Property, casualty, and motor claims review 2024

Contents

Executive summary

This review provides a high-level overview of our property, casualty, and motor claims data, including cause analysis and location of losses in 2024 and over the past three years.

We have also looked at some of the key developments in 2024, particularly those that have contributed to claims inflation and what impact this may have as we move through 2025. Thanks go to Keoghs, Kennedys, Crawford, DAC Beachcroft, Weightmans and Clyde & Co, which have provided insights throughout 2024 and from which some of this information has been obtained.

We have provided a comparison of 2024 against prior years. However, it's important to remember that there are often delays in claims reporting due to the nature of casualty and motor claims and the respective limitation periods of three and six years for personal injury and property damage claims.

We have continued to see rising claims costs, especially over the past year, with significant increases in the *Judicial College Guidelines* for personal injury awards, the increase in NHS charges, and the rising cost of care. Thankfully, we saw some positive news moving into 2025 with the announcement of the change to the Personal Injury Discount Rate (PIDR) to +0.5% from -0.25% at the end of 2024. Notably, the impact of this change will only be seen in the most catastrophic injury cases with significant long-term elements. There is, however, a general trend of claims being made earlier, which assists in investigations and securing key witness evidence and documentation and reduces claims volumes.

The move in recent years to a fixed-costs regime has impacted the number of low-value claims being pursued due to the contraction of the claimant solicitor market, as pursuing these claims has become less profitable for them and unsustainable. The "super" third-party lawyer firms are sweeping these cases up as they have been able to adapt their business models to react accordingly. As a result, fewer spurious claims are made, and the claims that are being pursued tend to be more serious and attract higher awards, increasing the average cost of claim (excluding costs).

In the property arena, claims inflation is also taking effect, impacted still by the ramifications of Brexit, the ongoing war in Ukraine, and the political unrest in the Middle East. A reduction in skilled labour and availability of materials results in longer and more costly rebuild times, which can impact business interruption.

An additional summary of trends can be found in this report.

Claims review methodology

This review provides analysis of property, casualty, and motor claims notifications received by carriers and captured via the monthly carrier data feeds we obtain using our Blue[i] claims platform. The analysis contained within is thus a snapshot of what we are seeing and is not necessarily fully representative of the market. However, the analysis is taken from thousands of claims notifications, representing a sizeable sample from which to draw our conclusions.

The claims data are from our client base across the Risk Managed practice and Corporate and Commercial.

Blue[i] Claims Analytics is Marsh's digital solution for providing claims reports to our clients. Its easy-to-use online platform allows us to aggregate and summarise claims data from insurers. Blue[i] Claims Analytics visualises our clients' claims data in an interactive platform, highlighting claims cost and frequency drivers, movements, and trends to help our clients identify the greatest opportunities for claims cost savings and support the development and implementation of custom claims management strategies. By obtaining aggregated claims data directly from insurers, we are able to provide updated analytics on a monthly basis, making them immediately available to clients via the online platform.

Benchmarking is built into the report, giving clients the ability to compare their claims performance to industry peers.

Through continual review of open claims, supported by regular scheduled claims reviews delivered through your claims executive, we can help shorten claims life cycles and formulate risk-improvement and claim-prevention strategies to help reduce the total cost of claims and total cost of risk.

Our loss data library used for peer benchmarking consists of approximately 4.5 million unique claims. As more of our clients transition onto our Blue[i] Claims Analytics, our insights and benchmarking will continue to improve.

