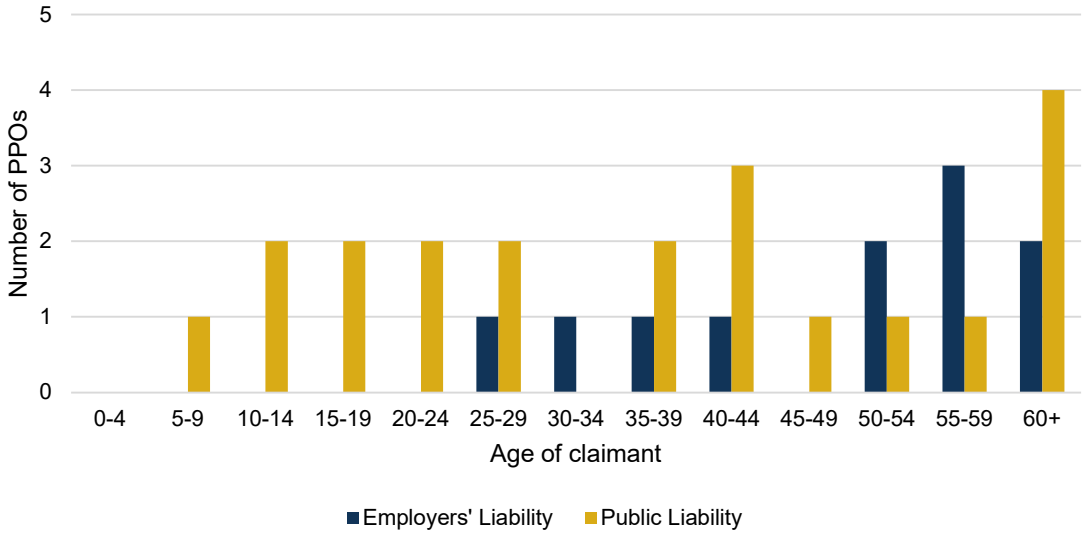

Figure K.6: Number of Liability PPO claims, by age of claimant at settlement date and class of business

K.3 Delay to settlement

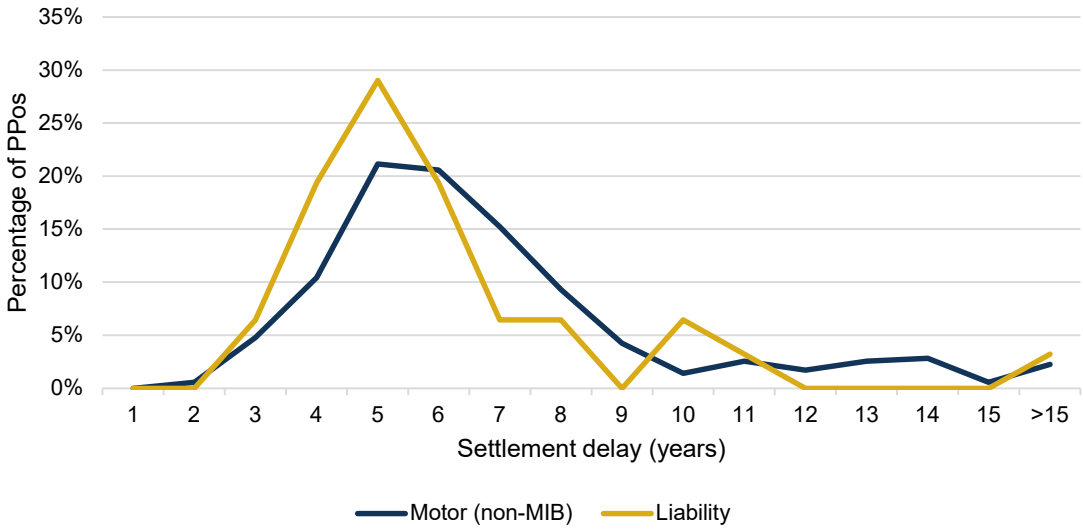

Figure K.7: Distribution of the delay to settlement for Liability PPO claims and Motor (non-MIB) PPO claims, for claims settled since 2009

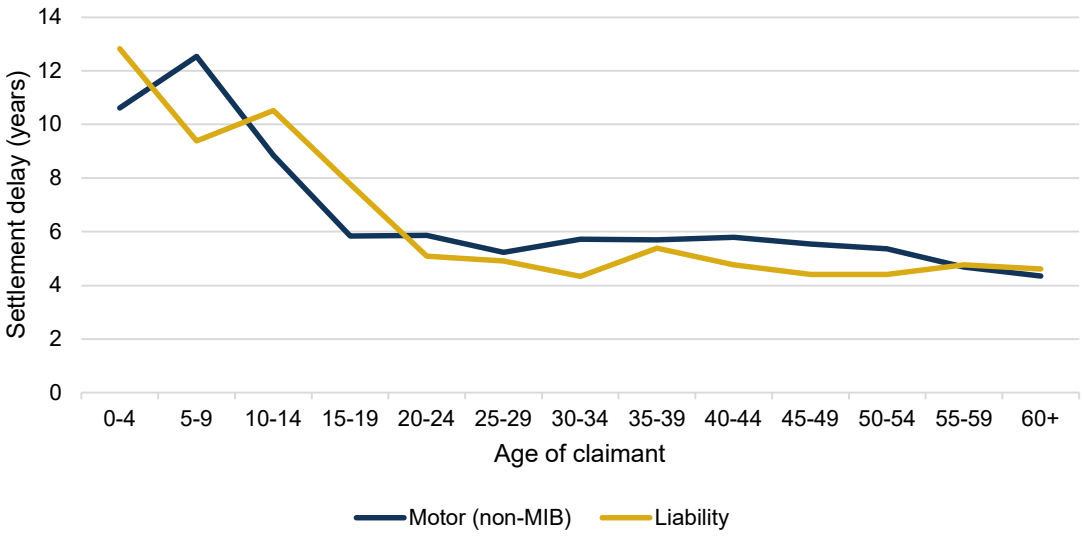

Figure K.8: Distribution of the delay to settlement for Liability PPO claims and Motor (non-MIB) PPO claims, by age of claimant at accident date, for claims settled since 2009

K.4 Life expectancy of claimant at settlement date

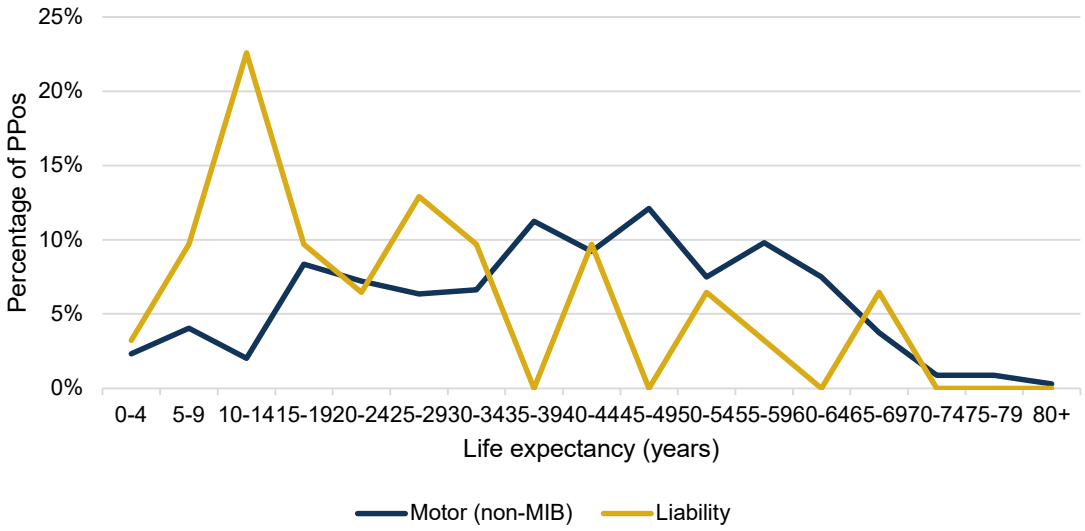

Figure K.9: Distribution of the life expectancy of claimant at settlement date, for Liability PPO claims and Motor (non-MIB) PPO claims, for claims settled since 2009

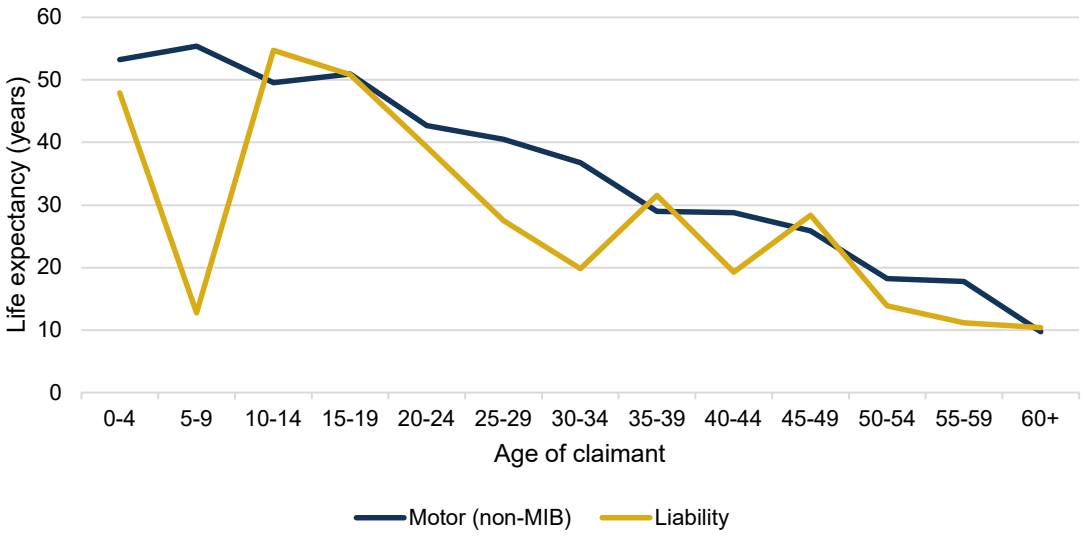

Figure K.10: Distribution of the life expectancy of claimant at settlement date, for Liability PPO claims and Motor (non-MIB) PPO claims, by age of claimant at settlement date, for claims settled since 2009

K.5 Reduction in life expectancy of the claimant

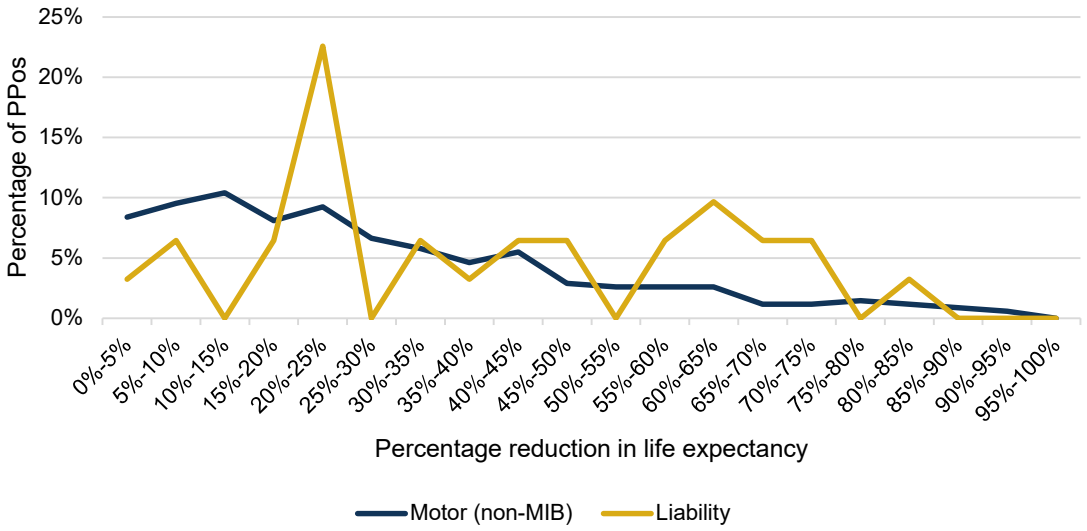

Figure K.11: Distribution of the percentage reduction in life expectancy of a claimant, for Liability PPO claims and Motor (non-MIB) PPO claims, for claims settled since 2009

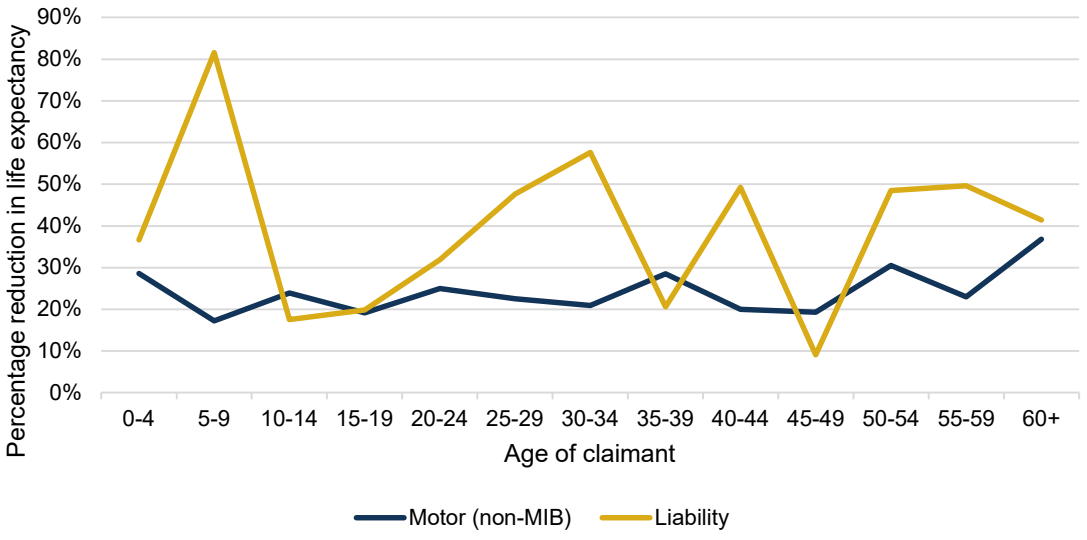

Figure K.12: Distribution of the percentage reduction in life expectancy of a claimant, for Liability PPO claims and Motor (non-MIB) PPO claims, by age of claimant at accident date, for claims settled since 2009

Appendix L General characteristics of Motor (MIB) PPO claims

For ease of comparison between the summary statistics, a number of the figures in this appendix summarise the data for both Motor (MIB) PPO claims and Motor (non-MIB) PPO claims.

L.1 Age of claimant at accident date and class of business

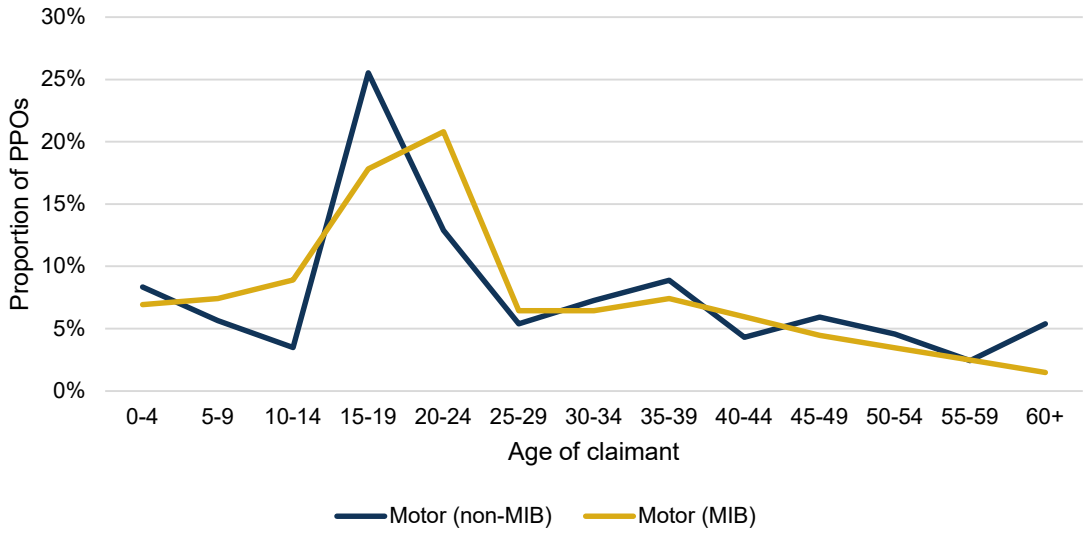

Figure L.1: Distribution of the number of Motor (MIB) PPO claims and Motor (non-MIB) PPO claims, by age of claimant at accident date

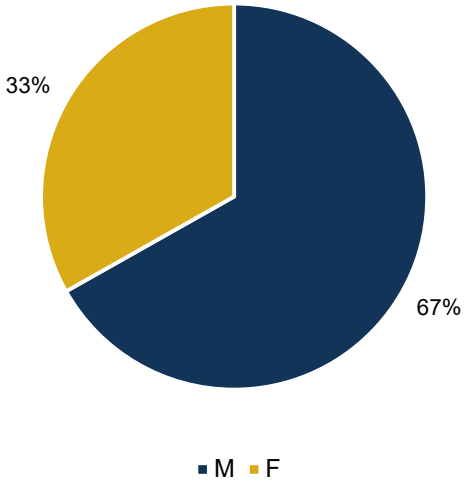

Figure L.2: Split of the number of Motor (MIB) PPO claims, by gender of claimant

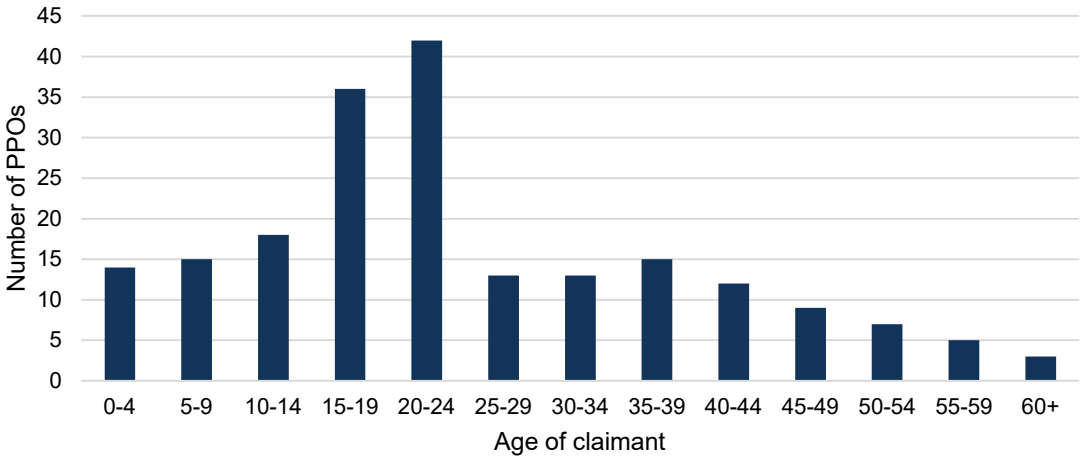

Figure L.3: Number of Motor (MIB) PPO claims, by age of claimant at accident date

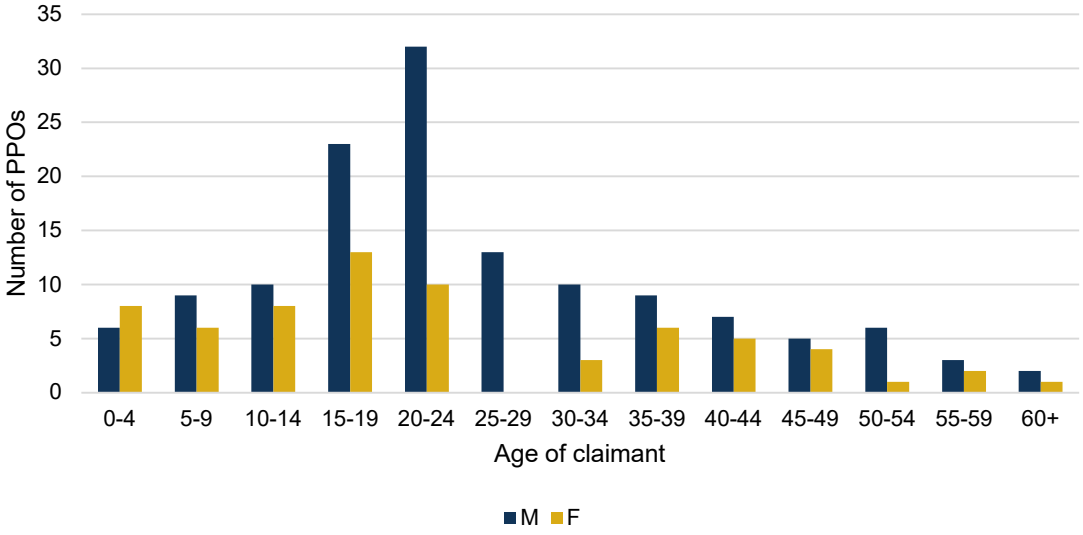

Figure L.4: Number of Motor (MIB) PPO claims, by age of claimant at accident date and gender of claimant

L.2 Age of claimant at settlement date and class of business

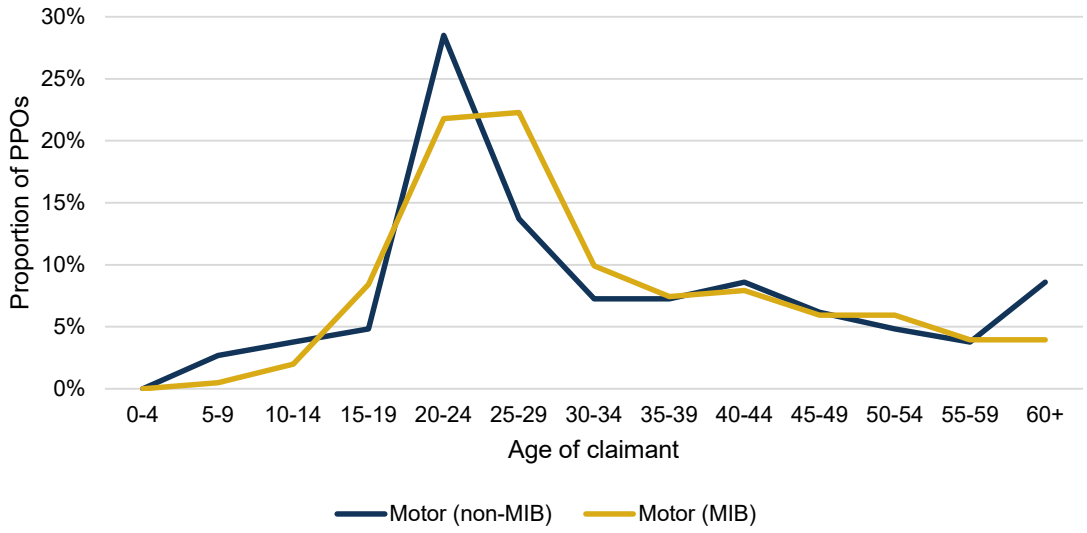

Figure L.5: Distribution of the number of Motor (MIB) PPO claims and Motor (non-MIB) PPO claims, by age of claimant at settlement date

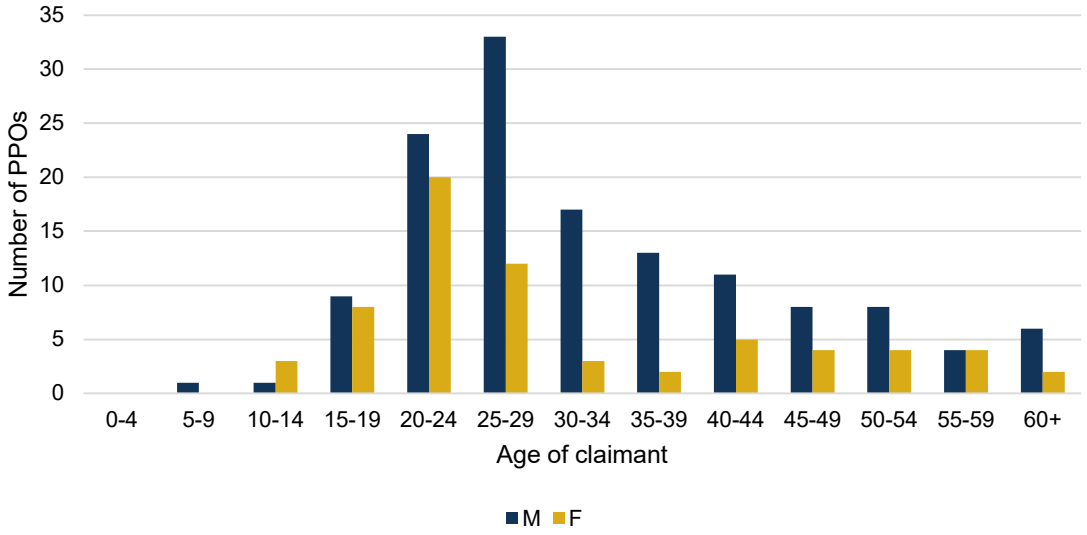

Figure L.6: Number of Motor (MIB) PPO claims, by age of claimant at settlement date and gender of claimant