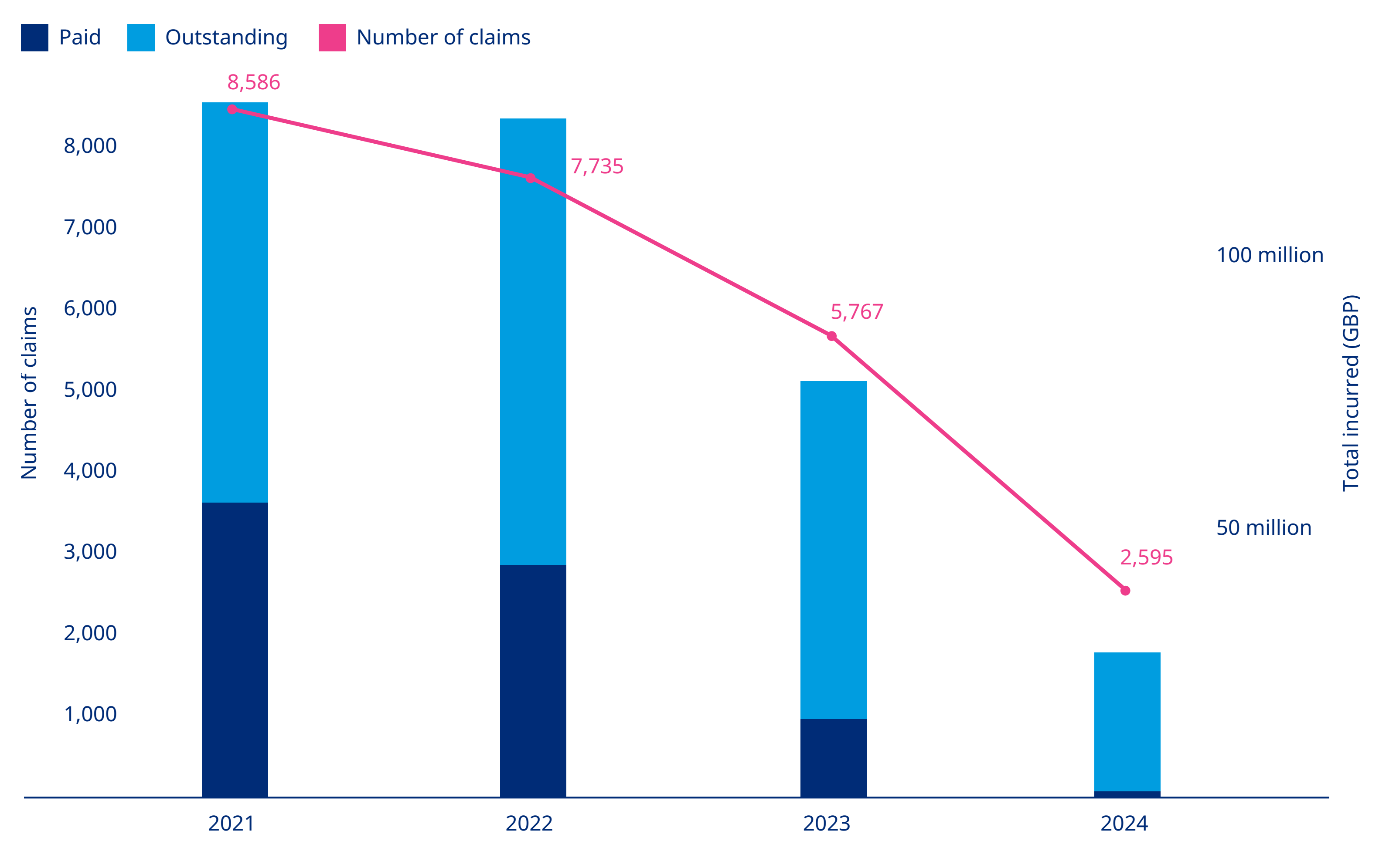
Overview of employers' liability claims

Claims volumes

Figure 1 provides a summary of claims notifications by policy year (based on date of accident).

In 2024, 2,595 UK employers' liability (EL) claims were recorded — well below 2023 claims volumes. This is expected considering the delays that may arise between an incident occurring and the time a claim is made and allowing for the three-year limitation period in which to bring a claim. Since 2021, however, claims volumes generally have fallen quite substantially, but the overall total-incurred figure reduced only slightly between 2021 and 2022 from £128 million to £125 million, with the average cost higher in 2022. This has been notably impacted by a significant large loss. The average cost of an EL claim across these four years is £14,458.

Figure 1. Summary of employers' liability claims notifications[1]



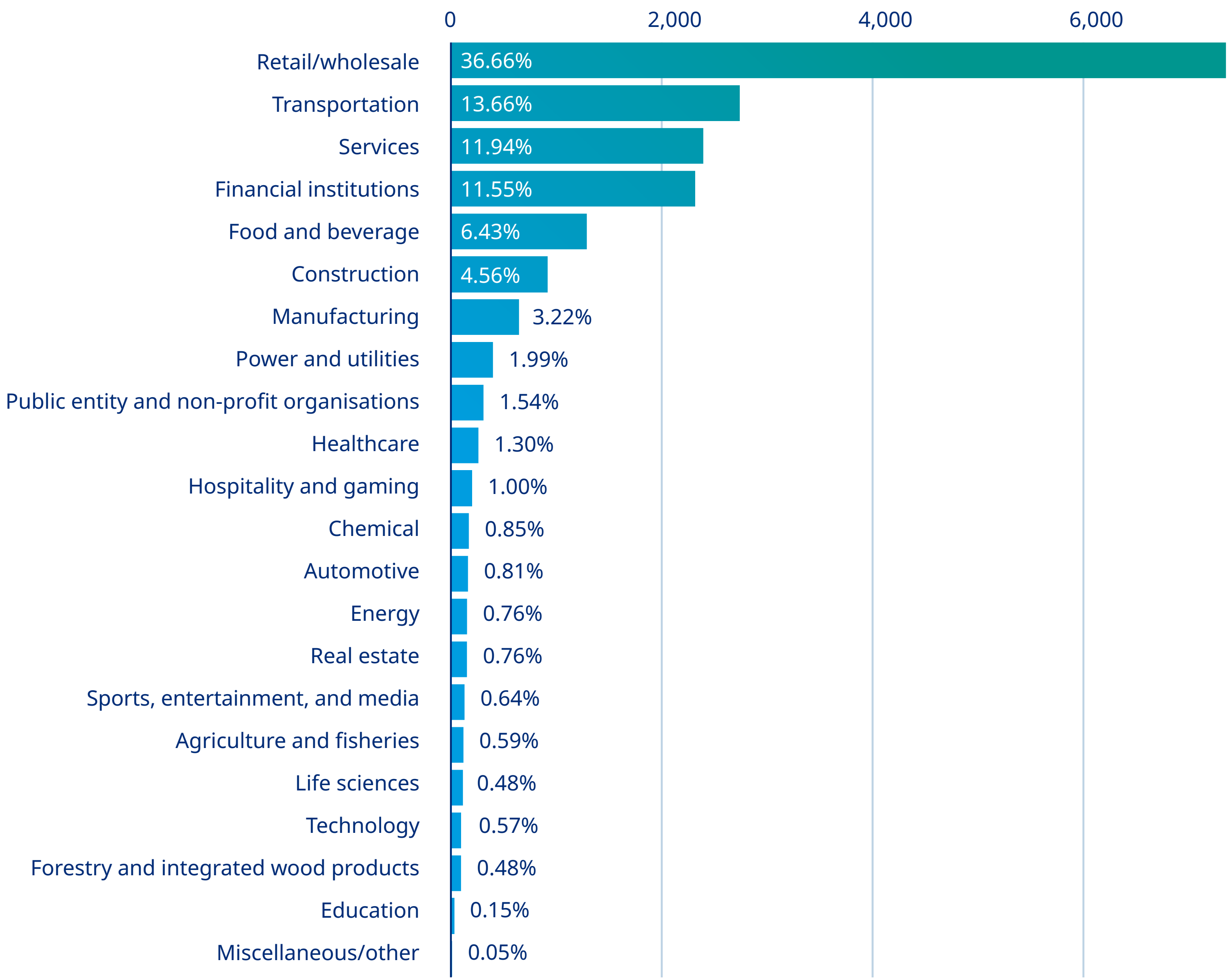
As the 2023 and 2024 claims develop, it will be interesting to see how they compare to 2021 and 2022. As claims inflation is driven by factors such as an average 22% increase in the *Judicial College Guidelines* for awards for general damages (pain, suffering and loss of amenity) and a rise in the cost of care and NHS charges, we would expect the overall cost of EL claims to continue to rise. Whether the reduction in claims volume will be sufficient to offset the rising cost of claims remains to be seen.

Another positive development is the announcement of an increase in the PIDR to +0.5%. This will have a greater impact on the more catastrophic losses with significant ongoing future-loss elements. As such, the impact of this increase will be noticeable but is not expected to be significant in terms of the aggregated claims cost. As a result of this increase, we may also see more claimants opting to settle claims by way of Periodical Payment Orders rather than lump sums if they believe the return on the lump sum investment will not be comparable to ongoing future payments. As a result, any such claim will remain open on the claims experience, with significant claims reserves and increasing claims payments for several years, which will impact overall settlement times.

Since 2021, claims for the retail/wholesale, transportation and services sectors have made up a significant volume of reported EL claims, comprising a combined 62.26% of all claims. The retail and wholesale sector sits apart from all other industry sectors, responsible for 36.66% of all claims received.

Industry review

Figure 2a. Cost of claims by industry — Number of claims[2]



We have broken down these three practices into sub-sectors to identify where most claims are occurring.