L.3 Delay to settlement

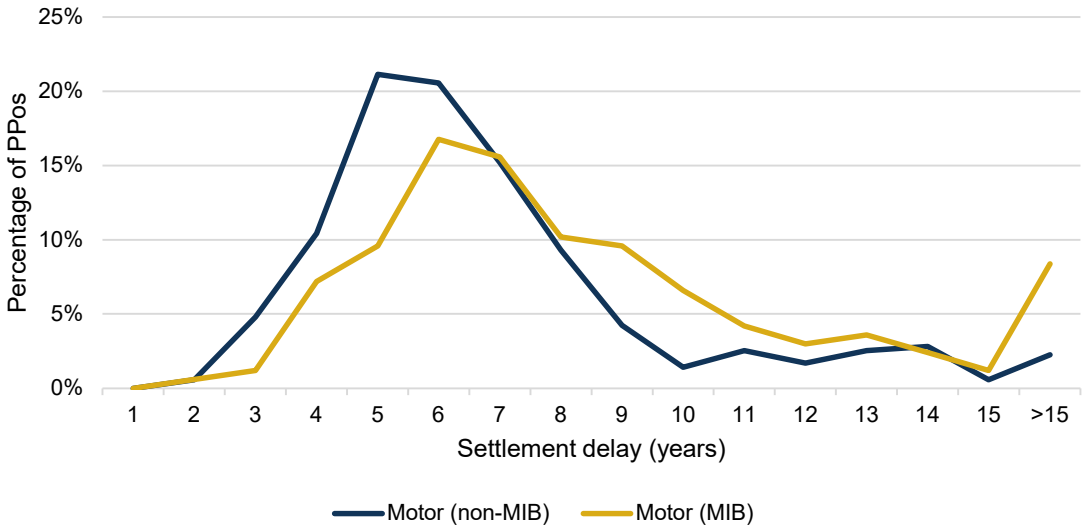

Figure L.7: Distribution of the delay to settlement for Motor (MIB) PPO claims and Motor (non-MIB) PPO claims, for claims settled since 2009

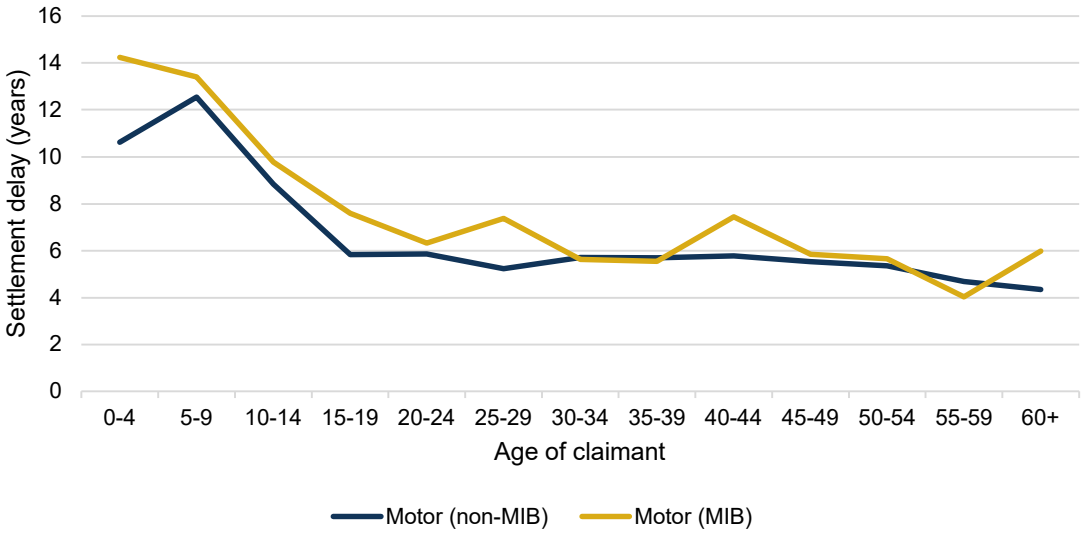

Figure L.8: Distribution of the delay to settlement for Motor (MIB) PPO claims and Motor (non-MIB) PPO claims, by age of claimant at accident date, for claims settled since 2009

L.4 Life expectancy of claimant at settlement date

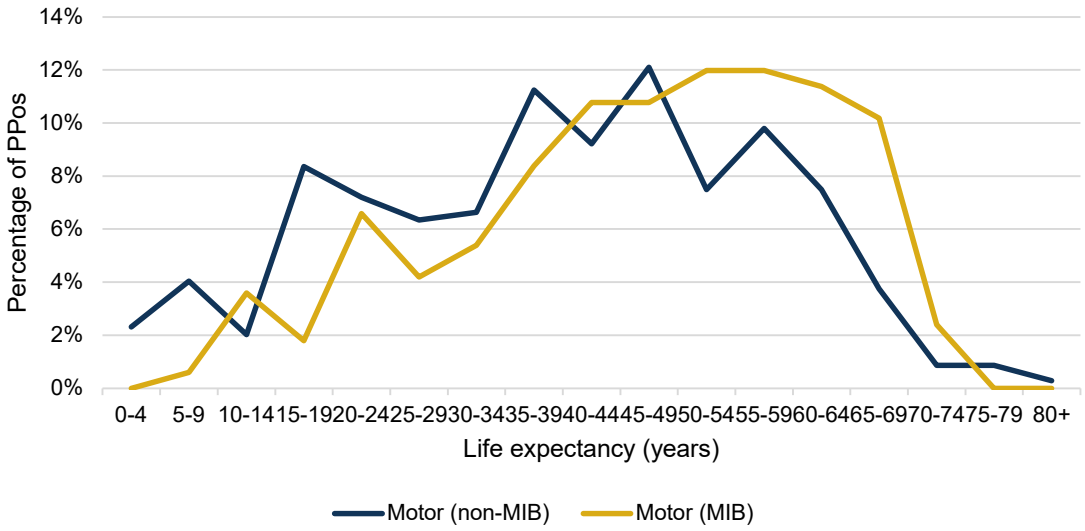

Figure L.9: Distribution of the life expectancy of claimant at settlement date, for Motor (MIB) PPO claims and Motor (non-MIB) PPO claims, for claims settled since 2009

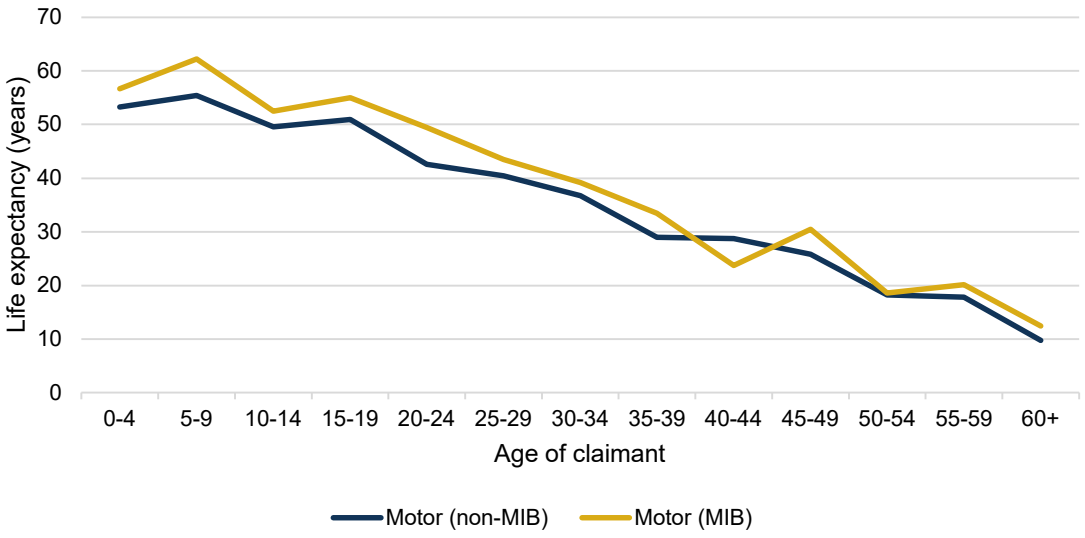

Figure L.10: Distribution of the life expectancy of claimant at settlement date, for Motor (MIB) PPO claims and Motor (non-MIB) PPO claims, by age of claimant at settlement date, for claims settled since 2009

L.5 Reduction in life expectancy of the claimant

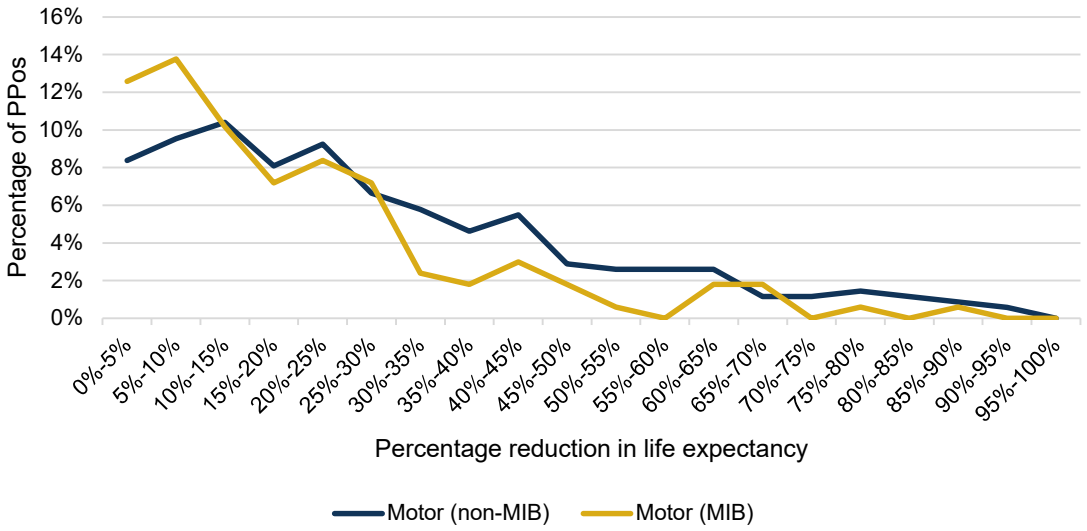

Figure L.11: Distribution of the percentage reduction in life expectancy of a claimant, for Motor (MIB) PPO claims and Motor (non-MIB) PPO claims, for claims settled since 2009

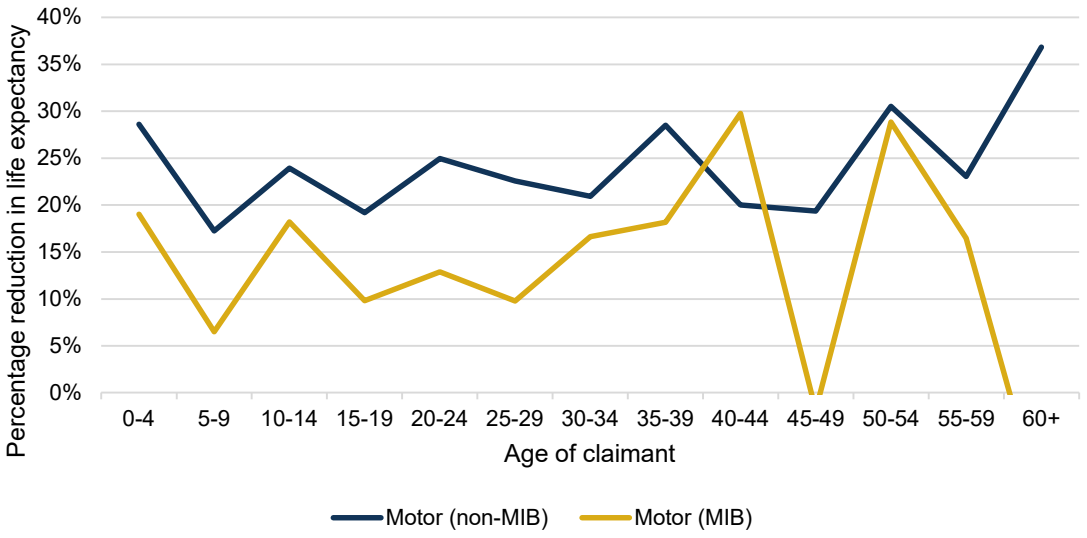

Figure L.12: Distribution of the percentage reduction in life expectancy of a claimant, for Motor (MIB) PPO claims and Motor (non-MIB) PPO claims, by age of claimant at accident date, for claims settled since 2009

Appendix M Indexation of PPO claims

The index used to inflate PPO claim regular payments was originally automatically linked to the Retail Prices Index ("RPI").

However, in 2006, a court case was brought in the form of Thompstone vs Tameside and Glossop Acute Services NHS Trust which questioned this assumption and suggested that the payments for future cost of care would be better linked to wage inflation. The court agreed and the annual inflation increase was linked to the Annual Survey of Hours and Earnings ("ASHE"). The case was appealed and a number of other cases were put on hold pending the outcome. In 2008, the Court of Appeal upheld the ruling that an index other than RPI can be chosen if thought more appropriate. Since then the majority of PPO claims have had inflation linked to ASHE.

ASHE is produced by the Office for National Statistics ("ONS") every November, based on data as at April. It covers a wide range of occupations, though the vast majority of PPO claims so far have, in respect of care costs, been linked to sub-category 6115, relating to care assistants and home carers.

Within a particular job category, the ASHE earnings inflation measures are further split into percentiles. A PPO claim will have the annual inflation linked to a specific percentile, for example to those whose earnings are in the top 10% of earners in the category (i.e. the 90th percentile). There are potential distortions which can impact ASHE, for example a reduction in a certain percentile (showing as negative ASHE inflation in a given year) could have been driven by a large influx of cheap labour, as opposed to a reduction in actual wages.

In this appendix, we provide summary statistics for Motor (non-MIB) PPO claims, Liability PPO claims and Motor (MIB) PPO claims by the following characteristics:

- The index applicable for the primary head of damage of the regular payments
- The head of damage and applicable index for the regular payment streams
- The specific percentiles, where the applicable index for the primary head of damage is ASHE.

In this appendix, we also provide summary statistics for the annual inflation in ASHE 6115 by specific percentiles.

M.1 Introductory notes on the summary statistics shown

PPO claims can have different elements included within the regular stream of payments, for example they can include both a Loss of Earnings and a Cost of Care head of damage. These different elements can be linked to different indices.

Figure M.1, Figure M.4 and Figure M.7 show the index applicable for the primary head of damage of the regular payment, where the primary head of damage has been defined as the one for which the associated regular payment amount is the largest.

Figure M.2, Figure M.5 and Figure M.8 show the index applicable for each head of damage payment stream.

Where the applicable index for the primary head of damage is ASHE, Figure M.3, Figure M.6 and Figure M.9 show the proportion of PPO claims linked to specific percentiles, for each settlement year.

M.2 Motor (non-MIB) PPO claims

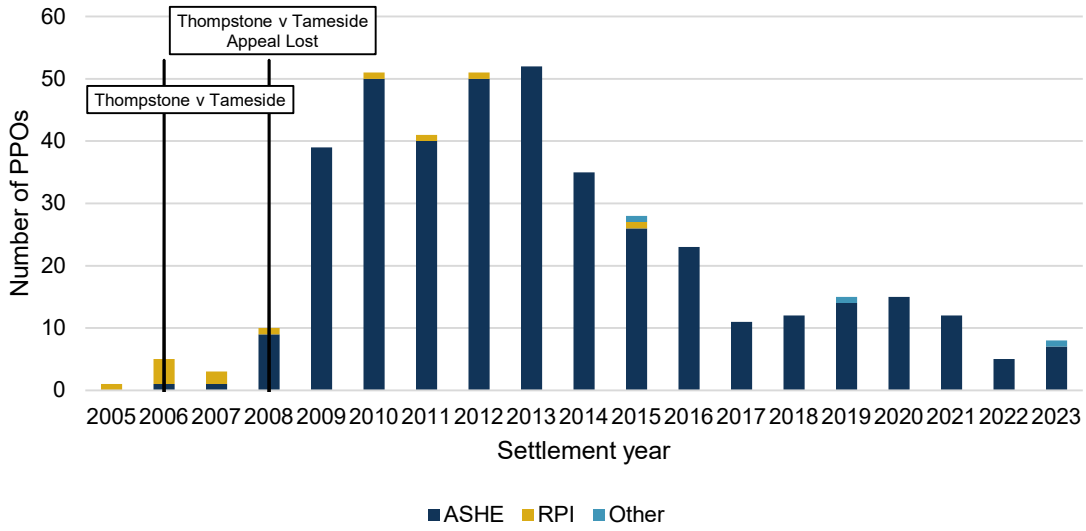

Figure M.1: Number of Motor (non-MIB) PPO claims, by settlement year and by the index applicable for the primary head of damage of the regular payments

Head of damage	ASHE 6115	ASHE Other	RPI	AWE	Total
Care and Case Management	464	3	12	2	**481**
Loss of Earnings	4	3	10	0	**17**
Total	**468**	**6**	**22**	**2**	**498**

Figure M.2: Number of Motor (non-MIB) PPO claim regular payment streams, by head of damage and applicable index

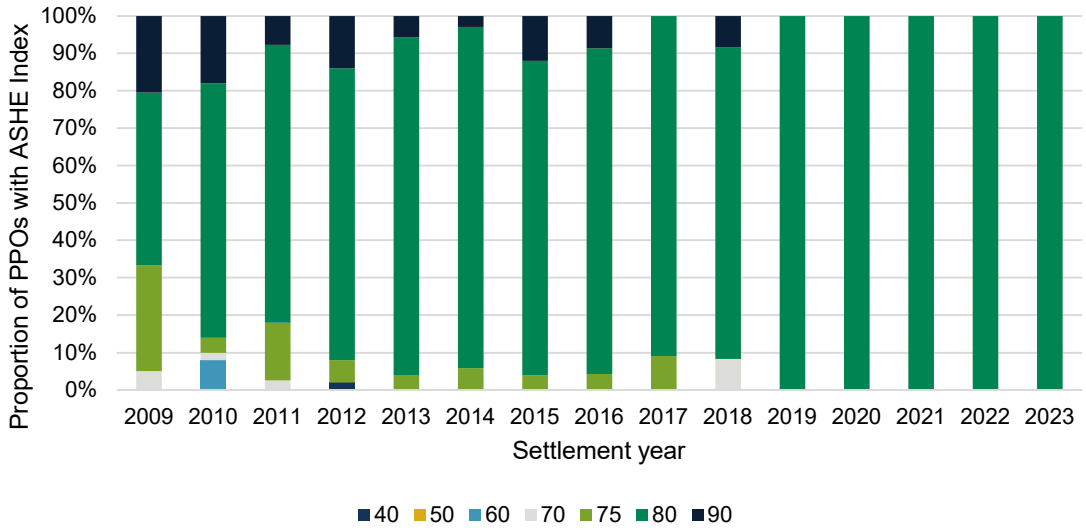

Figure M.3: Where the applicable index for the primary head of damage is ASHE, the proportion of Motor (non-MIB) PPO claims linked to specific percentiles, by settlement year

M.3 Liability PPO claims

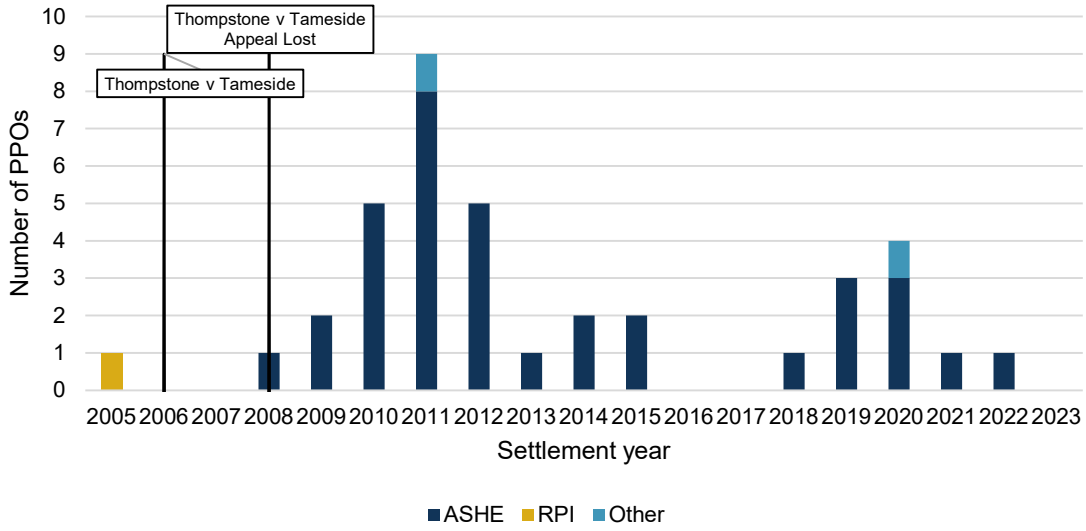

Figure M.4: Number of Liability PPO claims, by settlement year and by the index applicable for the primary head of damage of the regular payments

Head of damage	ASHE 6115	ASHE Other	RPI	AWE	Total
Care and Case Management	27	1	1	0	**29**
Loss of Earnings	0	0	0	0	**0**
Total	**27**	**1**	**1**	**0**	**29**

Figure M.5: Number of Liability PPO claim regular payment streams, by head of damage and applicable index

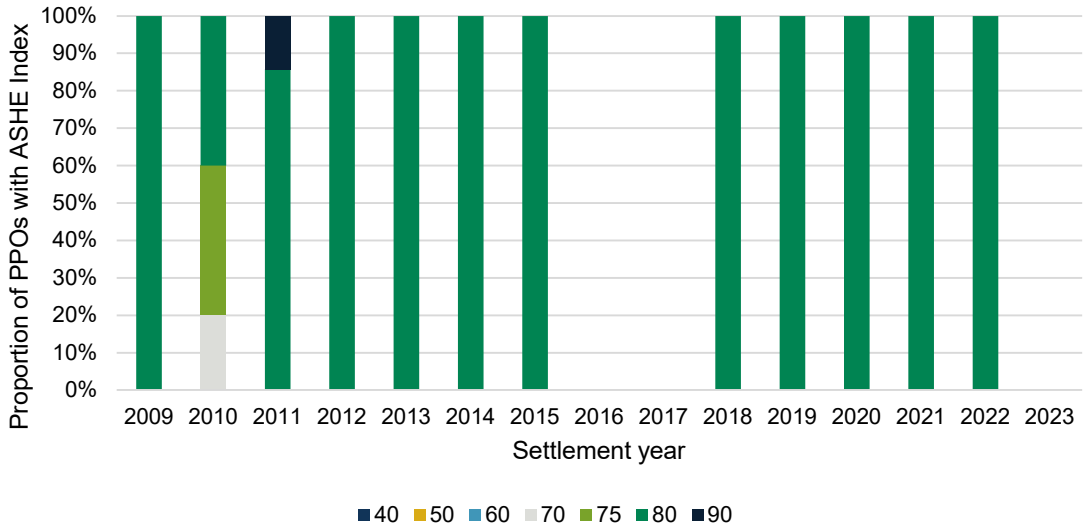

Figure M.6: Where the applicable index for the primary head of damage is ASHE, the proportion of Liability PPO claims linked to specific percentiles, by settlement year

M.4 Motor (MIB) PPO claims

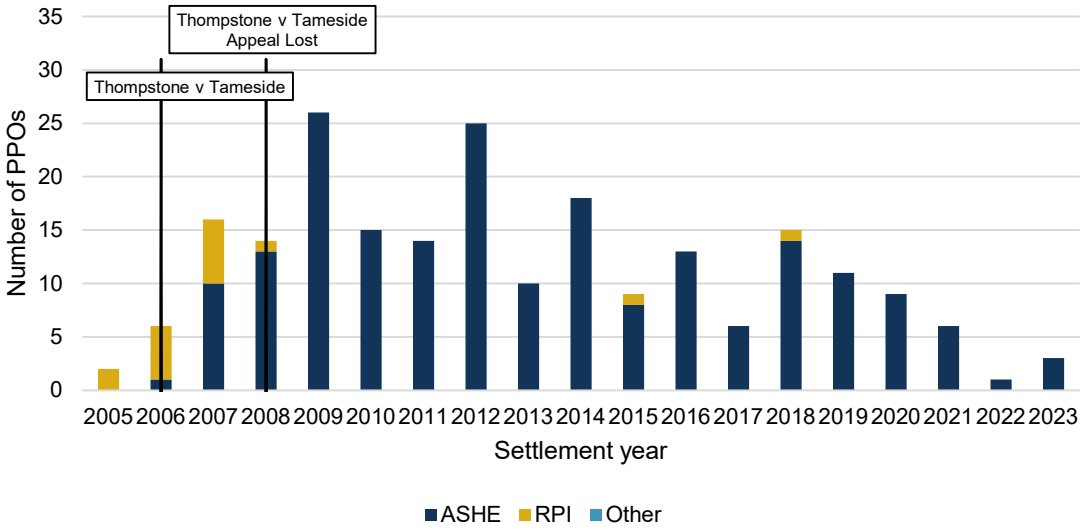

Figure M.7: Number of Motor (MIB) PPO claims, by settlement year and by the index applicable for the primary head of damage of the regular payments

Head of damage	ASHE 6115	ASHE Other	RPI	AWE	Total
Care and Case Management	Split not provided				
Loss of Earnings					
Total	**203**	**0**	**16**	**0**	**0**

Figure M.8: Number of Motor (MIB) PPO claim regular payment streams, by head of damage and applicable index

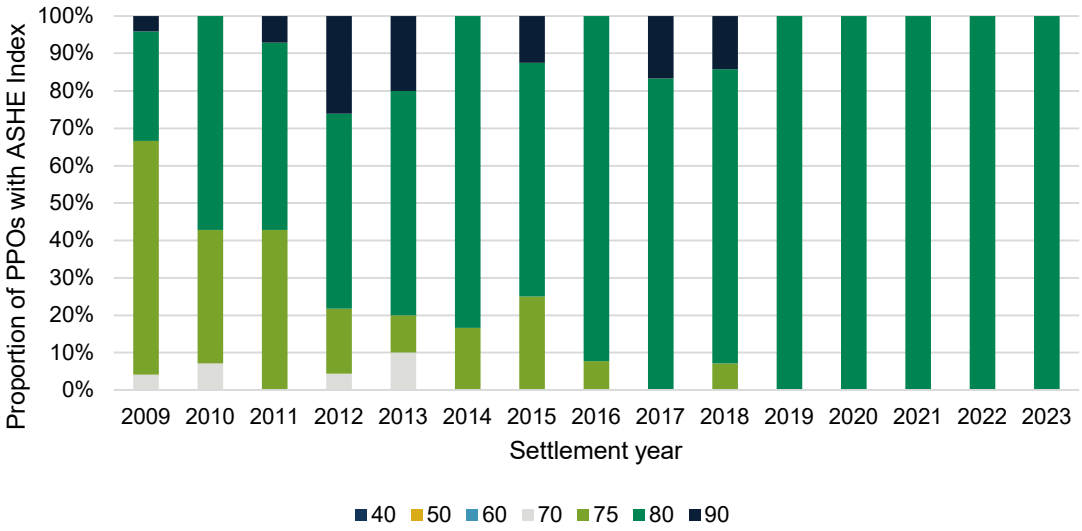

Figure M.9: Where the applicable index for the primary head of damage is ASHE, the proportion of Motor (MIB) PPO claims linked to specific percentiles, by settlement year

M.5 ASHE

Implemented in the 2011 survey, ASHE code 6115 ("Care Assistants and Home Carers") has been split into two new codes: code 6145 ("Care Workers and Home Carers") and code 6146 ("Senior Care Workers"). Even though the ONS has stated that it will continue to publish figures for code 6115, albeit separately to the main tables, "for the foreseeable future", there is an additional complication since the basis of the ASHE code 6115 figures has changed, and so a slight adjustment is required to be made to the figures for 2011 onwards (details are available within the ONS download of ASHE Table 26 which corresponds to SOC 6145 and 6146).

These figures are taken from Table 26.5a (Table 14.5a for 2011 and prior), which relates to hourly gross pay. Figure M.11 compares this annual inflation with that observed for Average Weekly Earnings ("AWE"), taken from the "Not Seasonally Adjusted - Index Figures Excluding Bonuses, Including Arrears" section of the "EARN02: Average Weekly Earnings by Sector" ONS publication.

Year	6115 - Care Assistants and Home Carers : Inflation statistics by percentile							
	30	**40**	**60**	**70**	**75**	**80**	**90**	**Mean**
2009	3.1%	3.1%	2.3%	2.4%	2.7%	**2.5%**	3.7%	3.7%
2010	1.9%	1.1%	2.1%	1.2%	0.9%	**0.8%**	0.4%	0.8%
2011	-0.9%	-1.3%	-2.1%	-1.4%	-1.1%	**-1.1%**	-1.1%	-0.7%
2012	0.3%	0.3%	-0.2%	-1.4%	-1.1%	**-0.9%**	-0.4%	0.6%
2013	0.0%	-0.3%	0.0%	0.2%	0.4%	**0.5%**	0.3%	0.1%
2014	1.7%	1.8%	0.6%	0.2%	-0.1%	**-0.8%**	-0.6%	0.0%
2015	2.4%	2.5%	2.1%	2.3%	1.6%	**1.7%**	2.2%	2.5%
2016	5.6%	4.7%	3.3%	3.4%	3.0%	**3.6%**	2.4%	4.6%
2017	4.7%	4.2%	3.8%	2.9%	3.1%	**2.5%**	3.0%	3.7%
2018	3.8%	3.6%	3.6%	3.3%	3.0%	**4.0%**	3.7%	4.1%
2019	4.5%	4.0%	3.4%	4.2%	4.1%	**3.6%**	3.6%	4.3%
2020	5.7%	5.7%	6.1%	4.9%	5.4%	**5.3%**	3.2%	4.8%
2021	2.7%	2.8%	2.2%	2.6%	2.3%	**1.3%**	3.9%	3.0%
2022	7.7%	7.1%	6.6%	6.5%	6.1%	**6.6%**	4.8%	7.6%
2023	8.0%	8.2%	7.4%	6.3%	6.5%	**7.0%**	6.8%	8.0%

Figure M.10: Annual Inflation in ASHE 6115, by specific percentile and for the last 15 years (as at April of that year)

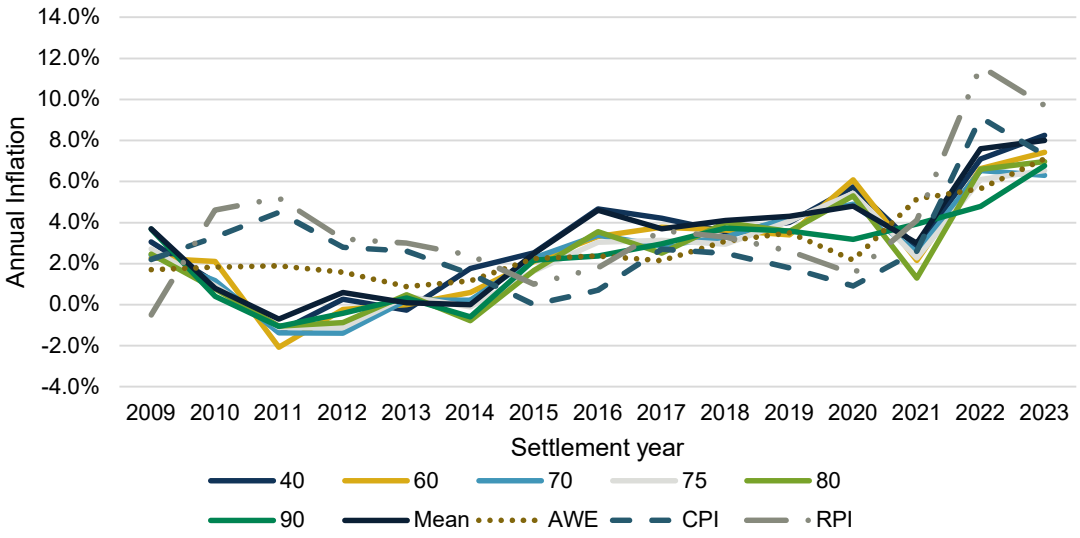

Figure M.11: Annual Inflation in ASHE 6115, by specific percentile and by year (as at April of that year), compared with Average Weekly Earnings, CPI and RPI

Appendix N Payment components for PPO claims

In this appendix, we provide summary statistics for the lump sum element of PPO claims and for the initial regular payment amount of PPO claims, separately for Motor (non-MIB) PPO claims, Liability PPO claims and Motor (MIB) PPO claims.

The lump sum element in these summary statistics excludes the first regular payment amount for the PPO claim. Unless otherwise stated, all the lump sum amounts are in nominal terms, i.e. at the time of settlement.

For the initial regular payment amount of PPO claims, in cases where one claimant is awarded more than one series of payments (corresponding to different heads of damage), the initial PPO amount is the sum of the payments for all heads of damage. Once again, unless otherwise stated, the initial PPO amounts are in nominal terms, i.e. at the time of settlement, and are before any stepped payments kick in.

We provide summary statistics for the following:

- Distribution of payment components
- Nominal payment components and payment components with inflation removed
- Payment components correlations

For the purposes of comparison, we also provide some of the equivalent summary statistics for Motor (non-MIB) non-PPO claims.

N.1 Motor (non-MIB) PPO claims – distribution of payment components

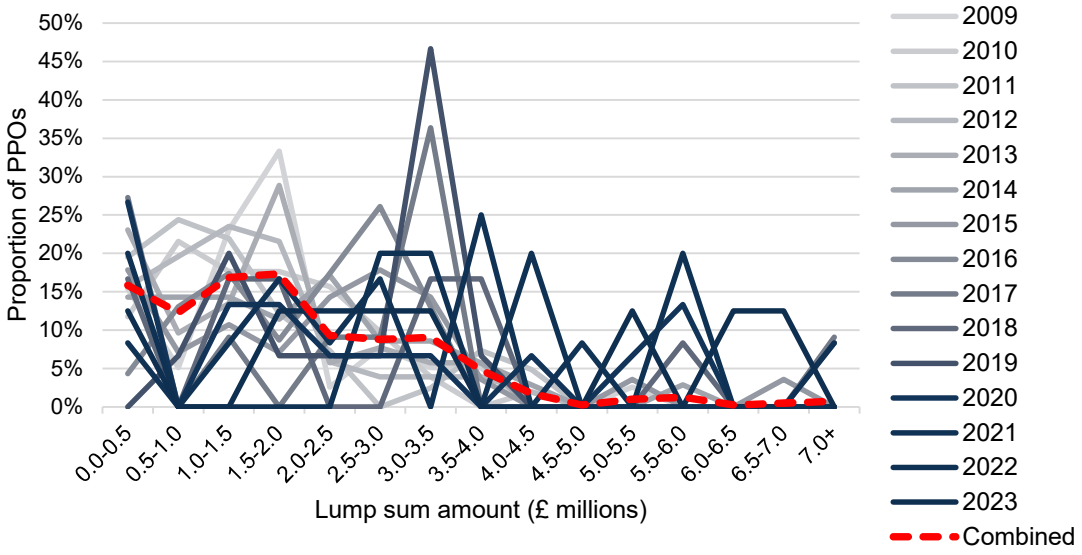

Figure N.1: Distribution of the size of the lump sum element of Motor (non-MIB) PPO claims, by settlement year, for claims settled since 2009

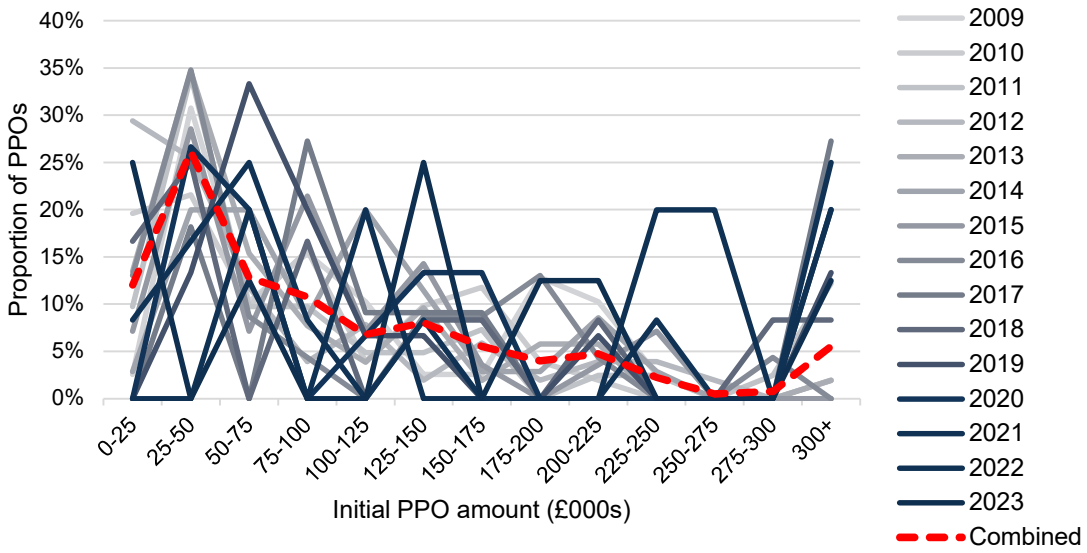

Figure N.2: Distribution of the initial regular payment amount of Motor (non-MIB) PPO claims, by settlement year, for claims settled since 2009

N.2 Motor (non-MIB) non-PPO claims – distribution of payment components

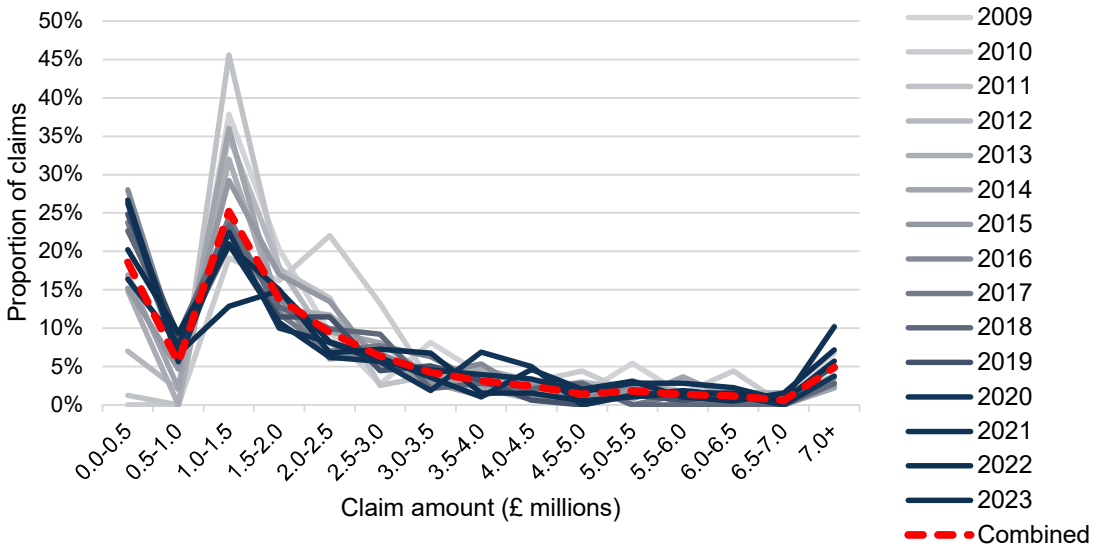

Figure N.3: Distribution of the size of Motor (non-MIB) non-PPO claims, by settlement year, for claims settled since 2009

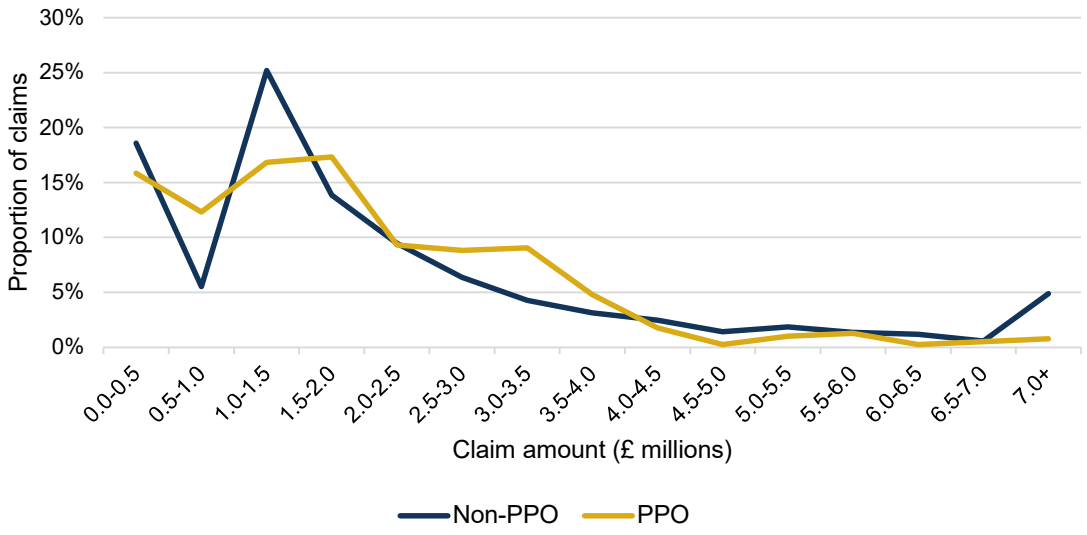

Figure N.4: Distribution of the size of the lump sum element of Motor (non-MIB) PPO claims and the size of Motor (non-MIB) non-PPO claims, for claims settled since 2009

N.3 Motor (non-MIB) PPO claims and non-PPO claims – nominal payment components and payment components with inflation removed

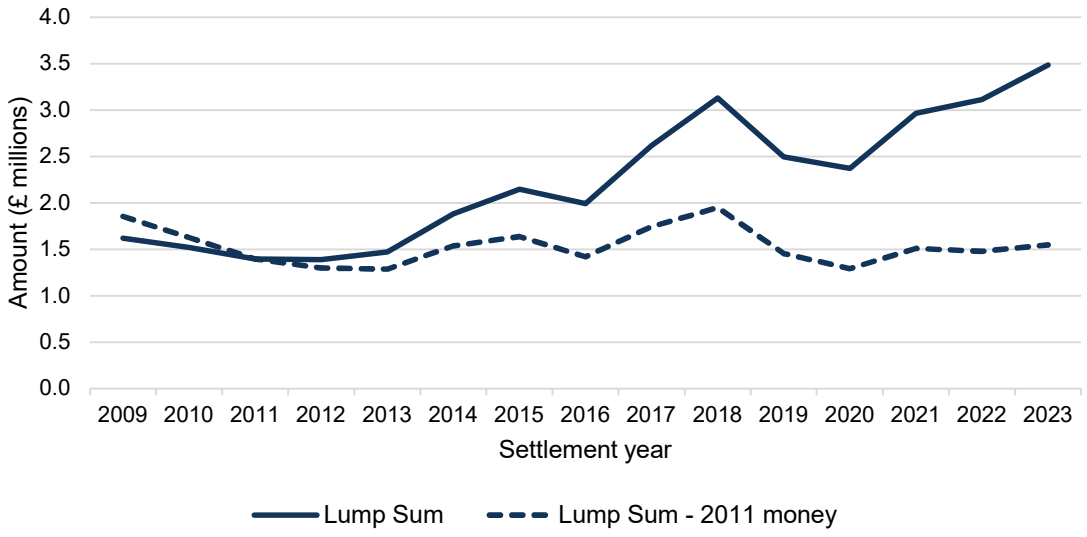

Figure N.5: Average size of the lump sum element of Motor (non-MIB) PPO claims, nominal and in 2011 money (assuming inflation of 7% per annum), by settlement year

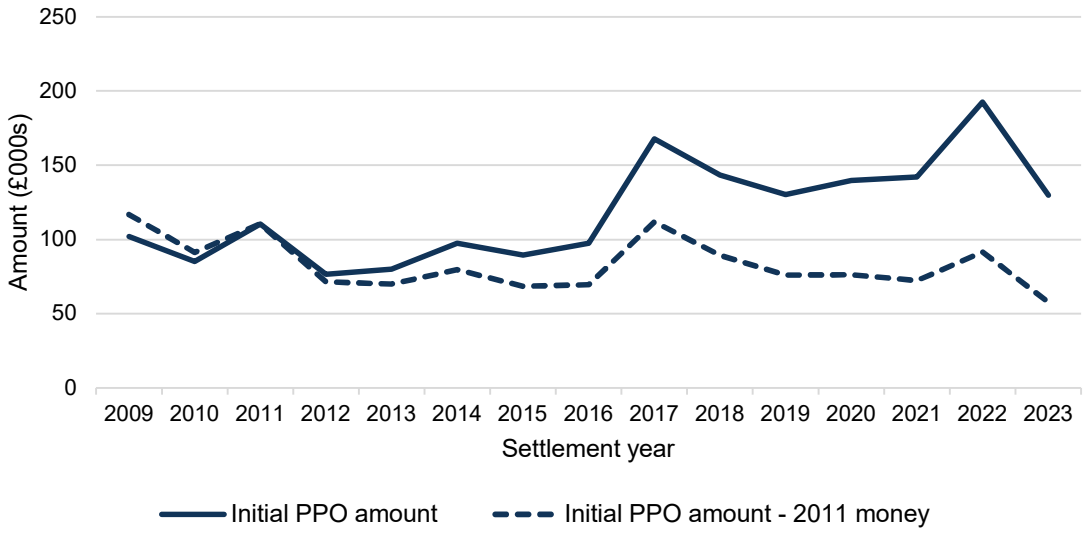

Figure N.6: Average size of the initial regular payment amount of Motor (non-MIB) PPO claims, nominal and in 2011 money (assuming inflation of 7% per annum), by settlement year

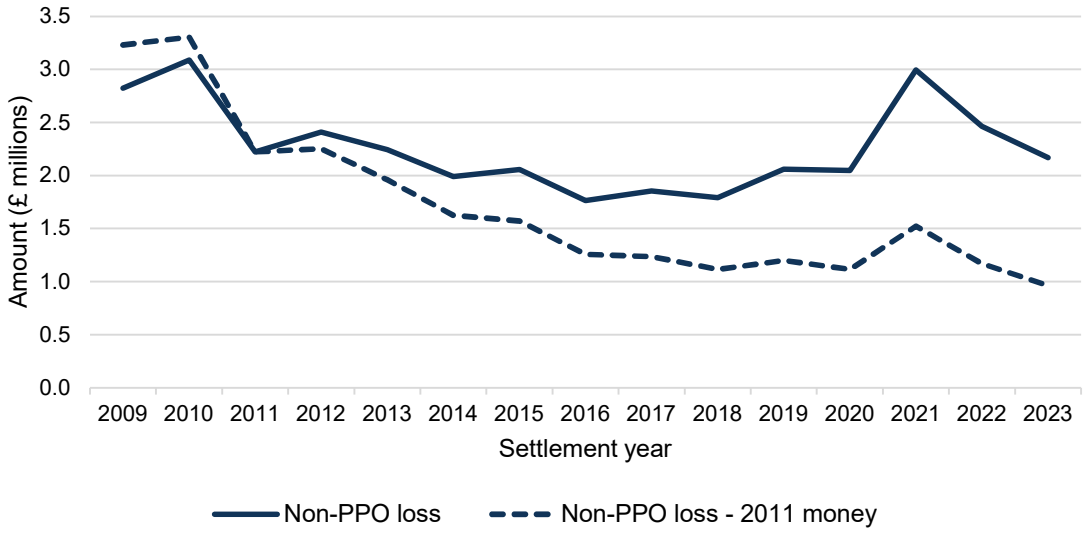

Figure N.7: Average size of Motor (non-MIB) non-PPO claims, nominal and in 2011 money (assuming inflation of 7% per annum), by settlement year

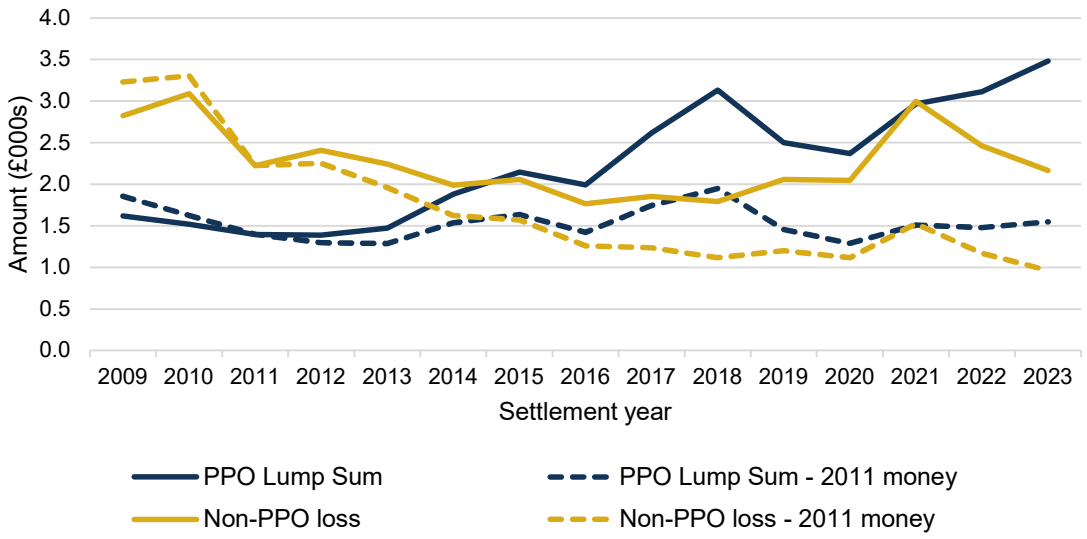

Figure N.8: Average size of the lump sum element of Motor (non-MIB) PPO claims and the size of Motor (non-MIB) non-PPO claims, nominal and in 2011 money (assuming inflation of 7% per annum), by settlement year