Sub-sectors with the highest number of claims

Figure 2b. Retail/Wholesale

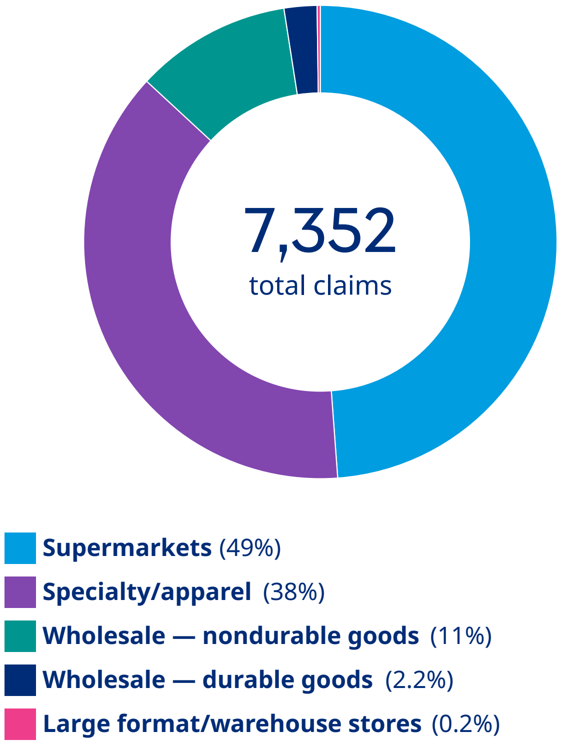


Figure 2c. Transportation

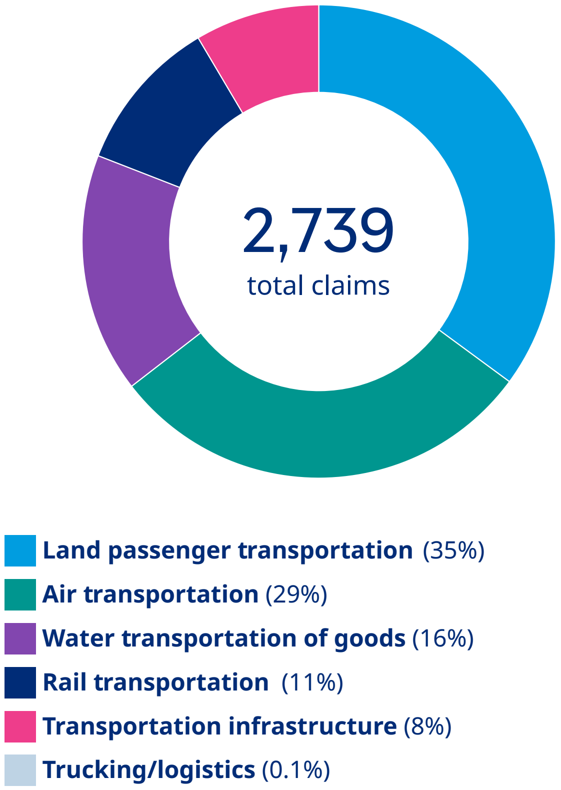
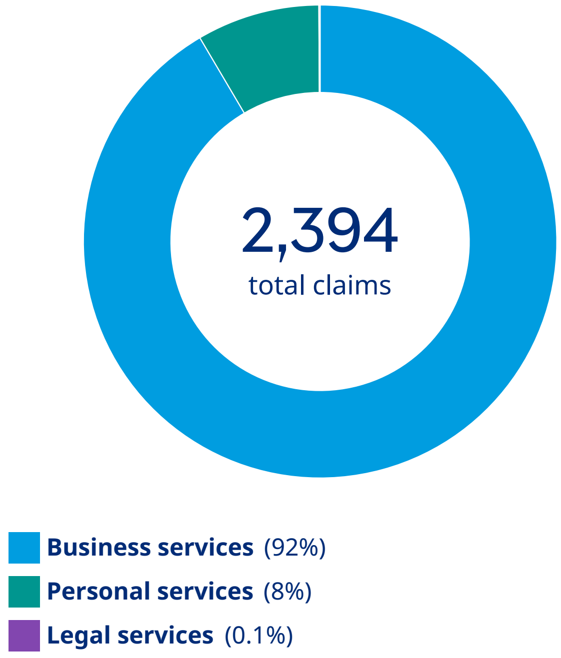


Figure 2d. Services



Comparison of industry practices

Figure 3a. 2022 (by policy year)

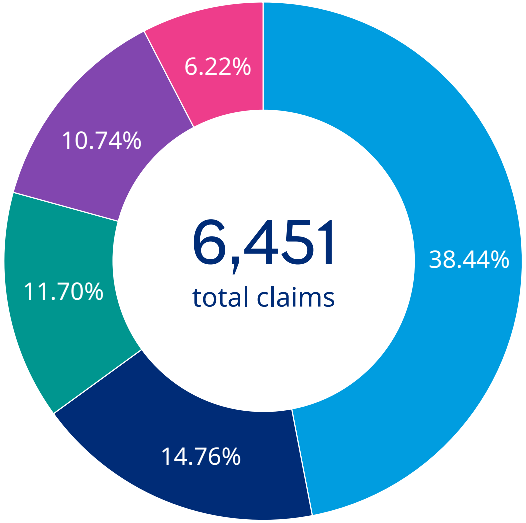


Figure 3b. 2023 (by policy year)

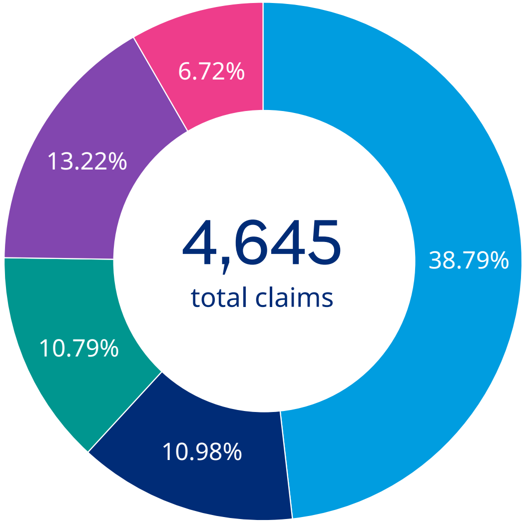
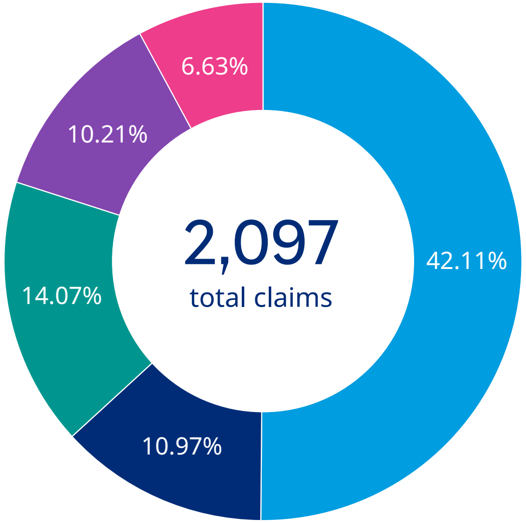


Figure 3c. 2024 (by policy year)



Retail/wholesale | Transportation | Services | Financial institutions | Food and beverage

Across all industry sectors (6,451 claims), the largest three sectors by claims volume are retail/wholesale (38.44%), transportation (14.76%), and services (11.70%). For the purposes of our analysis, we have focused on the top five sectors, in which there were 5,281 claims.