N.4 Motor (non-MIB) PPO claims – payment components correlations

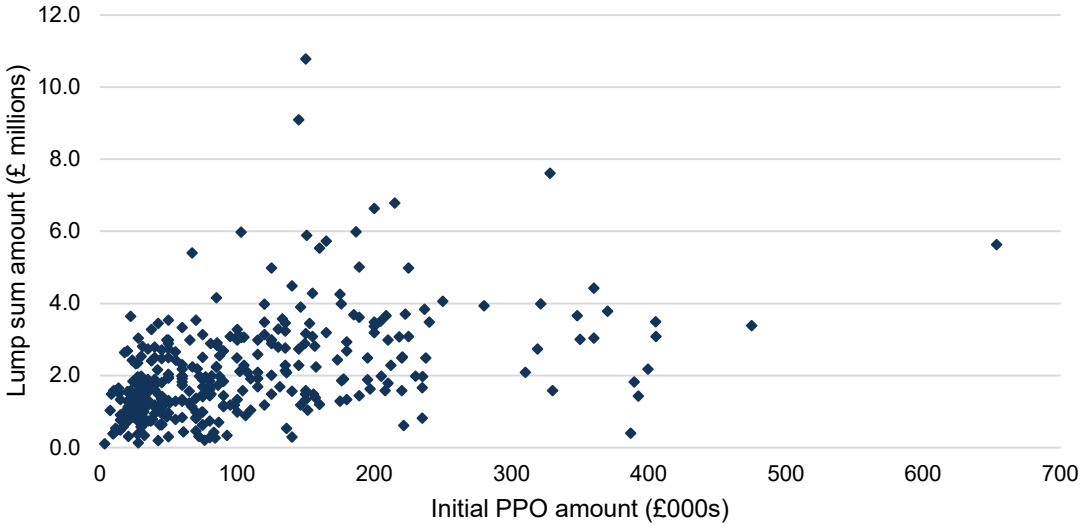

Figure N.9: Scatter graph of the lump sum element and the initial regular payment amount of Motor (non-MIB) PPO claims, for claims settled since 2009

Correlation coefficients:

Pearson	0.34
Spearman	0.35

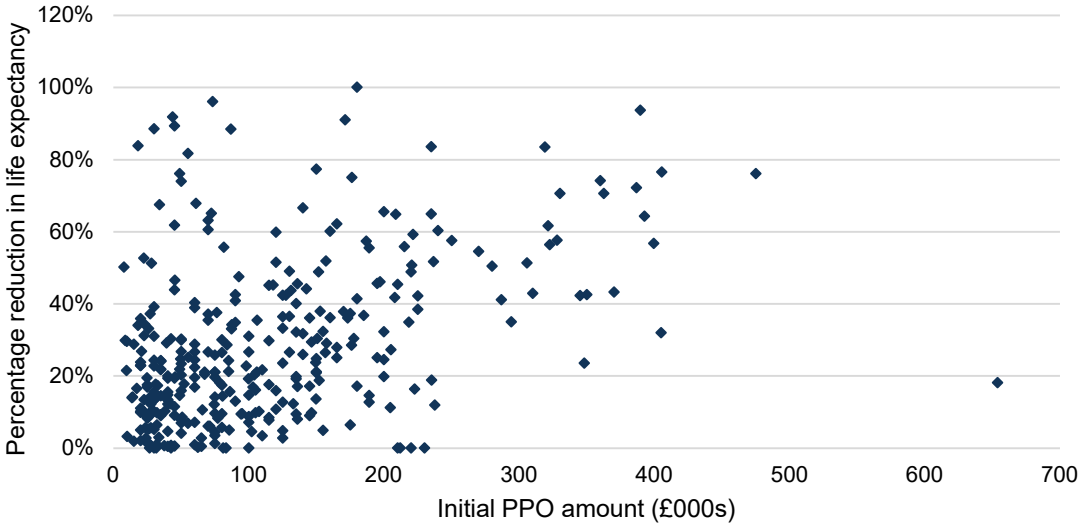

Figure N.10: Scatter graph of the percentage reduction in life expectancy of a claimant and the initial regular payment amount of Motor (non-MIB) PPO claims, for claims settled since 2009

Correlation coefficients:

Pearson	0.47
Spearman	0.46

N.5 Liability PPO claims - distribution of payment components

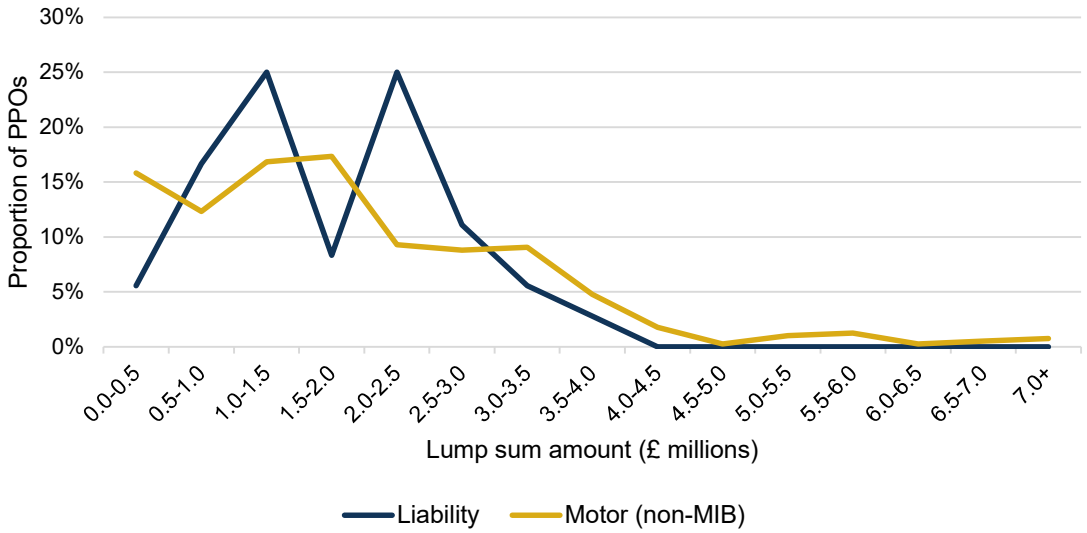

Figure N.11: Distribution of the size of the lump sum element of Liability PPO claims and Motor (non-MIB) PPO claims, for claims settled since 2009

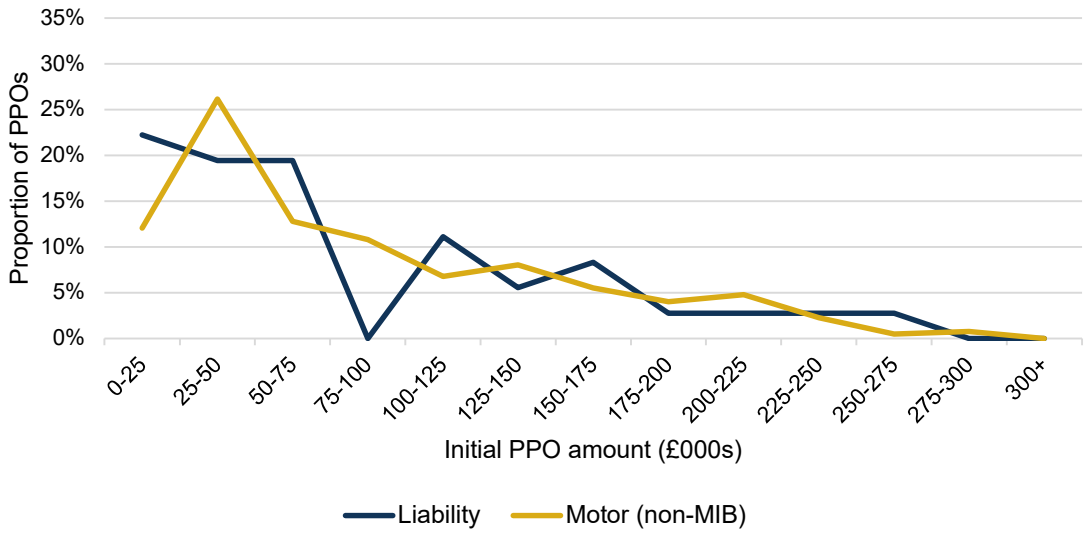

Figure N.12: Distribution of the initial regular payment amount of Liability PPO claims and Motor (non-MIB) PPO claims, for claims settled since 2009

N.6 Motor (MIB) PPO claims - distribution of payment components

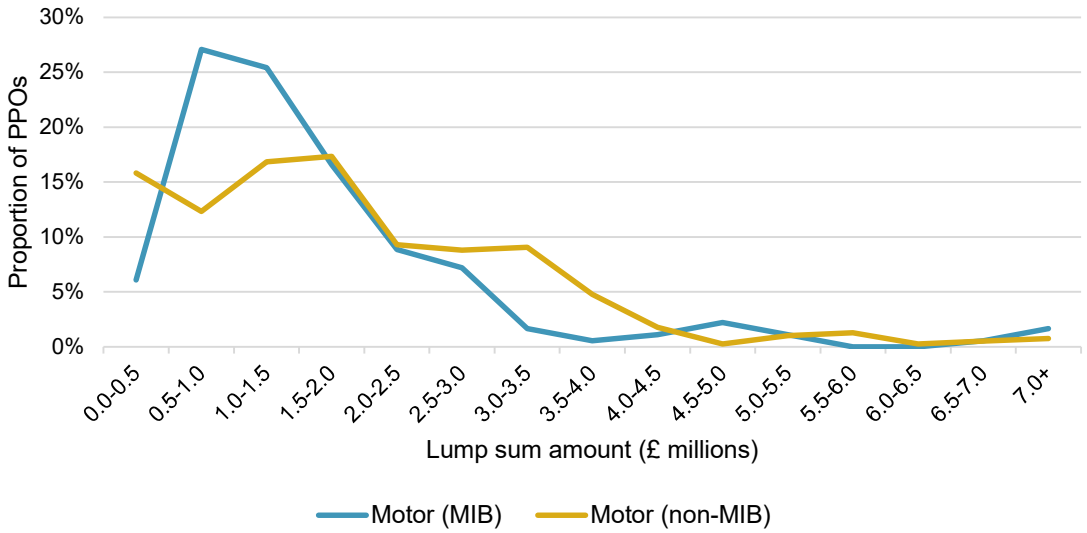

Figure N.13: Distribution of the size of the lump sum element of Motor (MIB) PPO claims and Motor (non-MIB) PPO claims, for claims settled since 2009

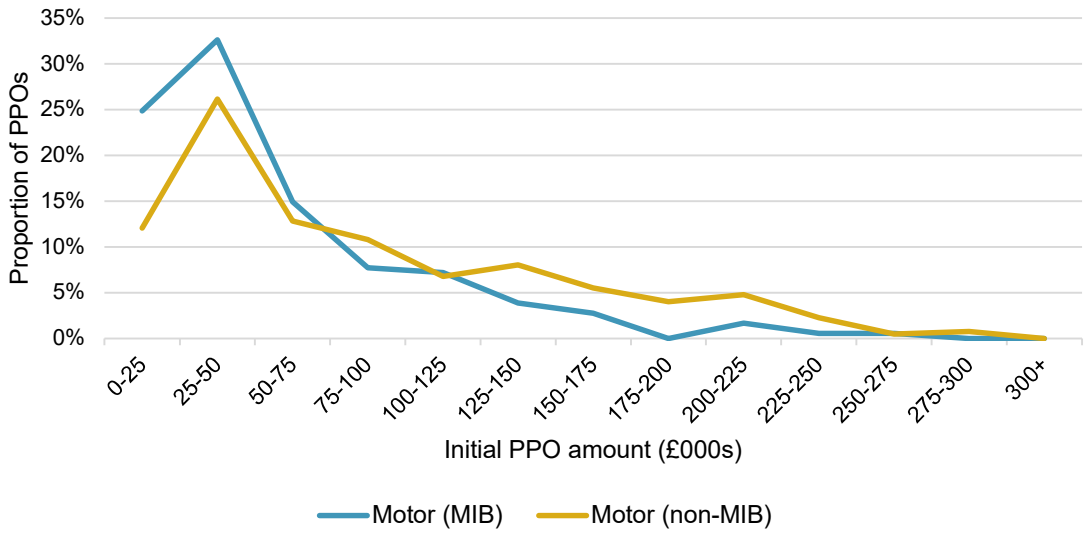

Figure N.14: Distribution of the initial regular payment amount of Motor (MIB) PPO claims and Motor (non-MIB) PPO claims, for claims settled since 2009

Appendix O Special features of Motor (non-MIB) PPO claims and other statistics

In this appendix, we provide summary statistics on stepped payments, variation orders and indemnity / reverse indemnity guarantees for Motor (non-MIB) PPO claims, together with a small number of other statistics for these PPO claims.

O.1 Definitions

Stepped payments
A PPO claim with stepped payments is one where there is a provision for step changes in the regular payment amount to be made. These step changes will apply at fixed points in time, to situations where a specific change in circumstance has already been foreseen at the time of settlement. For example, there could be a stepped payment for a one-off increase in payments to be made to a claimant whose parents are the primary carers: this would allow for a time when the parents are no longer able to deliver the same standard of care and additional care costs will therefore be incurred.

Whilst the majority of step changes tend to be increases, it should be noted that the step change could be either upward or downward.

Variation orders
A variation order is an allowance for a change in the regular payment amount, usually triggered by a certain event. An example would be the claimant developing additional symptoms in the future, as a result of the original accident.

Variation orders only specify the conditions of the trigger event at the time of settlement and do not specify the amounts that the regular payments will change to.

Indemnity / reverse indemnity guarantees
An indemnity guarantee is a guarantee given by the insurer to pay additional costs in circumstances such as where services provided by the local council are reduced or withdrawn in the future.

A reverse indemnity guarantee covers the opposite situation. For example, where the insurer is able to reduce the size of the annual payments as public provision of care is given to the claimant.

O.2 Proportion of Motor (non-MIB) PPO claims with special features

Figure O.1 shows the proportion of Motor (non-MIB) PPO claims with special features, together with the number of responses received on each special feature. To provide context for the credibility of these summary statistics, there are 417 Motor (non-MIB) PPO claims in the quantitative industry survey.

Of the Motor (non-MIB) PPO claims with special features, approximately 5% have been triggered to date.

Feature	Proportion of PPOs	Number of Responses
Stepped Payments	34%	417
Variation Orders	18%	365
Indemnity Guarantees	0%	195
Reverse Indemnity Guarantees	17%	127
Contributory Negligence	11%	417

Figure O.1: Proportion of Motor (non-MIB) PPO claims with special features, together with the number of Motor (non-MIB) PPO claims in the survey with responses received on those special features

O.3 Stepped payments and variation orders by age of claimant at settlement

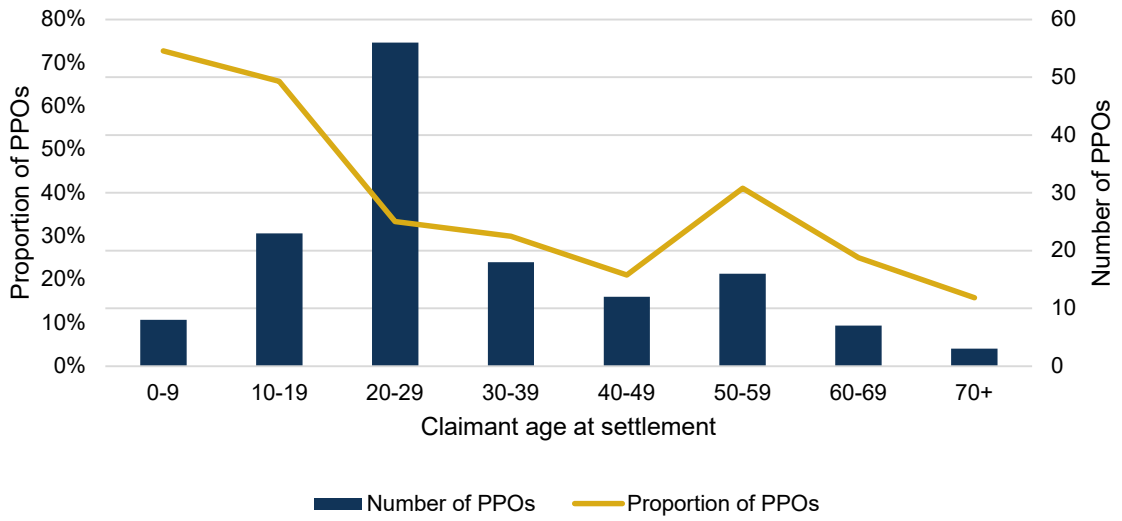

Figure O.2: Number and proportion of Motor (non-MIB) PPO claims with stepped payment agreements, by age of claimant at settlement date

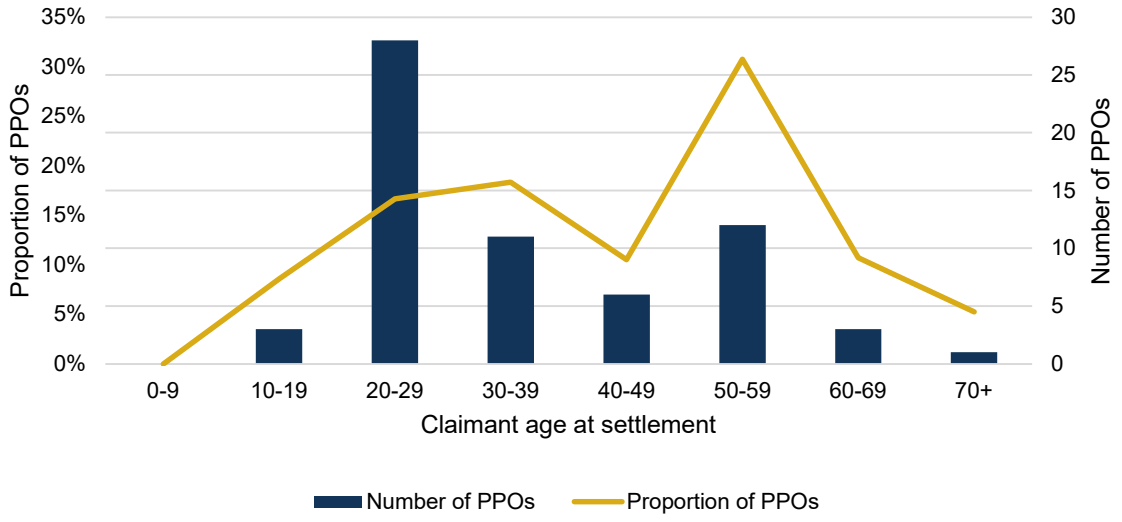

Figure O.3: Number and proportion of Motor (non-MIB) PPO claims with variation order agreements, by age of claimant at settlement date

O.4 Stepped payments and variation orders by injury type

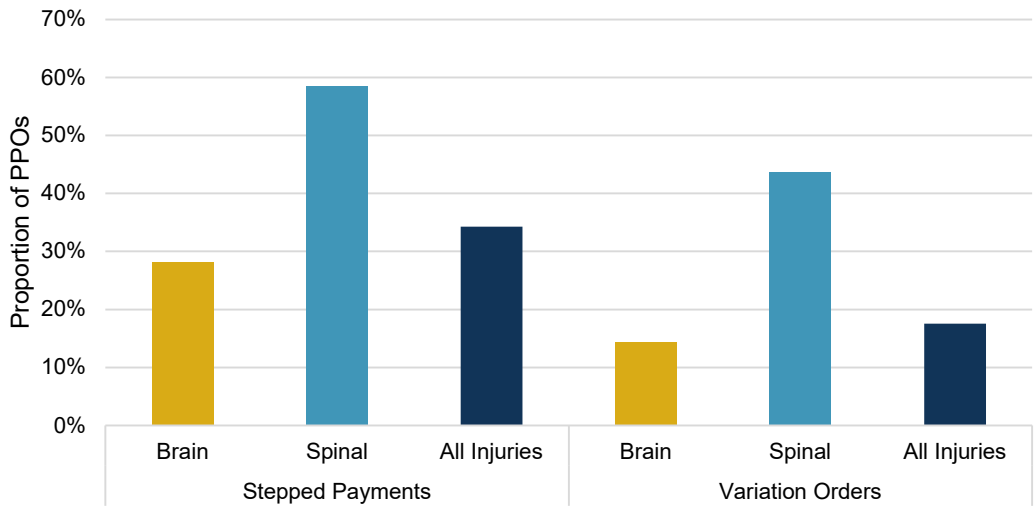

Figure O.4: Proportion of Motor (non-MIB) PPO claims with special features, by injury type

O.5 Other statistics

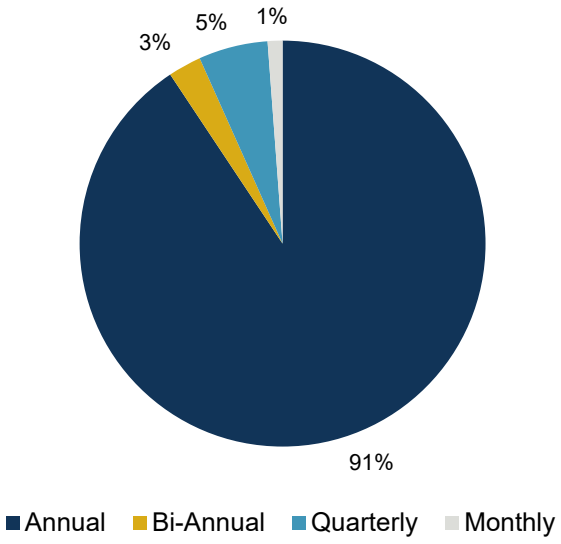

Figure O.5: Split of Motor (non-MIB) PPO claims by payment frequency

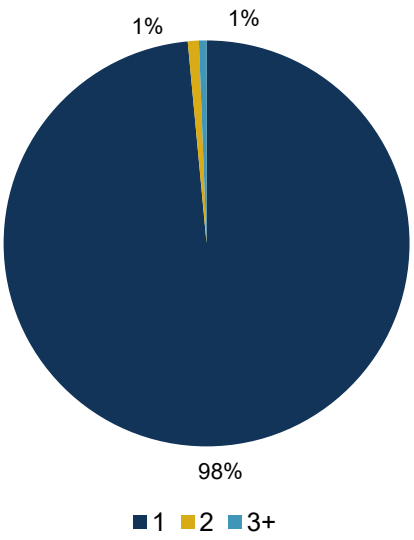

Figure O.6: Split of Motor (non-MIB) PPO claims by number of claimants

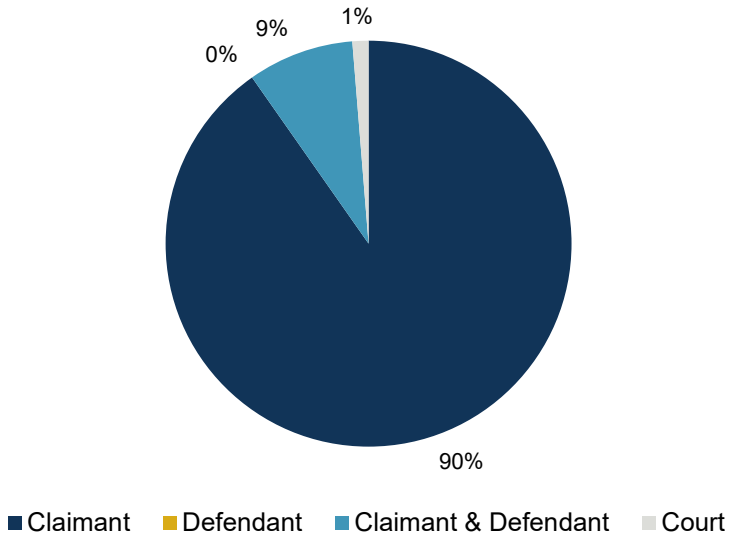

Figure O.7: Split of Motor (non-MIB) PPO claims by party who drove the decision for the claim to settle as a PPO

Appendix P IFoA PPO Working Party injury type and care regime categorisation

The IFoA PPO Working Party, with the help of a number of claims professionals, devised a categorisation of PPO injury types and care regimes, with the intention of this categorisation becoming UK standard practice, to be used by all insurers and reinsurers.

This categorisation was first presented as part of the output of the IFoA PPO Working Party in 2014.

Only a small proportion of the claims we received for the quantitative industry survey had this categorisation attached. We urge insurers to use this categorisation, and to provide this information to the IFoA PPO Working Party to enable us to better help the market to understand trends and uncertainties relating to PPO claims.

In this appendix, we reproduce the IFoA PPO Working Party injury type and care regime categorisation, and we provide the following summary statistics for Motor (non-MIB) PPO claims:

- Distribution of PPO claims by injury type categorisation
- Distribution of PPO claims by care regime categorisation
- PPO claim payment components by categorisation
- Life expectancy of the claimant at settlement date by categorisation
- Reduction in life expectancy of the claimant by categorisation.

The summary statistics provided in this appendix are based on only a small subset of the data where the categorisation was attached. The small number of claims is likely to have contributed to the volatility in experience in the summary statistics provided in this appendix.

We encourage insurers and reinsurers to use this categorisation – the more PPO claims have this categorisation attached, the more in-depth analysis the IFoA PPO Working Party will be able to provide and the less volatility there will be in the experience summarised.

We also encourage insurers and reinsurers to apply this coding to all large claims. This additional information will give further insight at an industry level into the drivers of the changes in PPO propensity.

P.1 Injury type and care regime categorisation

Injury type	Code	Category	Description
Brain	B1	PVS	Permanent Vegetative State - No purposeful motor or cognitive function. Requires a feeding tube.
	B2	Cannot walk - Fed by others	Does not feed self, must be fed completely (either orally or by a feeding tube).
	B3	Cannot walk - Self feeds	Can feed self with fingers or utensils, with assistance and/or spillage.
	B4	Some walking ability	Walks with support, or unsteadily alone at least 10 feet but does not balance well.
	B5	Walks well alone	Walks alone for at least 20 feet, and balances well.
	B6	No mobility issues	
Spinal	S1	Tetraplegia ventilator dependent	C1-C3
	S2	High level tetraplegia	C4-C5
	S3	Low level tetraplegia	C6-C7
	S4	High level paraplegia	Thoracic T1-T12
	S5	Low level paraplegia	Lumbar
Spinal 2	Complete/ Incomplete	Complete or incomplete selected	
Amputation	A1	Double upper limb	Double upper limb amputation (or loss of use), including bilateral brachial plexus injuries etc.
	A2	Leg - above knee	
	A3	Leg - below knee	
	A4	Other amputation	
Other	O1		

Care regime	Code	Category	Description
Brain	C1	24/2 2 or more care ratio	24 hour care needing two or more carers for all that time.
	C2	24/7 1-2 care ratio	24 hour care needing one to two carers for all that time.
	C3	24/7 but night sleeper	24 hour care with at least one carer but carers can sleep at night.
	C4	9 or more hours duty care a day	
	C5	5 to 8 hours duty care a day	
	C6	0 to 4 hours duty care a day	
	C7	Domestic help only, no personal care	
	C8	No regular care	

Figure P.1: IFoA PPO Working Party injury type and care regime categorisation

P.2 Distribution of PPO claims by injury type categorisation

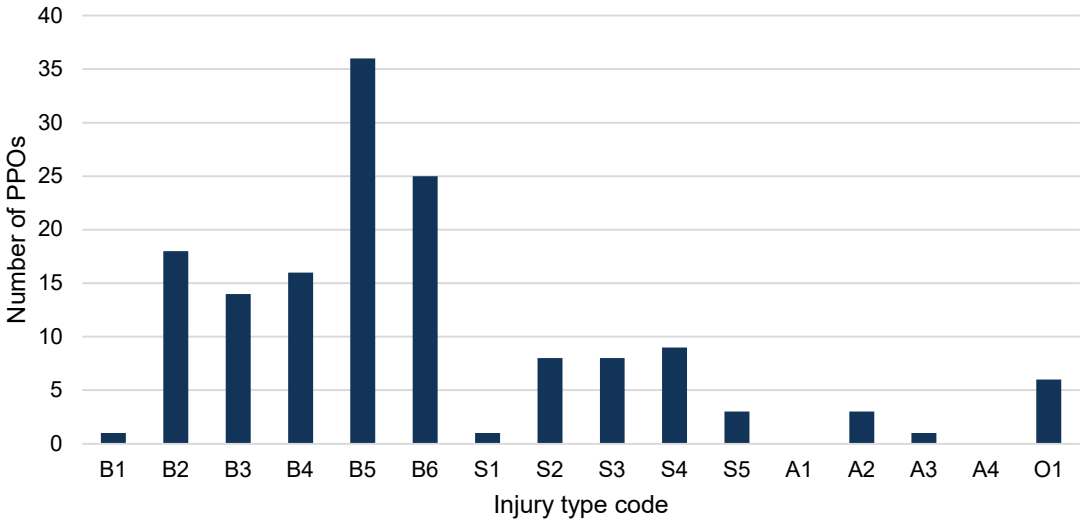

Figure P.2: Number of Motor (non-MIB) PPO claims, by IFoA PPO Working Party injury type categorisation

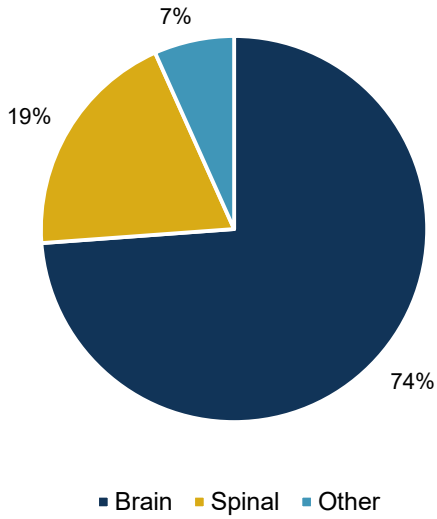

Figure P.3: High-level split of the number of Motor (non-MIB) PPO claims, by IFoA PPO Working Party injury type categorisation

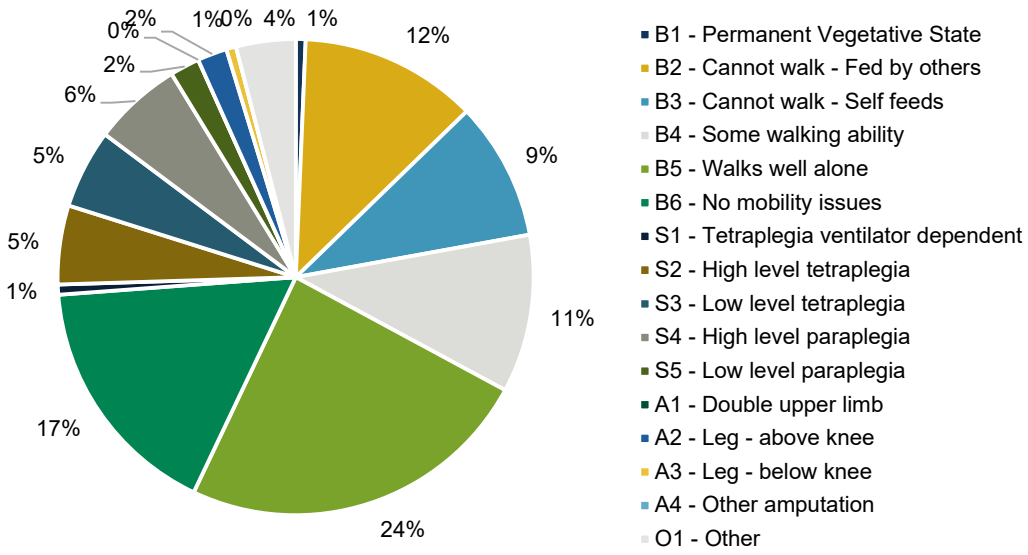

Figure P.4: Detailed split of the number of Motor (non-MIB) PPO claims, by IFoA PPO Working Party injury type categorisation

P.3 Distribution of PPO claims by care regime categorisation

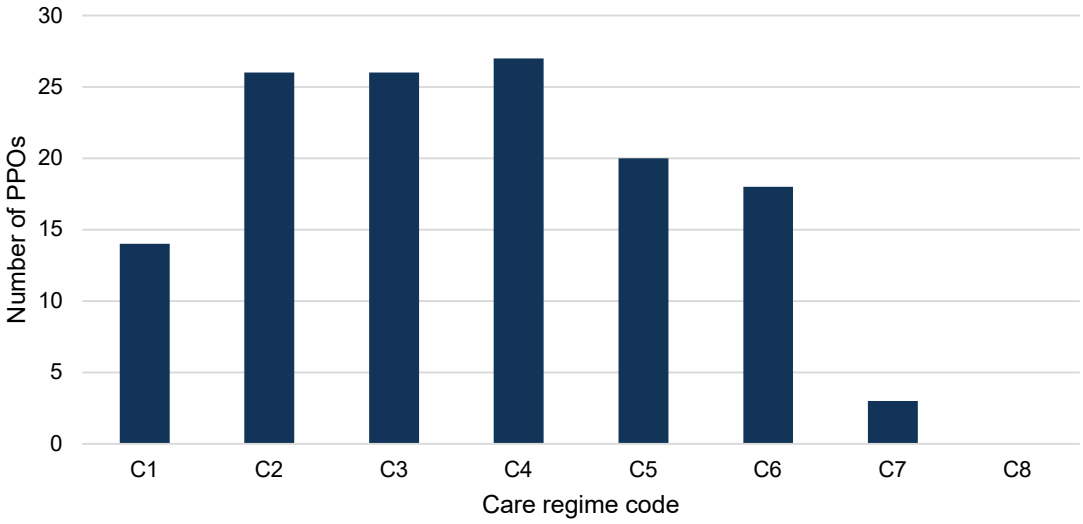

Figure P.5: Number of Motor (non-MIB) PPO claims, by IFoA PPO Working Party care regime categorisation

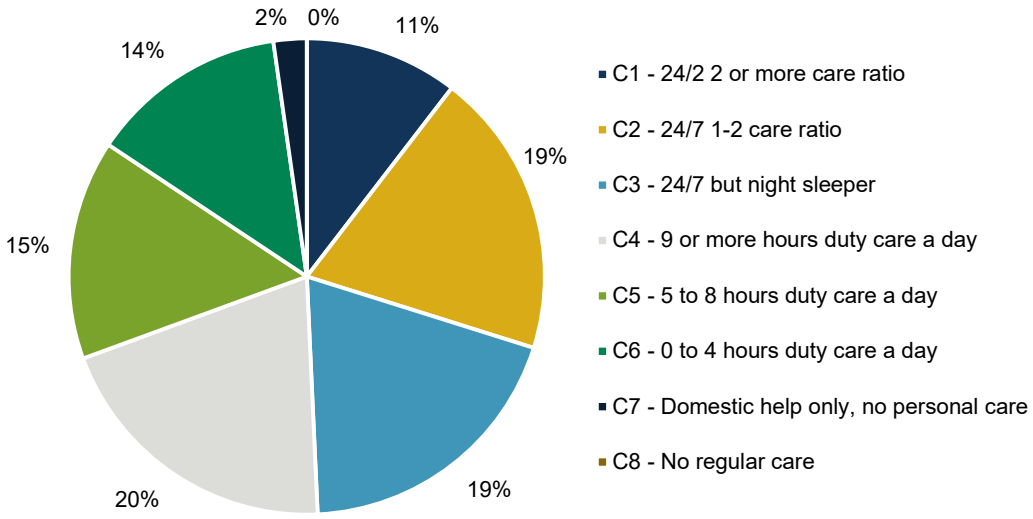

Figure P.6: Detailed split of the number of Motor (non-MIB) PPO claims, by IFoA PPO Working Party care regime categorisation

P.4 PPO claim payment components by categorisation

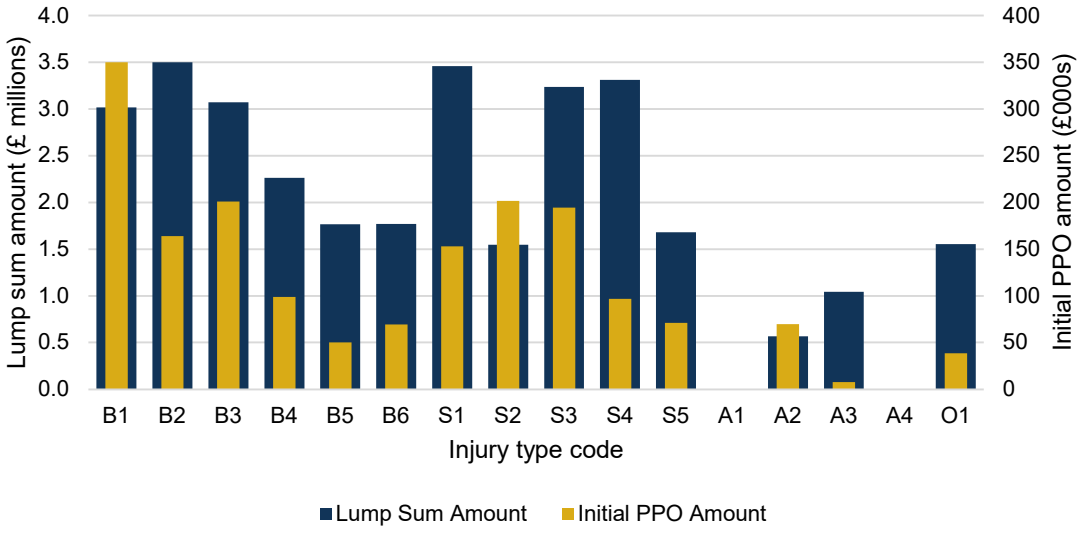

Figure P.7: Average lump sum amount and initial PPO amount (annual payment) for Motor (non-MIB) PPO claims, by IFoA PPO Working Party injury type categorisation

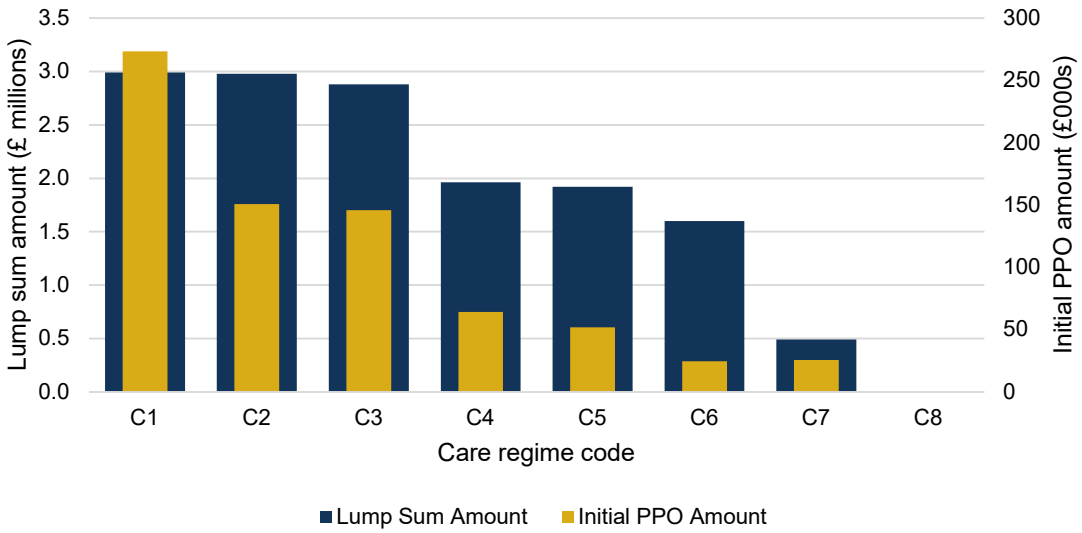

Figure P.8: Average lump sum amount and initial PPO amount (annual payment) for Motor (non-MIB) PPO claims, by IFoA PPO Working Party care regime categorisation

P.5 Life expectancy of the claimant at settlement date by categorisation

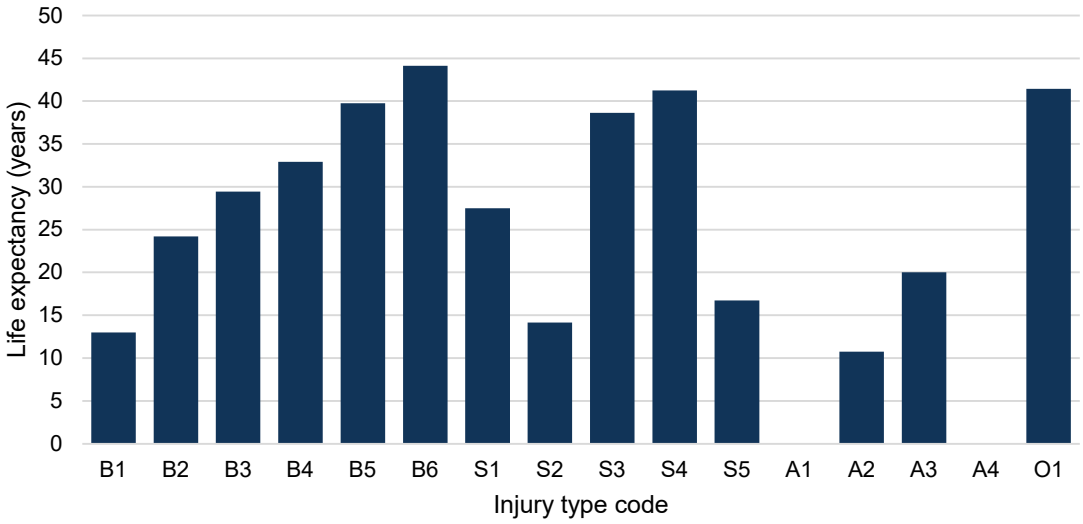

Figure P.9: Life expectancy of the claimant at settlement date for Motor (non-MIB) PPO claims, by IFoA PPO Working Party injury type categorisation

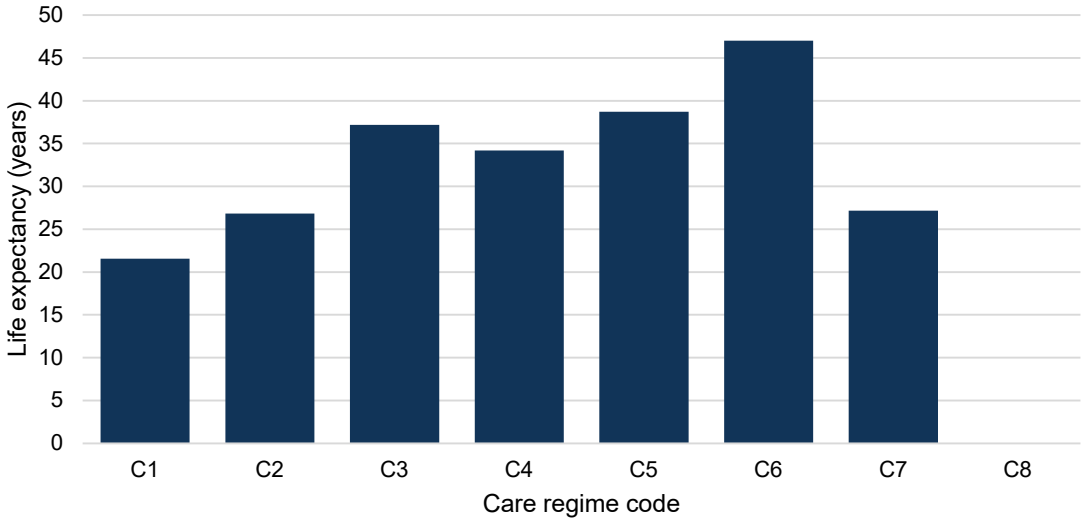

Figure P.10: Life expectancy of the claimant at settlement date for Motor (non-MIB) PPO claims, by IFoA PPO Working Party care regime categorisation

P.6 Reduction in life expectancy of the claimant by categorisation

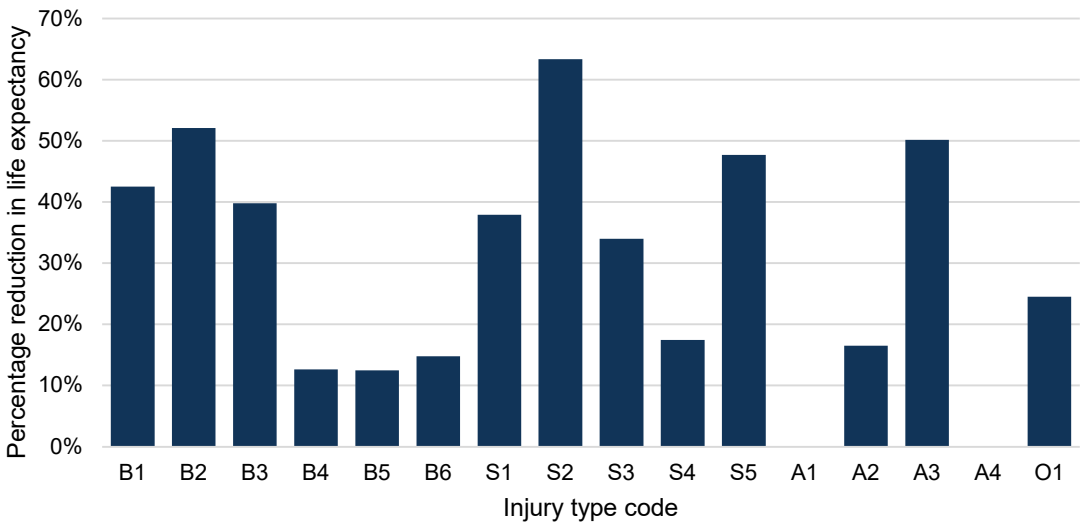

Figure P.11: Percentage reduction in life expectancy of a claimant for Motor (non-MIB) PPO claims, by IFoA PPO Working Party injury type categorisation

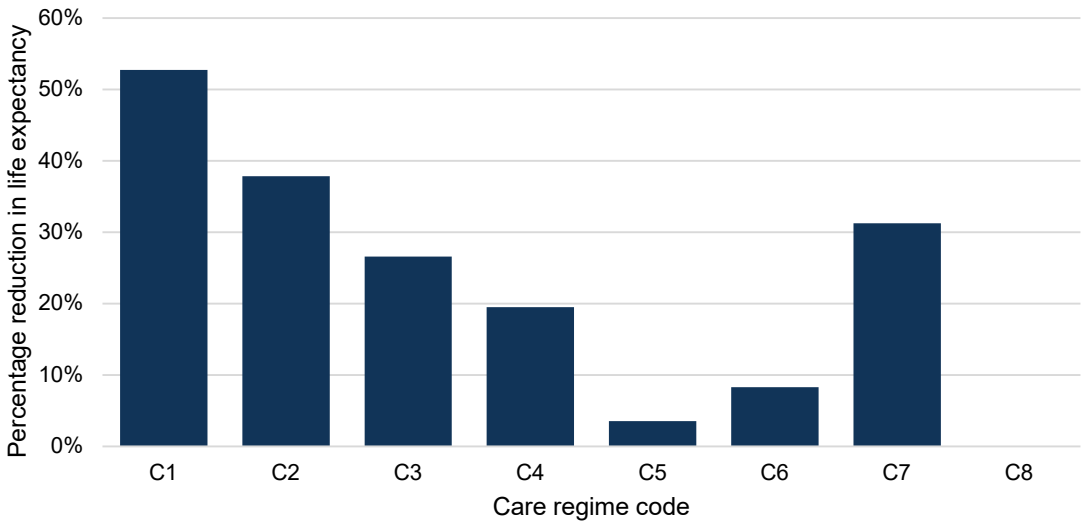

Figure P.12: Percentage reduction in life expectancy of a claimant for Motor (non-MIB) PPO claims, by IFoA PPO Working Party care regime categorisation

Appendix Q Nature of injury

In this appendix, we provide high-level summary statistics on the nature of injury for Motor (non-MIB) PPO claims, Liability PPO claims and Motor (MIB) PPO claims.

Where claimants suffered multiple injuries, the summary statistics represent the primary injury.

We also provide summary statistics on the nature of injury for Motor (non-MIB) PPO claims by the following characteristics:

- Age of claimant at accident date
- Delay to settlement
- Life expectancy of claimant at settlement date
- Reduction in life expectancy of the claimant
- Payment components.