Across all industry sectors, there were 4,645 claims, with the top three sectors being retail/wholesale (38.79%), financial institutions (13.22%), and transportation (10.98%). For our analysis, we have restricted the range to the top five sectors, in which there were 3,739 claims.

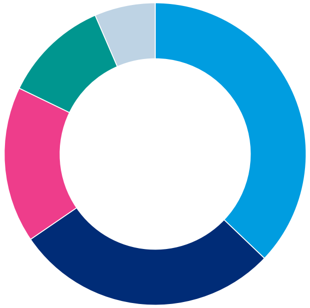
There are 2,097 claims across all industry sectors, with the top three being retail/wholesale (42.11%), services (14.07%), and transportation (10.97%). For our analysis, we have restricted the range to the top five sectors, where there are 1,761 claims in total.

Retail/wholesale is the top industry sector by claims volume across all years. Transportation and services complete the top three in 2022 and 2024, with financial institutions appearing in the top three in place of services in 2023. Across all three years, however, there is little between transportation, services, and financial institutions with similar claims volumes.

In Figures 4a through 4d below, we look further into the causes of loss for the four main sectors driving claims volume — retail/wholesale, services, transportation, and financial institutions — over the past three years (2022–2024), excluding unknown causes.

Causes of loss

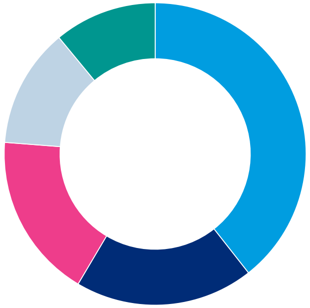
Figure 4a. Retail/Wholesale[3]



- **Slip, trip, fall** (29.72%)
- **Manual handling/lifting** (22.69%)
- **Struck against object** (13.38%)
- **Struck by falling/flying object** (9.07%)
- **Trapping, crushing** (5.21%)

The largest cause in the retail/wholesale sector is slip/trip/fall at 29.72% of all claims, followed by manual handling/lifting (22.69%) and struck against object (13.38%).

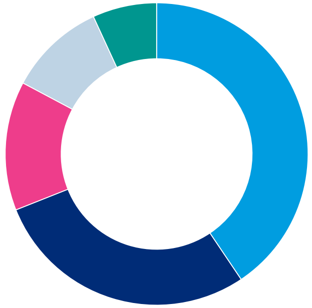
Figure 4b. Services



- **Slip, trip, fall** (29.73%)
- **Manual handling/lifting** (14.44%)
- **Assault/abuse** (13.36%)
- **Struck by moving object/vehicle** (9.64%)
- **Struck by falling/flying object** (8.30%)

For the services sector, slip/trip/fall is the largest cause of loss since 2021 at 29.73% of all claims. There is then a near-equal split between manual handling/lifting and assault/abuse at 14.44% and 13.36%, respectively. Assault/abuse has seen a notable increase in other sectors as well, although this increase does not yet appear among the top five causes of loss in the retail/wholesale sector.

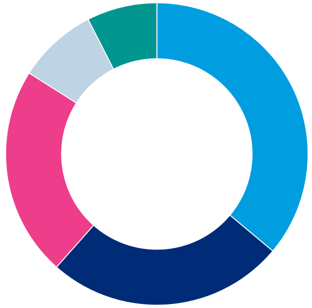
Figure 4c. Transportation



- **Slip, trip, fall** (28.73%)
- **Manual handling/lifting** (20.11%)
- **Struck by falling/flying object** (9.78%)
- **Struck by moving object/vehicle** (7.34%)
- **Vehicle impact** (4.85%)

In the transportation sector, slip/trip/fall is the greatest cause at 28.73% of all claims reported since 2021. This is followed by manual handling/lifting (20.11%) and struck by falling/flying object (9.78%).