Q.1 Motor (non-MIB) PPO claims – nature of injury

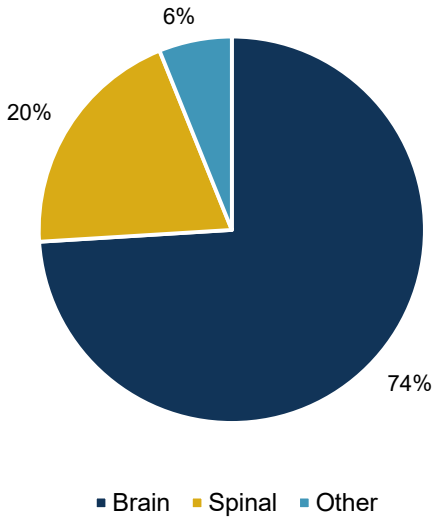

Figure Q.1: Split of the number of Motor (non-MIB) PPO claims, by nature of injury

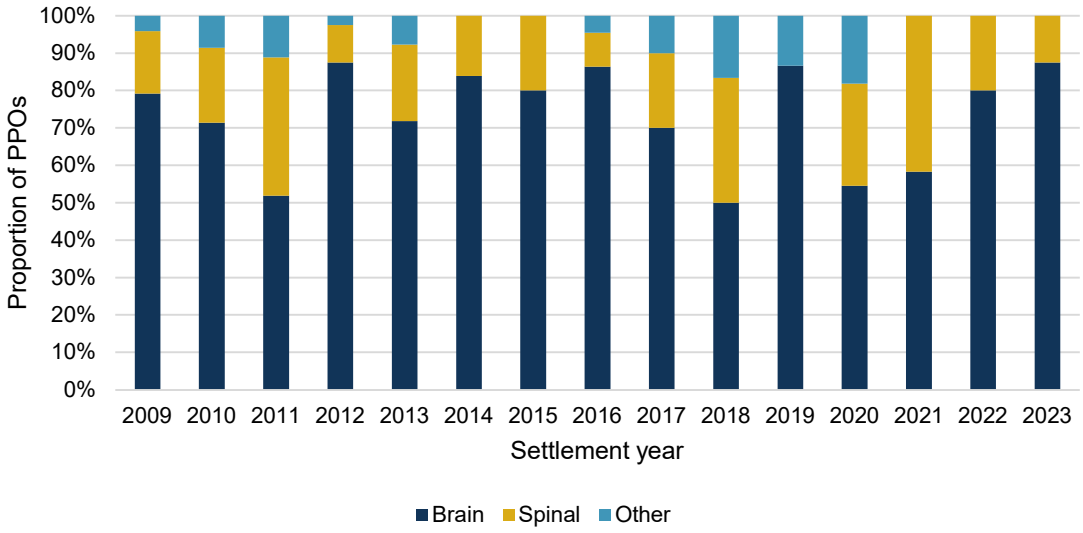

Figure Q.2: Proportion of Motor (non-MIB) PPO claims, by settlement year and by nature of injury

Q.2 Motor (non-MIB) PPO claims – age of claimant at accident date

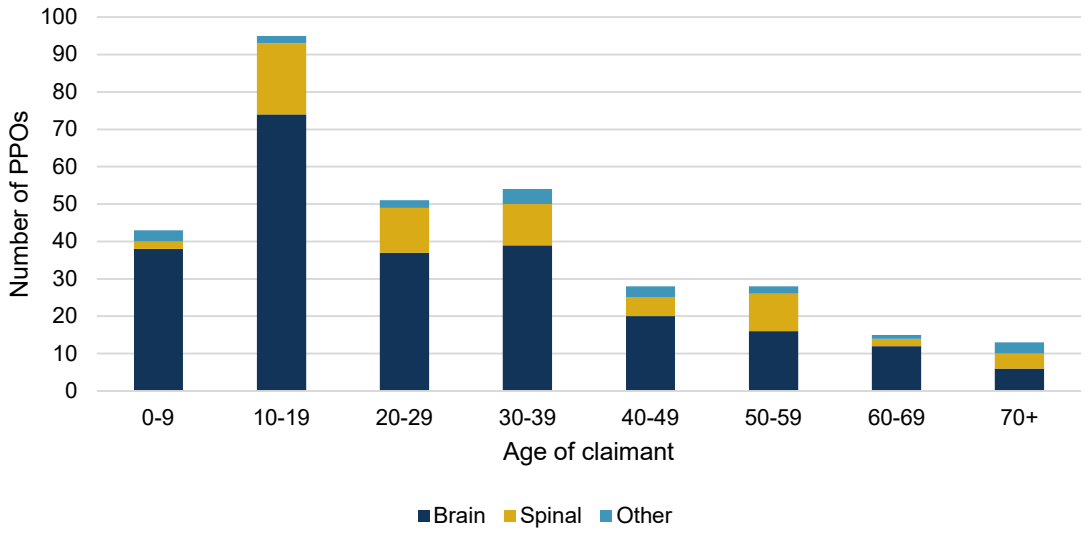

Figure Q.3: Number of Motor (non-MIB) PPO claims, by age of claimant at accident date and by nature of injury

Q.3 Motor (non-MIB) PPO claims – delay to settlement

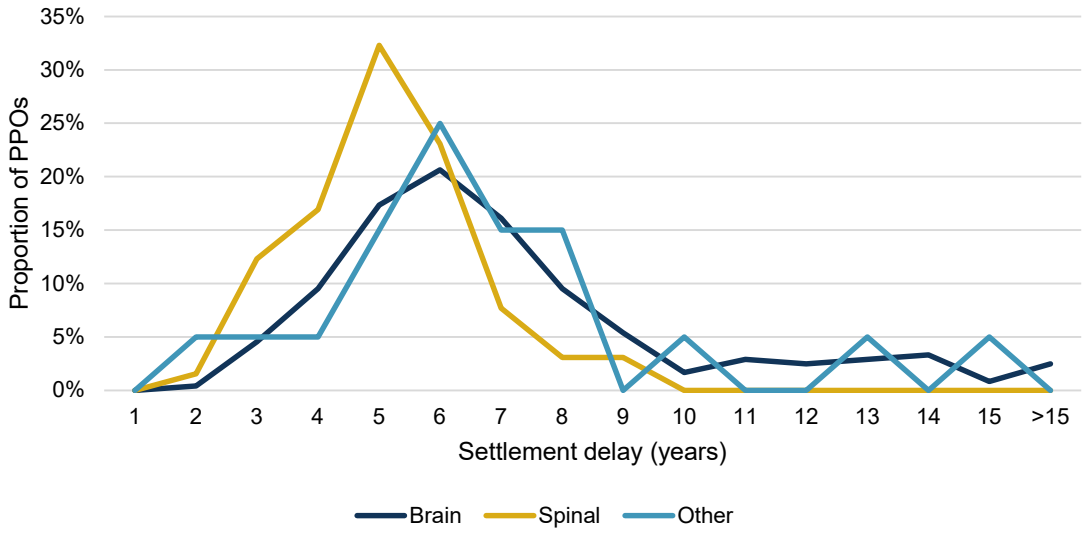

Figure Q.4: Distribution of the delay to settlement for Motor (non-MIB) PPO claims, by nature of injury

Q.4 Motor (non-MIB) PPO claims – life expectancy of claimant at settlement date

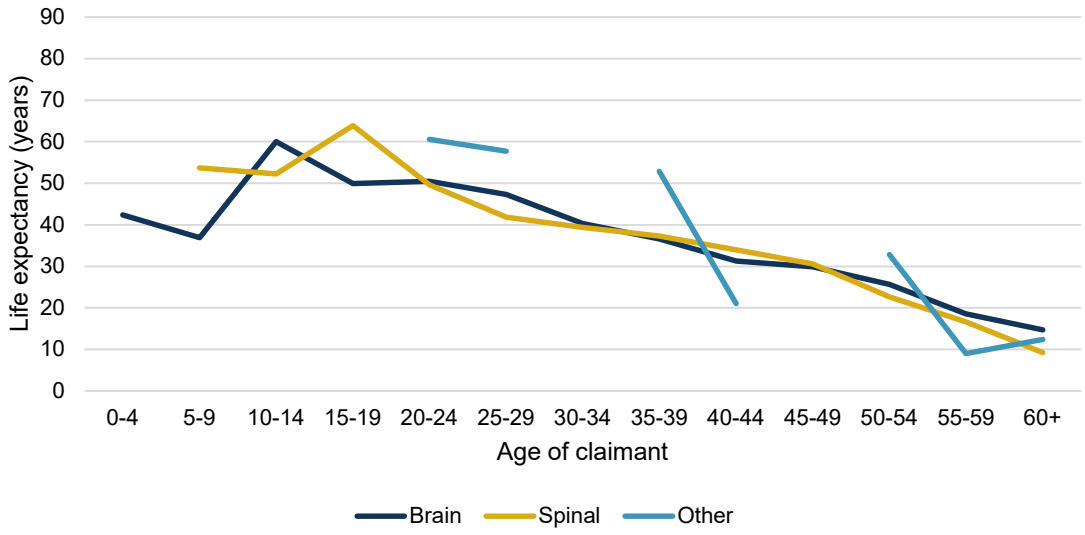

Figure Q.5: Distribution of the life expectancy of claimant at settlement date, for Motor (non-MIB) PPO claims, by age of claimant at settlement date and by nature of injury

Q.5 Motor (non-MIB) PPO claims – reduction in life expectancy of the claimant

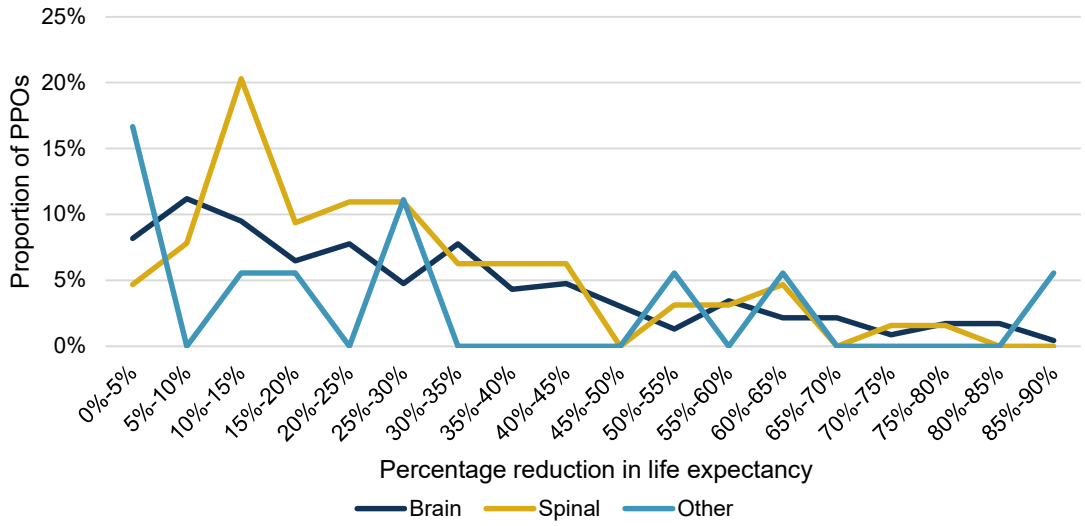

Figure Q.6: Distribution of the percentage reduction in life expectancy of a claimant, for Motor (non-MIB) PPO claims, by nature of injury

Q.6 Motor (non-MIB) PPO claims – payment components

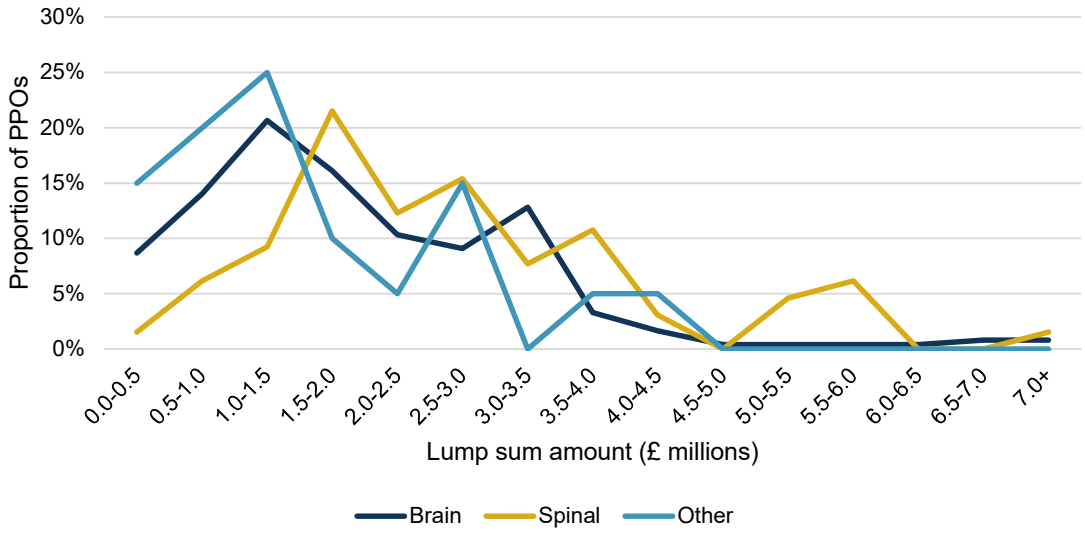

Figure Q.7: Distribution of the size of the lump sum element of Motor (non-MIB) PPO claims, by nature of injury

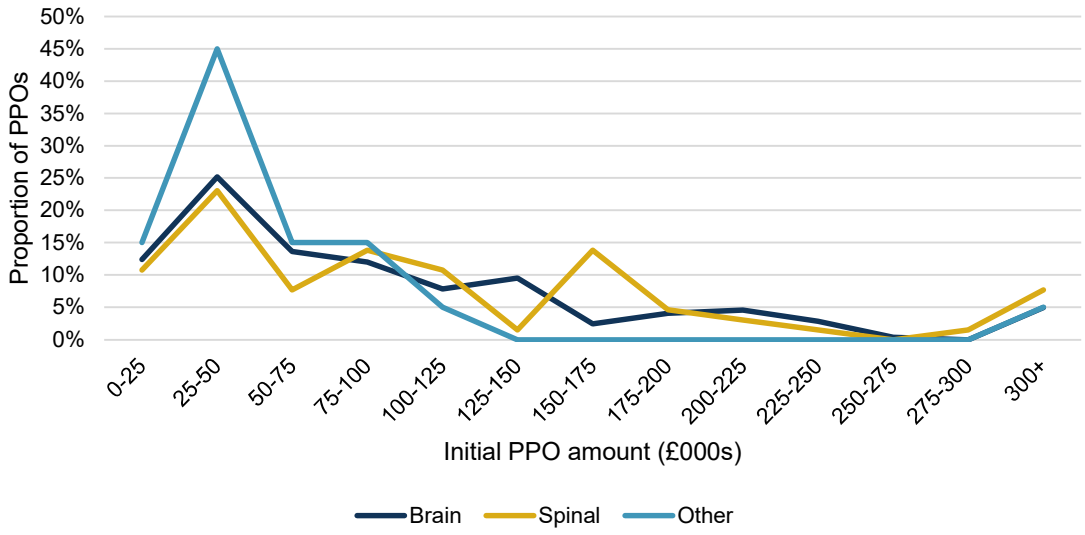

Figure Q.8: Distribution of the initial regular payment amount of Motor (non-MIB) PPO claims, by nature of injury

Q.7 Liability PPO claims - nature of injury

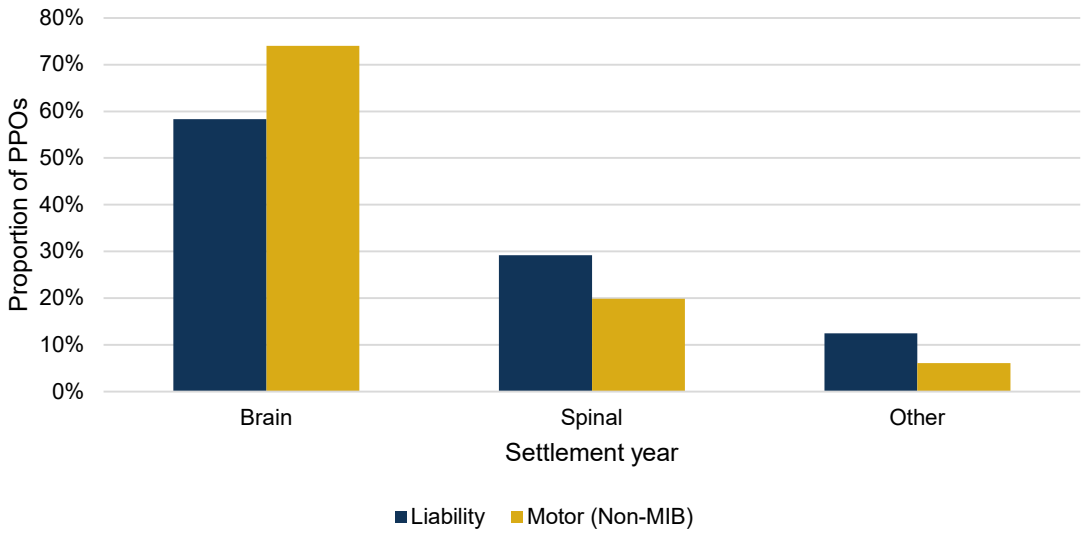

Figure Q.9: Distribution of Motor (non-MIB) PPO claims and Liability PPO claims, by nature of injury

Q.8 Motor (MIB) PPO claims - nature of injury

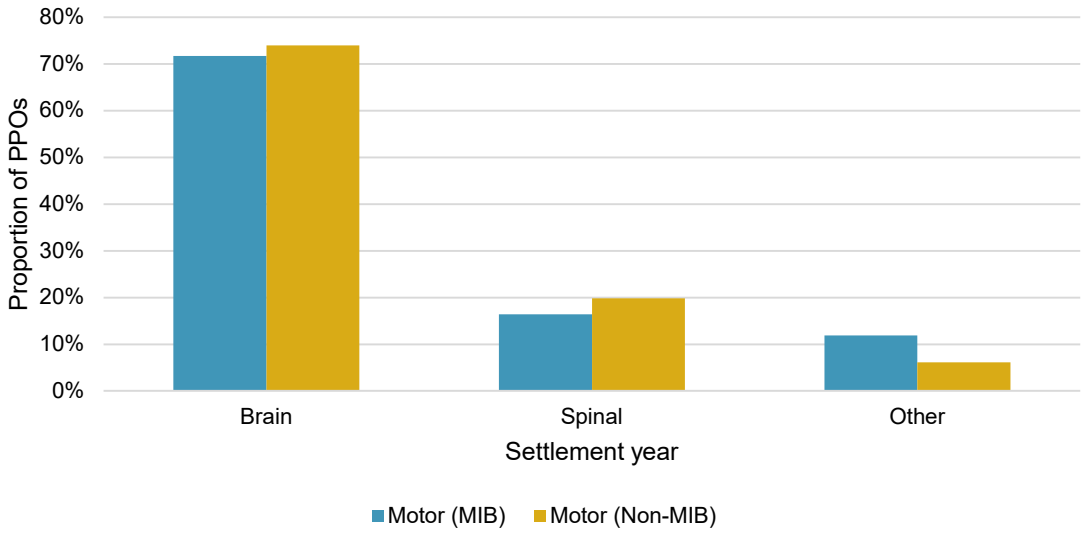

Figure Q.10: Distribution of Motor (non-MIB) PPO claims and Motor (MIB) PPO claims, by nature of injury

Appendix R Mortality of PPO claimants

In this appendix, we provide the following summary statistics in relation to the mortality of PPO claimants:

- Number of deaths for PPO claimants
- Actual versus expected number of deaths
- Comparison of PPO claimant mortality rates assumed by insurers to those for unimpaired lives
- PPO claimant mortality multipliers and the equivalent reduction in life expectancy figures
- PPO claimant life expectancy, experience analysis and assumed
- Assumed PPO claimant life expectancy / reduction in life expectancy by insurer.

To increase the sample size, we have considered all PPO claims in this analysis, i.e. Motor (non-MIB) PPO claims, Liability PPO claims and Motor (MIB) PPO claims combined.

We note, however, that there remains very limited data on which to base any firm conclusions.

We also note that there is an inherent bias in any such analysis, in that we will not observe people living much longer than expectations for a very long time to come, which is more likely to overstate rather than understate observed mortality.

We therefore stress caution in using the results of the analysis presented in this appendix.

In considering unimpaired mortality within the analysis in this appendix, we have used the most recent two-way ONS forecast projections (National Life Tables, United Kingdom 2018) rather than the ONS mortality rates that underlie the Ogden tables (eighth edition).

The "initial exposure" is presented as a measure of the total number of years of exposure for PPO claimants, taken as the number of years from settlement date to the date of this analysis, or date of death if applicable.

The "initial exposure" has been taken from the settlement date of the PPO, as we only receive data for claimants who survive to settlement of the claim, and do not receive information on claimants who die before a settlement.

R.1 Number of deaths for PPO claimants

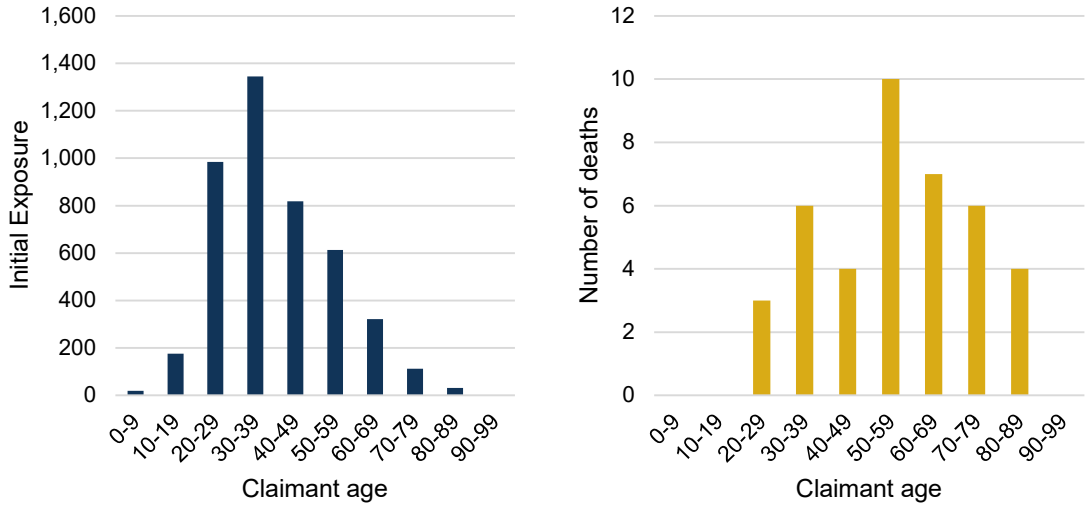

Figure R.1: Number of years of exposure for PPO claims and number of deaths, for male PPO claimants, by age of claimant at settlement date

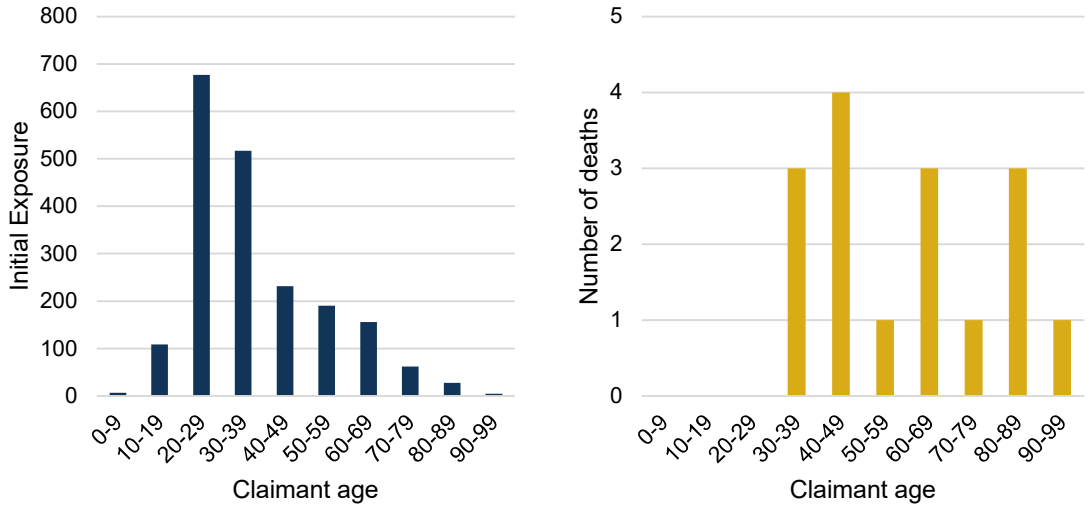

Figure R.2: Number of years of exposure for PPO claims and number of deaths, for female PPO claimants, by age of claimant at settlement date

Number of years	Years since settlement	Delay to settlement	Years since accident
1	5	0	0
2	4	7	0
3	6	8	1
4	3	6	2
5	6	7	1
>5	28	28	52
Total	**56**	**56**	**56**

Figure R.3: Number of deaths for PPO claimants, by various measures of the number of years

R.2 Actual versus expected number of deaths

Given the serious nature of injuries which give rise to a PPO award, we would expect the life expectancy of PPO claimants to be impaired. The analysis set out below aims to test this hypothesis and to give an indication of the extent to which these lives are impaired.

We have calculated the multiplicative adjustment to the ONS mortality rates (its most recent forecast projections, as described above), for individuals in the quantitative industry survey, which would be required to produce the number of deaths observed over the period.

We have assumed that the ratio of actual to expected death rates fits to a Poisson distribution, parameterised based on the actual exposed to risk (the "initial exposure", as described above) and the mortality rates from the ONS tables. By using this method we have produced confidence levels around the median result.

The analysis is subject to a number of significant simplifications and assumptions, for example:

- We have assumed that the cohort is homogeneous in terms of life expectancy. We know that is very unlikely to be the case, as some claimants are likely to have a very different prognosis to others as a result of their particular injuries (without taking into account differences in lifestyles). For example, those with serious brain injury will be likely to have lower life expectancies, often significantly so, than those with moderate brain injury.

- We have assumed that it is appropriate to apply a single multiplier to the qxs (the probability of an individual aged exactly x years will die within the next year). In fact, we do not know the shape of the mortality curve for these impaired lives; indeed the shape may well be different for different injury types. One particular impact of this may be that it is not appropriate to apply the same multiplier as derived from observing the data at this relatively early stage of the experience to future mortality rates, the reason being that, for these kinds of injuries, mortality (relative to unimpaired mortality rates) is often higher in the early years after the accident.

In addition, the analysis was conducted on a small sample of claims over a short time period (2005 to 2023), and as such cannot be considered to be particularly credible. Therefore, there is some uncertainty surrounding the results – one additional or one fewer death would have a material impact on these figures. (Similar analyses that pension funds may conduct are likely to have significantly narrower confidence intervals as pension funds typically have much greater sample sizes.)

	Male				Female			
Percentile	Brain	Spinal	Other	Total	Brain	Spinal	Other	Total
5th	303%	420%	628%	326%	574%	598%	252%	317%
25th	237%	309%	238%	279%	423%	227%	127%	247%
50th	**201%**	**250%**	**121%**	**251%**	**341%**	**116%**	**79%**	**207%**
75th	169%	202%	62%	226%	276%	59%	49%	174%
90th	146%	166%	34%	205%	228%	32%	32%	149%
95th	133%	148%	23%	194%	203%	22%	25%	135%

Figure R.4: Percentile values for the required adjustment to ONS mortality rates which would be required to produce the number of PPO claimant deaths observed over the period

In total there have been 56 observed deaths since settlement, against any expected number of 23 deaths assuming unimpaired mortality, representing a multiplier of 2.4 (for male and female PPO claimants combined).

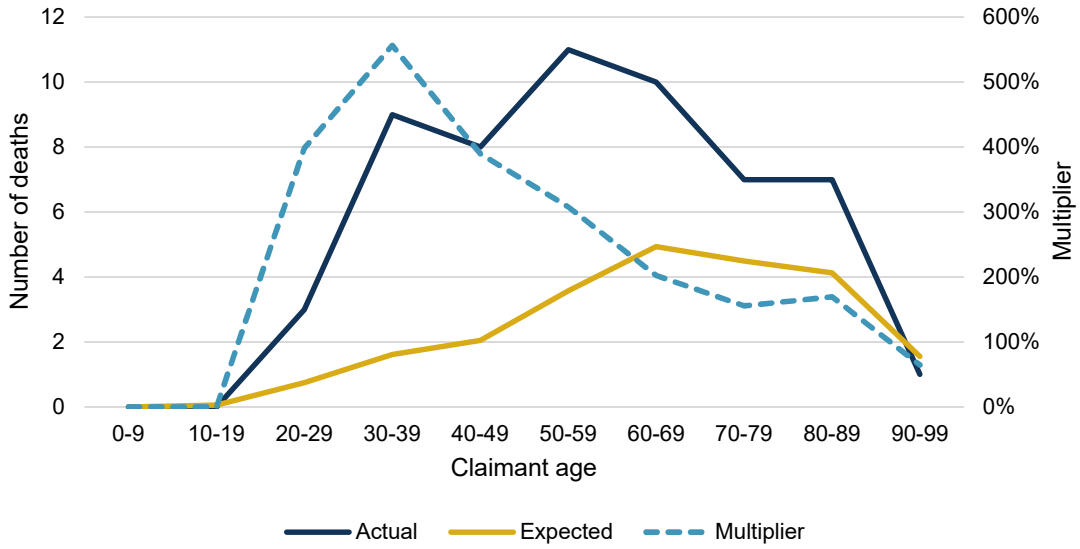

Figure R.5: Actual number of PPO claimant deaths, expected number of PPO claimant deaths assuming unimpaired mortality, and the multiplier (actual / expected), by age of claimant at settlement date

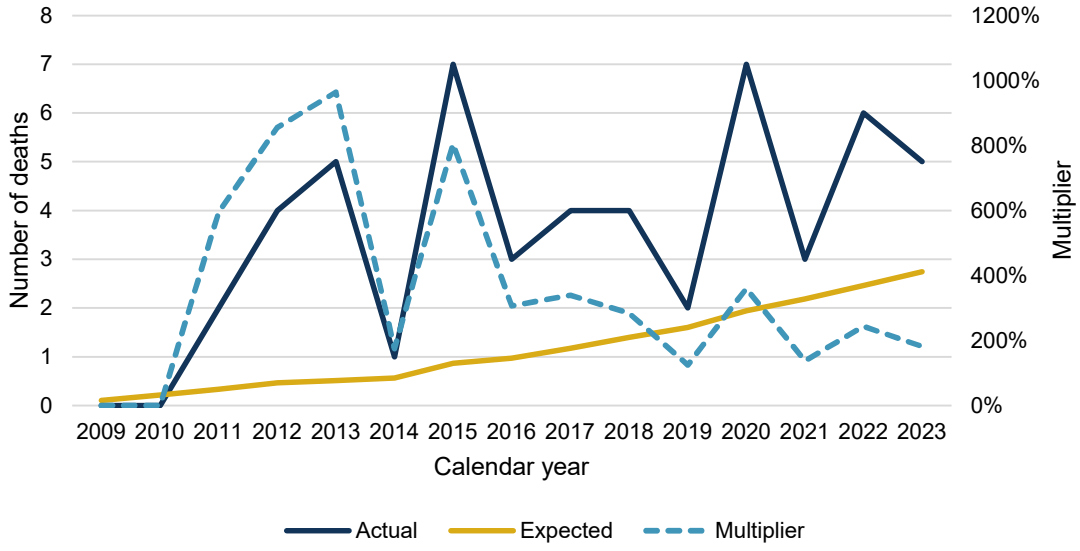

Figure R.6: Actual number of PPO claimant deaths, expected number of PPO claimant deaths assuming unimpaired mortality, and the multiplier (actual / expected), by calendar year

We encourage readers to place a limited degree of reliance on these estimates and to reference other indicators and data sources to support any assumptions they are using for their own purposes. To reiterate; we advise readers to treat these results with caution due to:

- The small sample size.
- The simplifying assumptions which have been made in the model (homogeneity of underlying mortality in the cohort and the appropriateness of a single multiplier).
- The mortality experience only being considered for those individuals who survive beyond the period it takes for their PPO claim to settle.

R.3 Comparison of PPO claimant mortality rates assumed by insurers to those for unimpaired lives

By assuming that the shape of the mortality curve is the same for unimpaired and impaired lives, we have converted the impaired life expectancies provided by insurers in the survey to be expressed as a mortality multiplier relative to the ONS mortality rates (its most recent forecast projections, as described above). A value of 100% is representative of life expectancy (or mortality rate) equal to that for an unimpaired life (according to the ONS mortality rates).

These results consider the range of estimates for individual claimants and hence the range of percentiles is considerably wider than the previous analysis.

Percentile	Male	Female
5th	4911%	14156%
25th	826%	833%
50th	**402%**	**327%**
75th	217%	162%
90th	143%	117%
95th	127%	103%

Figure R.7: Percentile values for the required adjustment to ONS mortality rates which would be required to match insurers' expectations of PPO claimant mortality

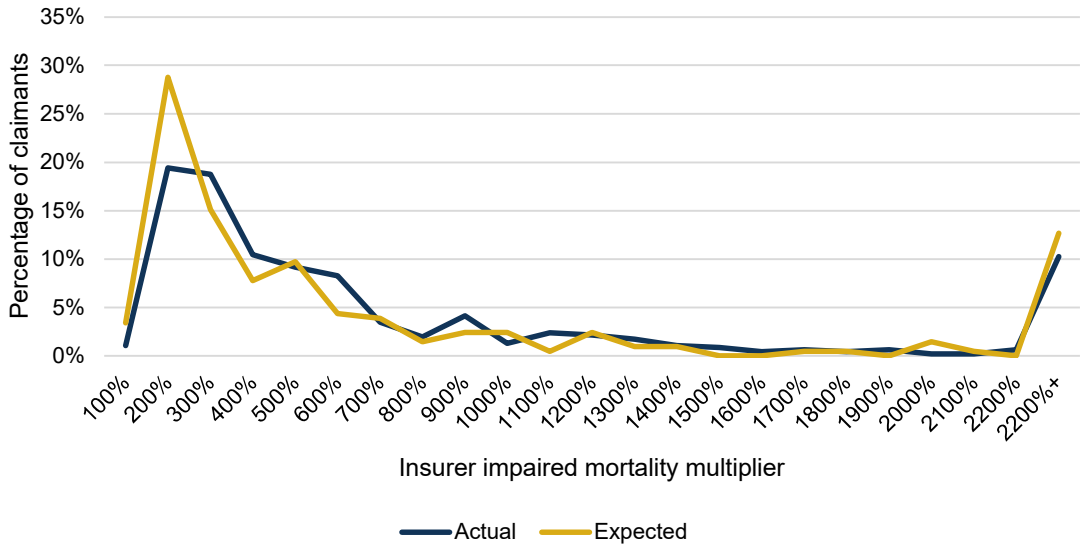

Figure R.8: Distribution of insurers' mortality multipliers (insurers' expectations of PPO claimant mortality relative to unimpaired lives), by gender of claimant

R.4 PPO claimant mortality multipliers and the equivalent reduction in life expectancy figures

	Male			Female		
Multiplier	20	40	60	20	Spinal	Other
200%	12%	17%	24%	10%	14%	21%
300%	19%	26%	37%	16%	23%	32%
400%	24%	33%	45%	21%	29%	40%
500%	29%	38%	52%	24%	34%	46%
750%	36%	48%	62%	31%	42%	56%
1000%	42%	54%	69%	36%	48%	63%
1500%	49%	62%	77%	43%	56%	72%
2000%	55%	68%	81%	48%	62%	77%

Figure R.9: Percentage reduction in life expectancy for sample lives aged 20, 40 and 60 in 2023 implied by the PPO claimant mortality multipliers

R.5 PPO claimant life expectancy, experience analysis and assumed

The results from the mortality analysis can also be expressed in terms of future life expectancy (in years).

- The green dots show the ONS unimpaired life expectancy.
- The dark blue bars and stalks show the 5th to 25th (stalk), 25th to 50th (bar), 50th to 75th (bar) and 75th to 95th (stalk) percentiles of the experience analysis (i.e. based on the analysis of the number of deaths in the industry survey). This applies the mortality multipliers in Figure R.4 to a 35 year old claimant.
- The light blue bars and stalks show the 5th to 25th (stalk), 25th to 50th (bar), 50th to 75th (bar) and 75th to 95th (stalk) percentiles of the insurer analysis (i.e. based on the insurer assumptions of life expectancy in the industry survey). This applies the mortality multipliers in Figure R.7 to a 35 year old claimant.

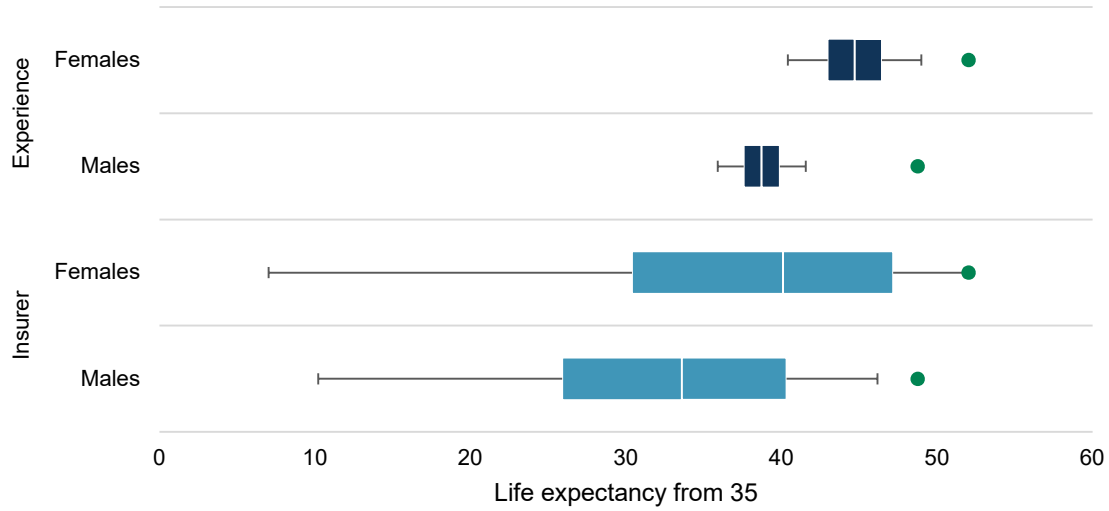

Figure R.10: Comparison of PPO claimant life expectancy: unimpaired lives, experience analysis and insurer assumptions

R.6 Assumed PPO claimant life expectancy / reduction in life expectancy by insurer

Figure R.11 shows the cumulative distribution of the percentage reduction in life expectancy assumed by each insurer. A couple of insurers have been excluded for data reasons, and the data is presented as a range across those insurers included in the analysis.

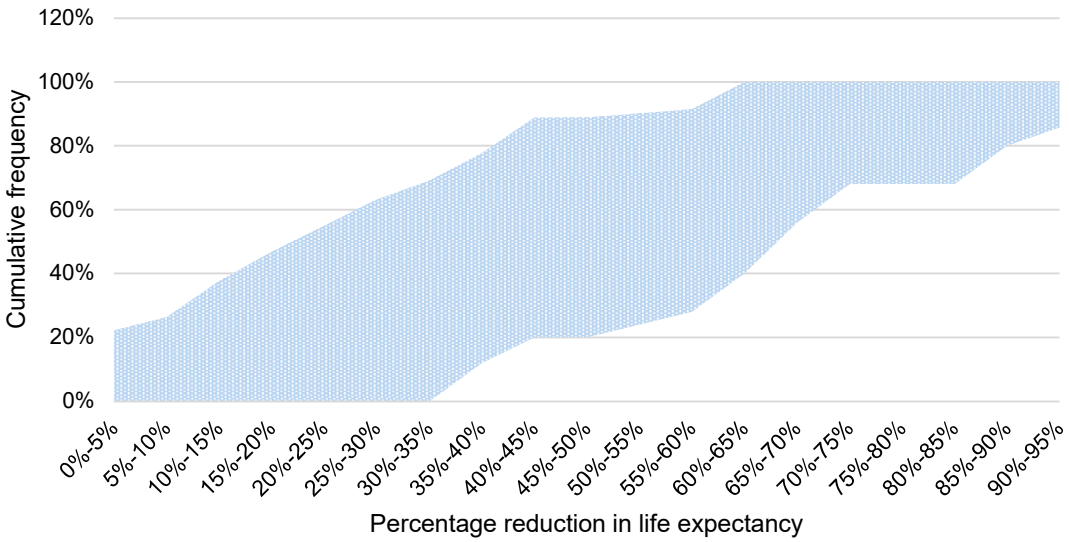

Figure R.11: Cumulative distribution of the percentage reduction in life expectancy assumed by different insurers

Appendix S Reserves for Motor (non-MIB) PPO claims

In this appendix, we provide the following summary statistics in relation to the size of reserves for Motor (non-MIB) PPO claims:

- Impact of real discount rate assumption on reserves for PPO claims and total cost of PPO claims
- Comparison of total cost of PPO claims to insurers' Ogden-equivalent lump sum estimate
- Comparison of reserves for PPO claims to insurers' estimates of reserves
- Lump sum element of PPO claims as a proportion of total cost of PPO claims
- Reserves for PPO claims by class of business
- Reserves for PPO claims by nature of injury
- Scatter plots of reserves for PPO claims against a number of factors.

In order to consider the size of reserves on a consistent basis, we have estimated the total cost and outstanding reserve for each of the Motor (non-MIB) PPO claims in the quantitative industry survey on a cashflow basis, using the same methodology and assumptions for all claims (including stochastic mortality). However, the parameters used (such as life expectancy from settlement) were taken from individual participating insurer estimates.

We have estimated the total cost and outstanding reserve for each of the Motor (non-MIB) PPO claims using discount rate assumptions ranging from -2% per annum to +2.5% per annum, discounting to the analysis date.

In deriving these estimates, we have made no allowance for some factors that will affect the size of a claim, such as variation orders and indemnity / reverse indemnity guarantees. We have, however, allowed for factors such as stepped payments, where that information has been provided.

The estimates in this appendix are shown gross of reinsurance.

S.1 Impact of real discount rate assumption on reserves for PPO claims and total cost of PPO claims

Real Discount Rate	Multiple
-2.00%	1.47
-1.00%	1.21
-0.75%	1.14
-0.25%	1.00
0.00%	0.95
1.00%	0.82
2.00%	0.68
2.50%	0.61

Figure S.1: Reserves for Motor (non-MIB) PPO claims, as at 31 December 2023, at various real discount rates, estimated by the IFoA PPO Working Party, expressed as a multiple of the reserve estimated at a -0.25% per annum real discount rate

Real Discount Rate	Multiple
-2.00%	1.22
-1.00%	1.10
-0.75%	1.07
-0.25%	1.00
0.00%	0.98
1.00%	0.91
2.00%	0.85
2.50%	0.82

Figure S.2: Total cost (from ground up) for Motor (non-MIB) PPO claims, as at 31 December 2023, at various real discount rates, estimated by the IFoA PPO Working Party, expressed as a multiple of the total cost estimated at a -0.25% per annum real discount rate

Real Discount Rate	Multiple
-2.00%	1.22
-1.00%	1.10
-0.75%	1.07
-0.25%	1.00
0.00%	0.98
1.00%	0.91
2.00%	0.85
2.50%	0.82

Figure S.3: Total cost (from ground up) for Motor (non-MIB) PPO claims, as at settlement date, at various real discount rates, estimated by the IFoA PPO Working Party, expressed as a multiple of the total cost estimated at a -0.25% per annum real discount rate

S.2 Comparison of total cost of PPO claims to insurers' total cost estimates

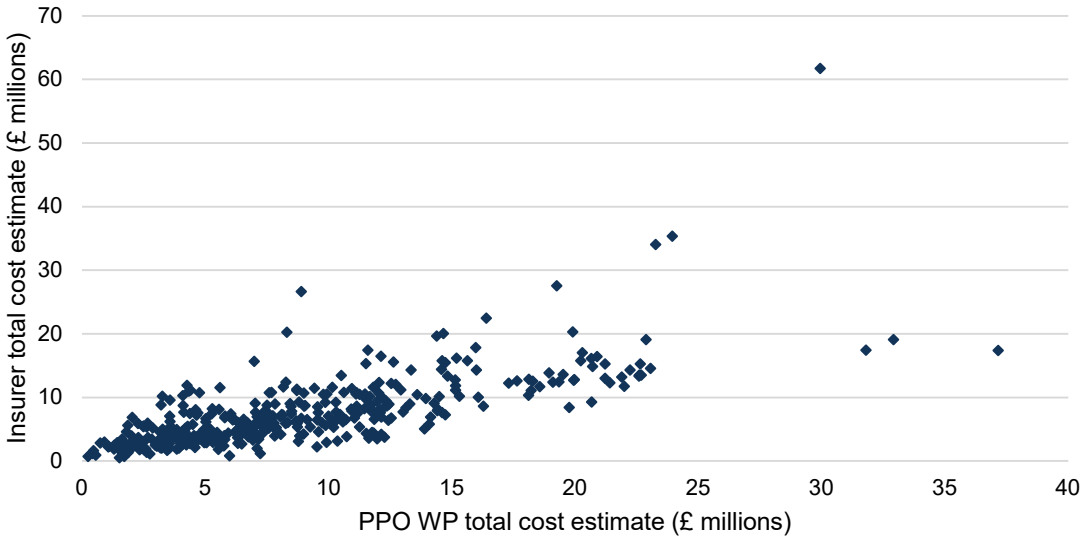

Figure S.4: Total cost (from ground up) for Motor (non-MIB) PPO claims, as at 31 December 2023, at a +2% per annum real discount rate, estimated by the IFoA PPO Working Party, compared with the total cost estimated by

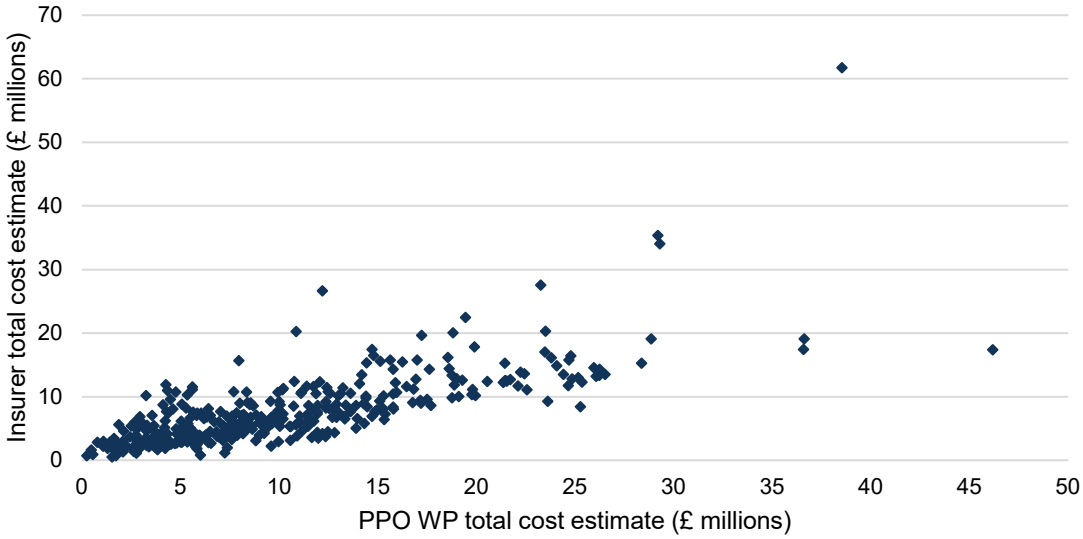

Figure S.5: Total cost (from ground up) for Motor (non-MIB) PPO claims, as at 31 December 2023, at a 0% per annum real discount rate, estimated by the IFoA PPO Working Party, compared with the total cost estimated by

S.3 Comparison of reserves of PPO claims to insurers' reserve estimates

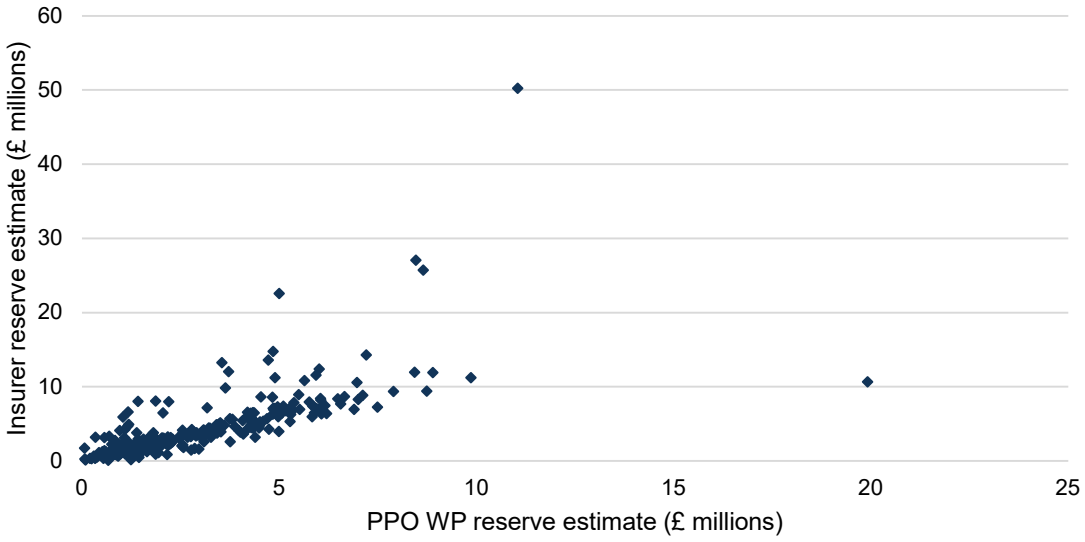

Figure S.6: Reserves for Motor (non-MIB) PPO claims, as at 31 December 2023, at a +2% per annum real discount rate, estimated by the IFoA PPO Working Party, compared with the reserve estimates of insurers

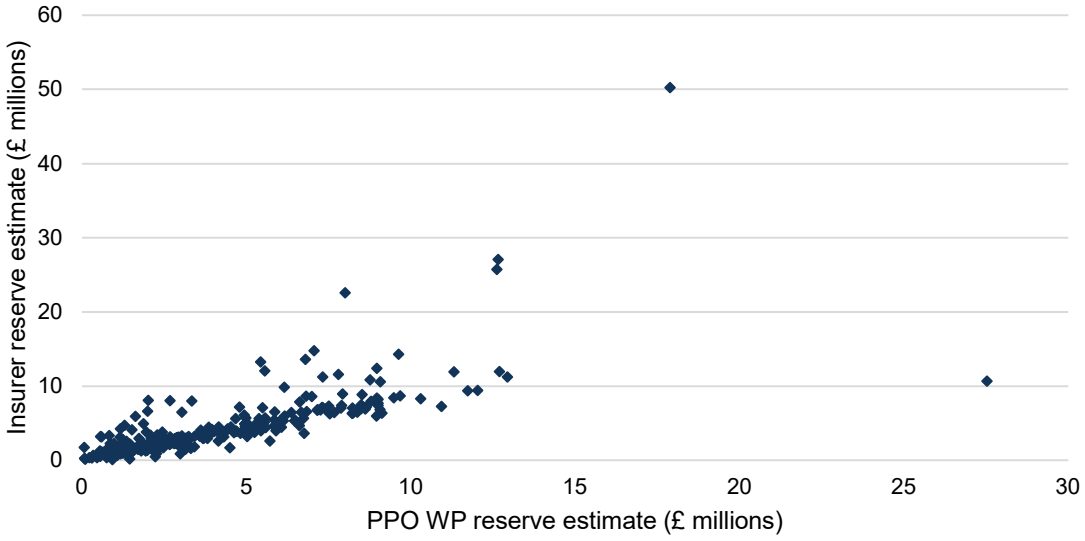

Figure S.7: Reserves for Motor (non-MIB) PPO claims, as at 31 December 2023, at a 0% per annum real discount rate, estimated by the IFoA PPO Working Party, compared with the reserve estimates of insurers