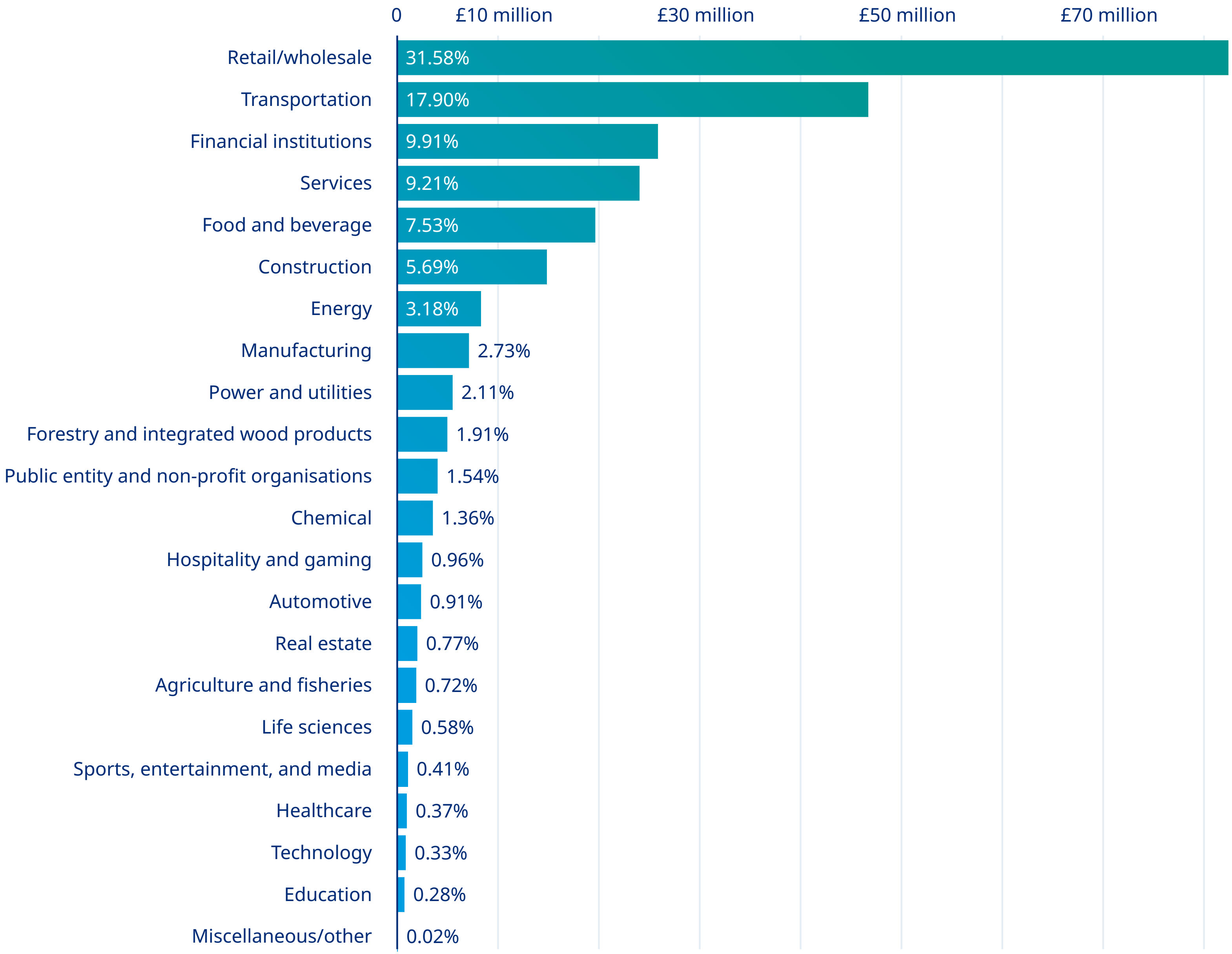
Figure 4d. Financial institutions



- **Slip, trip, fall** (27.08%)
- **Loading/unloading** (19.10%)
- **Struck against object** (16.84%)
- **Struck by falling/flying object** (6.38%)
- **Contact with sharp surface/object** (5.63%)

In the financial institutions sector, slip/trip/fall is the largest cause at 27.08% of all claims reported since 2021. This is followed by loading/unloading (19.10%) and struck against object (16.84%).

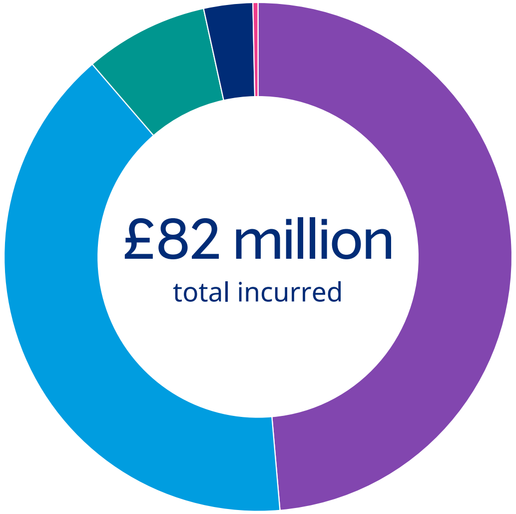
Figure 5a. Cost of claims by industry — Total incurred[4]



Since 2021, 31.58% of total incurred UK EL claims have occurred in the retail/wholesale sector, followed by transportation (17.90%) and the financial institutions sector (9.91%). Given the higher percentage of claims volume within these sectors, as highlighted previously, it is perhaps not surprising that they make up the top three in terms of cost. However, the percentage of total incurred in the retatil/wholesale sector is not as high as the claims volume percentage, so although there are significantly more claims, they are not as expensive as other sectors.

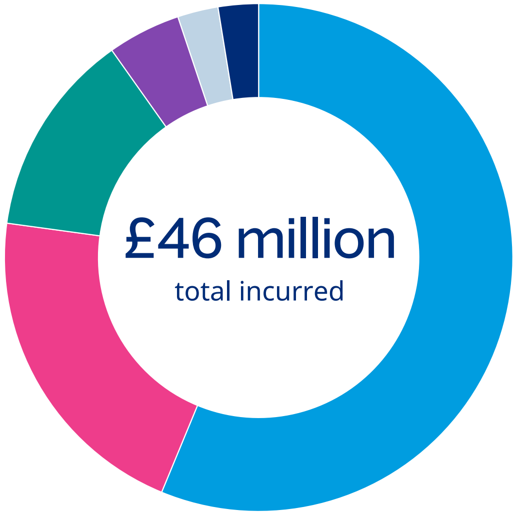
Cost of claims

Figure 5b. Retail/Wholesale



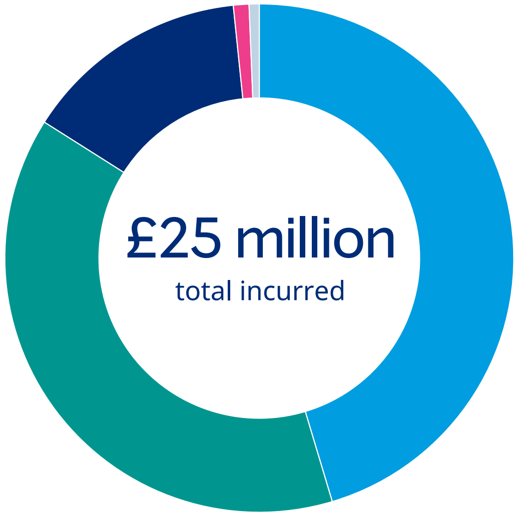
- **Specialty/apparel** (48.62%)
- **Supermarkets** (40.06%)
- **Wholesale — nondurable goods** (7.88%)
- **Wholesale — durable goods** (3.12%)
- **Large format/warehouse stores** (0.32%)

Figure 5c. Transportation



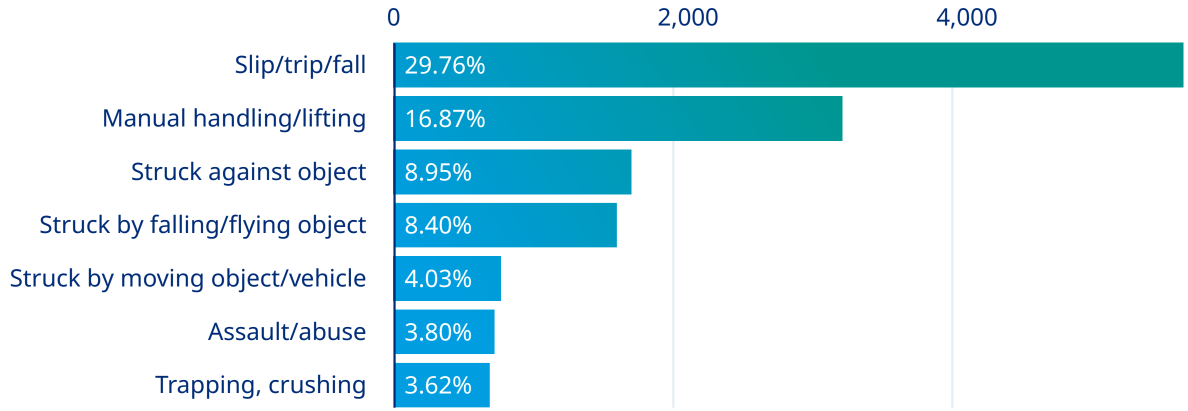
- **Trucking/logistics** (56.23%)
- **Land passenger transportation** (20.93%)
- **Air transportation** (13.04%)
- **Rail transportation** (4.65%)
- **Transportation infrastructure** (2.59%)
- **Water transportation of goods** (2.56%)