S.4 Lump sum element of PPO claims as a proportion of total cost of PPO claims

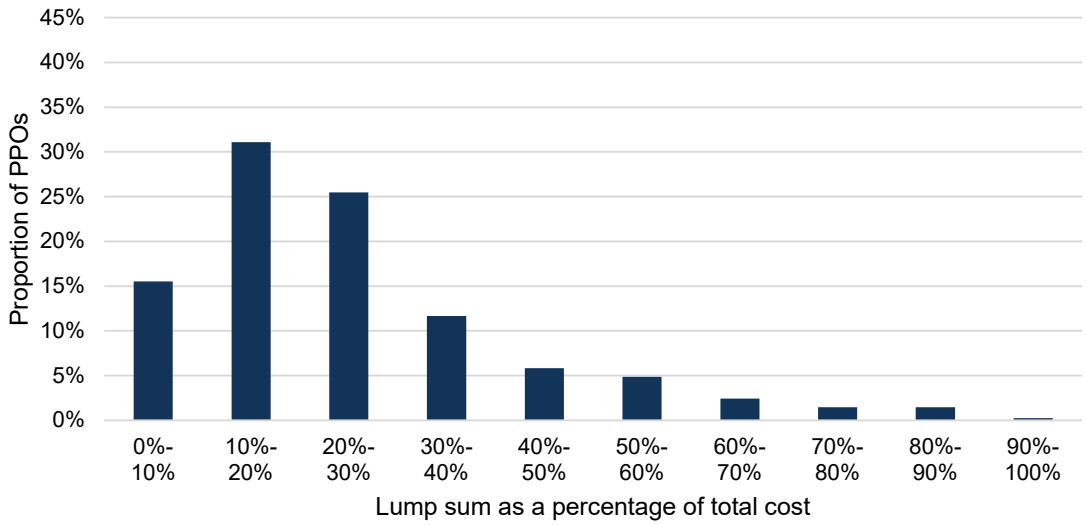

Figure S.8: Distribution of the (nominal) lump sum element of PPO claims as a proportion of the total cost (from ground up) for Motor (non-MIB) PPO claims, as at 31 December 2023, at a +2% per annum real discount rate, estimated by the IFoA PPO Working Party

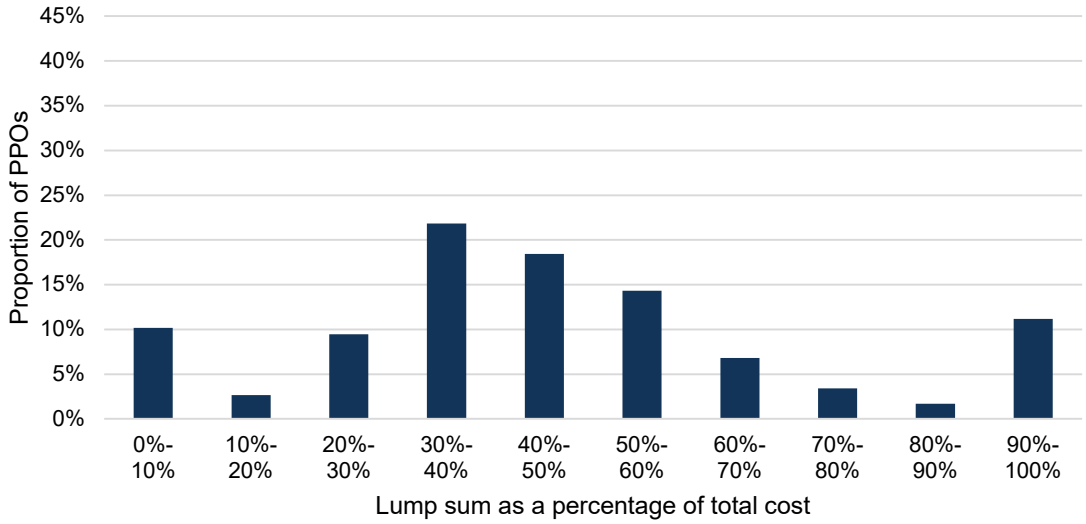

Figure S.9: Distribution of the (nominal) lump sum element of PPO claims as a proportion of the total cost (from ground up) for Motor (non-MIB) PPO claims, as at settlement date, at a +2% per annum real discount rate, estimated by the IFoA PPO Working Party

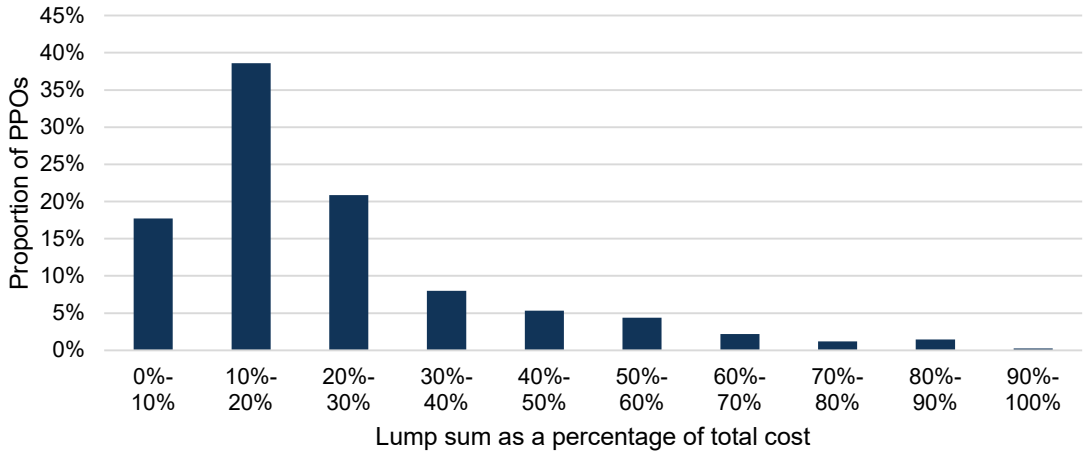

Figure S.10: Distribution of the (nominal) lump sum element of PPO claims as a proportion of the total cost (from ground up) for Motor (non-MIB) PPO claims, as at 31 December 2023, at a 0% per annum real discount rate, estimated by the IFoA PPO Working Party

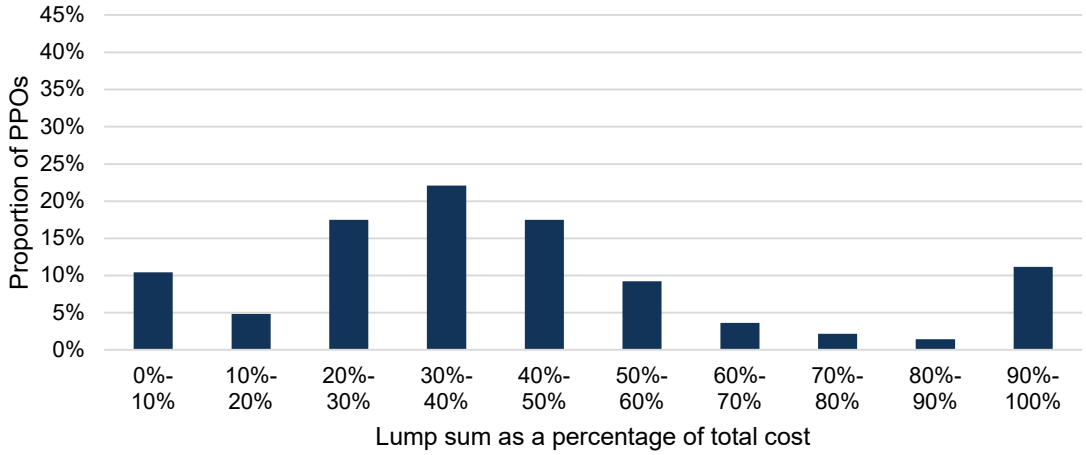

Figure S.11: Distribution of the (nominal) lump sum element of PPO claims as a proportion of the total cost (from ground up) for Motor (non-MIB) PPO claims, as at settlement date, at a 0% per annum real discount rate, estimated by the IFoA PPO Working Party

S.5 Reserves for PPO claims by class of business

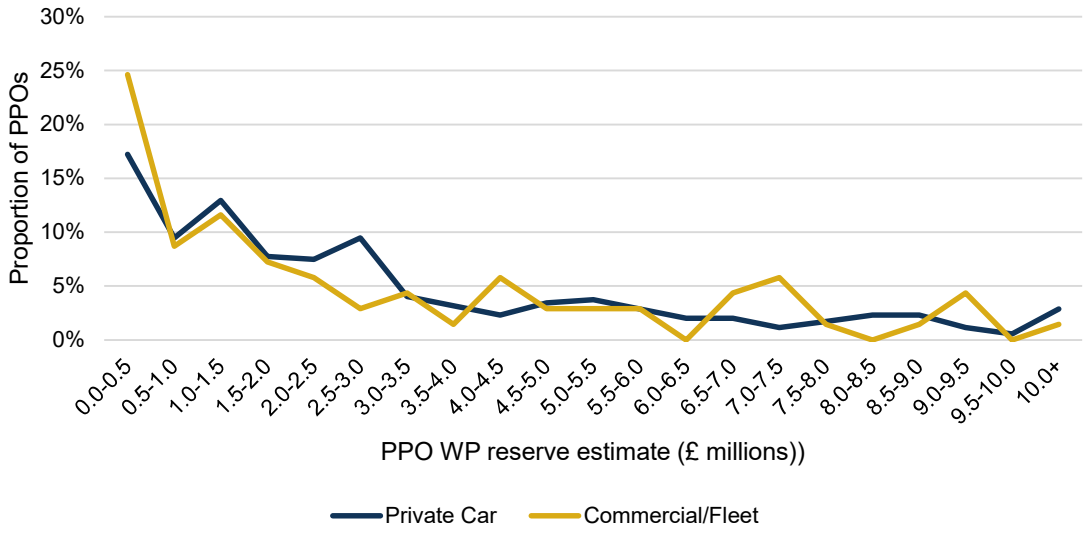

Figure S.12: Distribution of the reserves for Motor (non-MIB) PPO claims, as at 31 December 2023, at a 0% per annum real discount rate, estimated by the IFoA PPO Working Party, by class of business

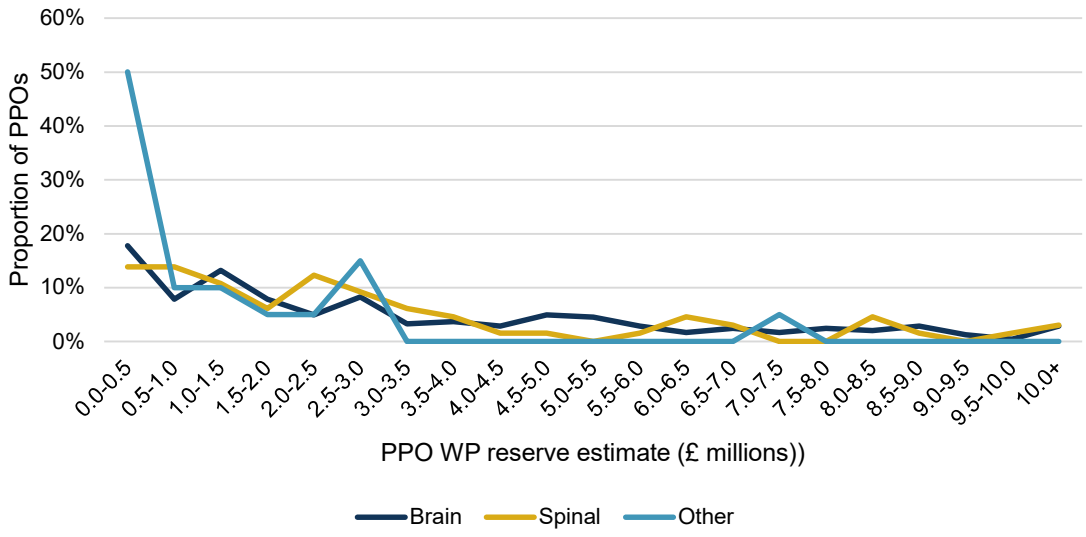

Figure S.13: Distribution of the reserves for Motor (non-MIB) PPO claims, as at 31 December 2023, at a 0% per annum real discount rate, estimated by the IFoA PPO Working Party, by nature of injury

S.7 Scatter plots of reserves for PPO claims against various factors

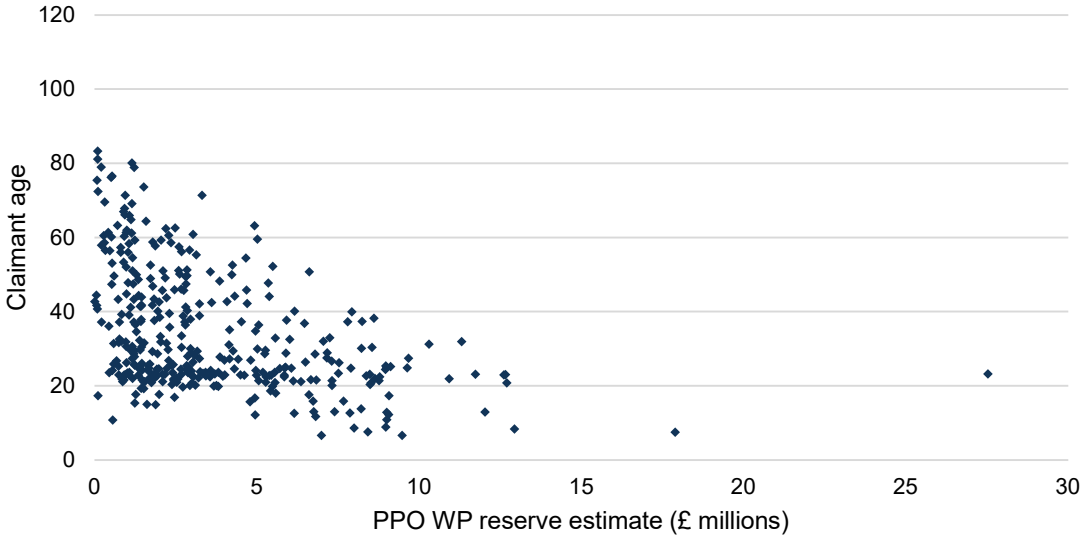

Figure S.14: Reserves for Motor (non-MIB) PPO claims, as at 31 December 2023, at a 0% per annum real discount rate, estimated by the IFoA PPO Working Party, against the age of claimant at settlement date

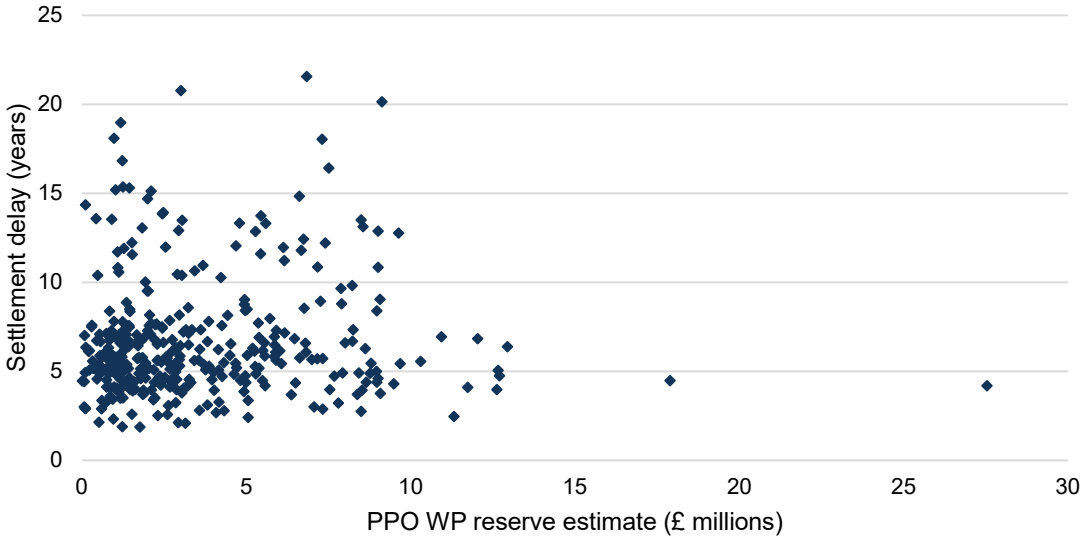

Figure S.15: Reserves for Motor (non-MIB) PPO claims, as at 31 December 2023, at a 0% per annum real discount rate, estimated by the IFoA PPO Working Party, against the delay to settlement

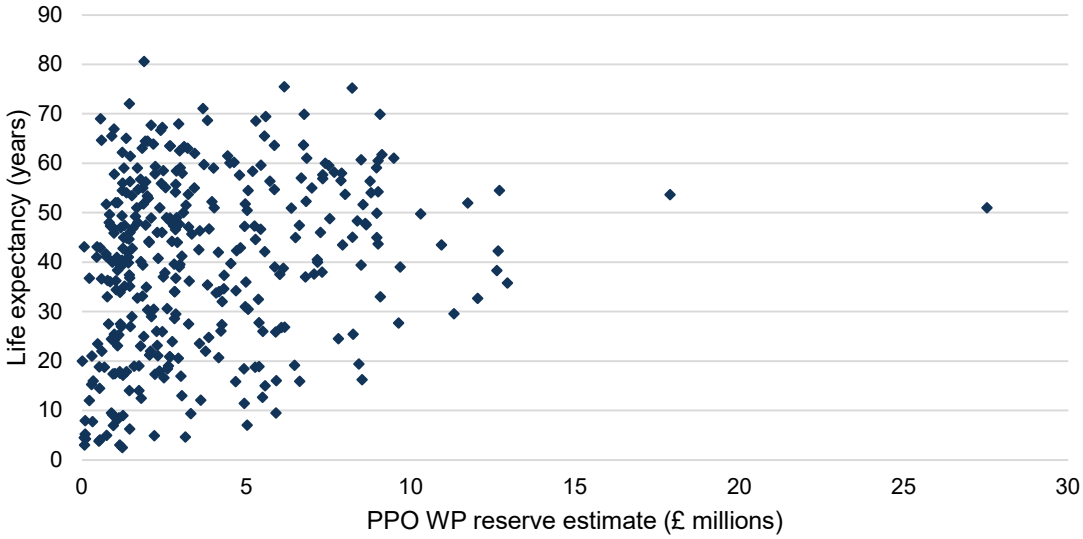

Figure S.16: Reserves for Motor (non-MIB) PPO claims, as at 31 December 2023, at a 0% per annum real discount rate, estimated by the IFoA PPO Working Party, against the life expectancy of the claimant at settlement

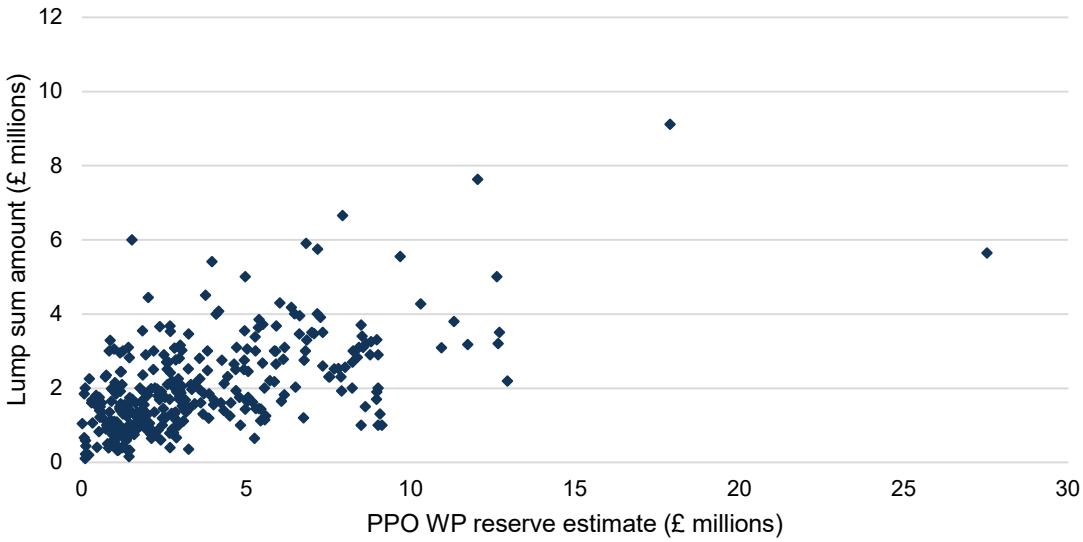

Figure S.17: Reserves for Motor (non-MIB) PPO claims, as at 31 December 2023, at a 0% per annum real discount rate, estimated by the IFoA PPO Working Party, against the lump sum element of the PPO claim

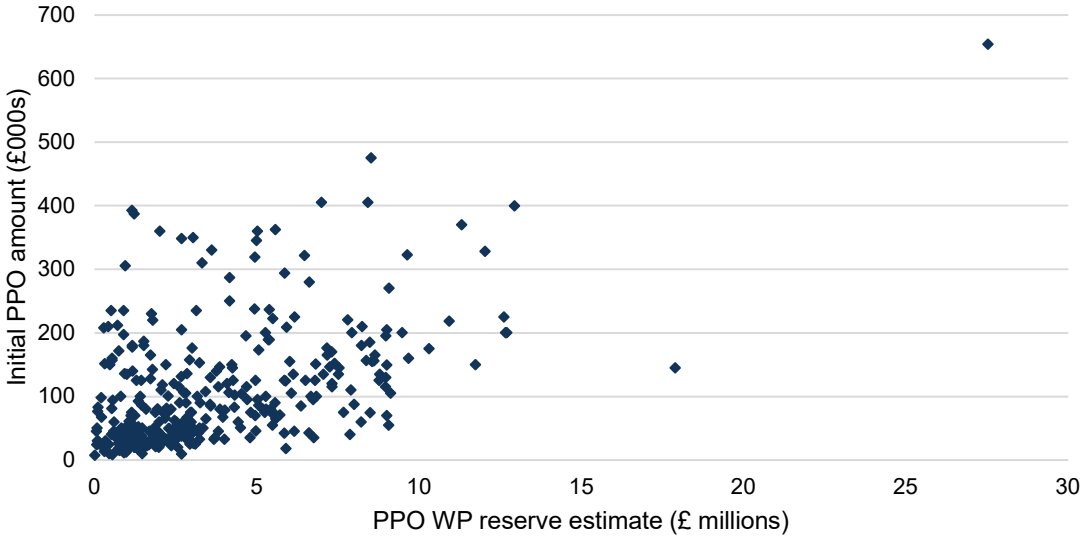

Figure S.18: Reserves for Motor (non-MIB) PPO claims, as at 31 December 2023, at a 0% per annum real discount rate, estimated by the IFoA PPO Working Party, against the initial regular payment amount of the PPO

S.8 Development of PPO reserves over time

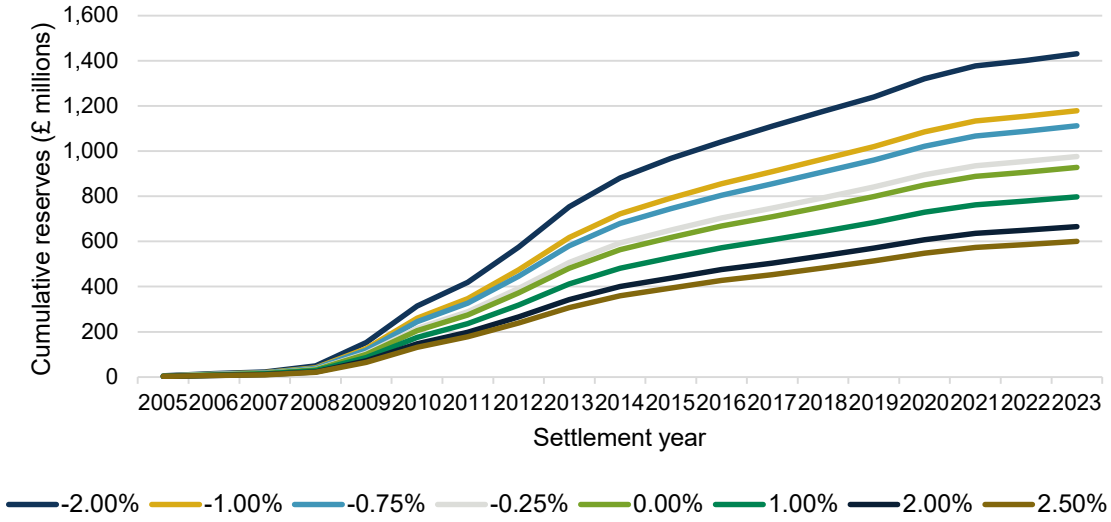

Figure S.19: Cumulative development of Motor (non-MIB) PPO reserve, shown at real discount rates ranging from -2.0% to +2.5%

Appendix T Detail around the responses to the 2024 qualitative industry survey

Due to limited responses, more detail cannot be provided. We urge insurers to make every effort to contribute to surveys in future years to enable us to better help the market to understand trends and uncertainties relating to PPO claims.

Appendix U List of exhibits

Appendix E: Summary statistics for all PPO claims

Appendix F: Number of PPO claim settlements

Appendix G: Propensity of Motor (non-MIB) PPO claims

Appendix H: Propensity of Liability PPO claims

Appendix J: General characteristics of Motor (non-MIB) PPO claims

Appendix L: General characteristics of Motor (MIB) PPO claims

Appendix M: Indexation of PPO claims

Appendix N: Payment components for PPO claims

Appendix Q: Nature of injury

Appendix R: Mortality of PPO claimants

Appendix S: Reserves for Motor (non-MIB) PPO claims