Figure 5d. Services

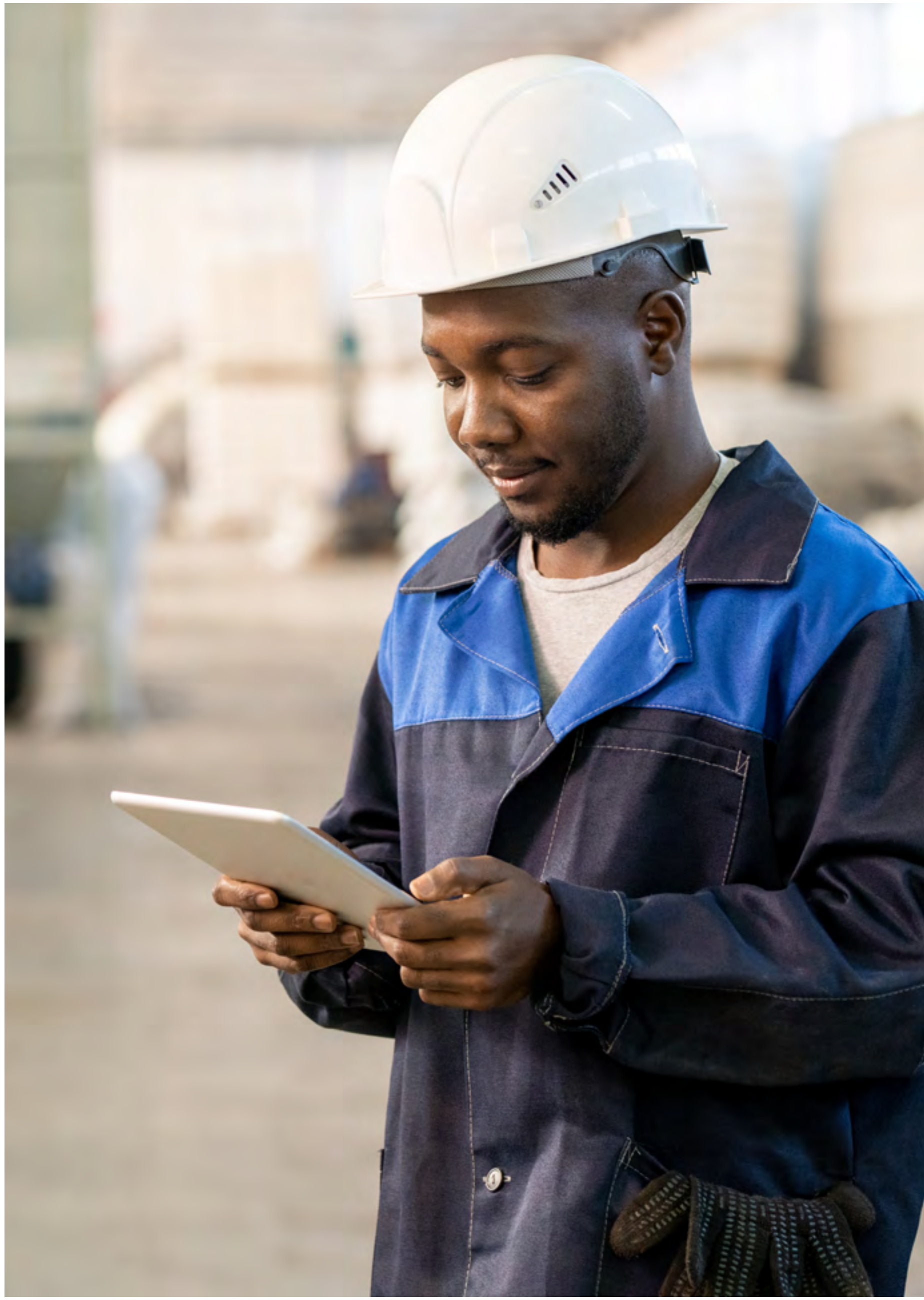


- **Insurance** (45.37%)
- **Asset managers/investment companies** (38.62%)
- **Financial institutions — other** (14.38%)
- **Banks/consumer finance** (0.99%)
- **Securities** (0.64%)

Figure 6. Cause of loss by volume of claims

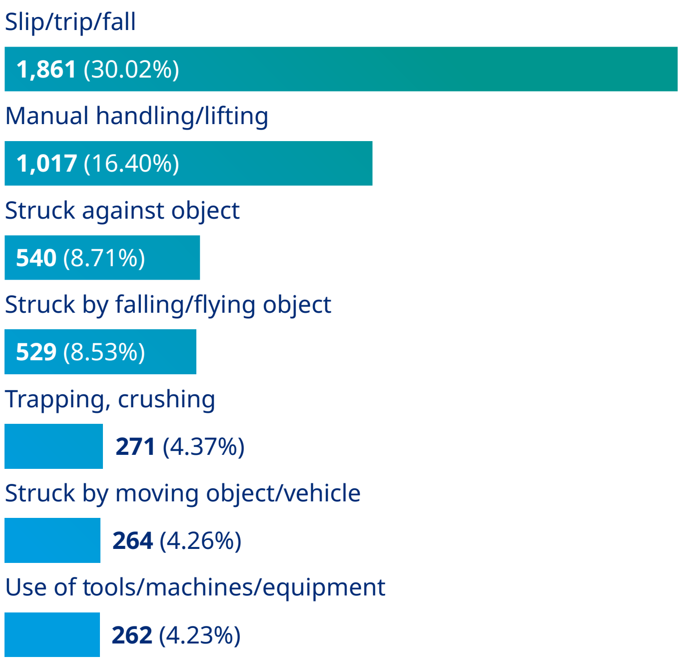


Although we have already looked at the top causes driving claims volume in the top three industry sectors, if we look across all claims reported since 2021, the top cause is slip/trip/fall at 29.76%, followed by manual handling/lifting (16.87%) and struck against object (8.95%).



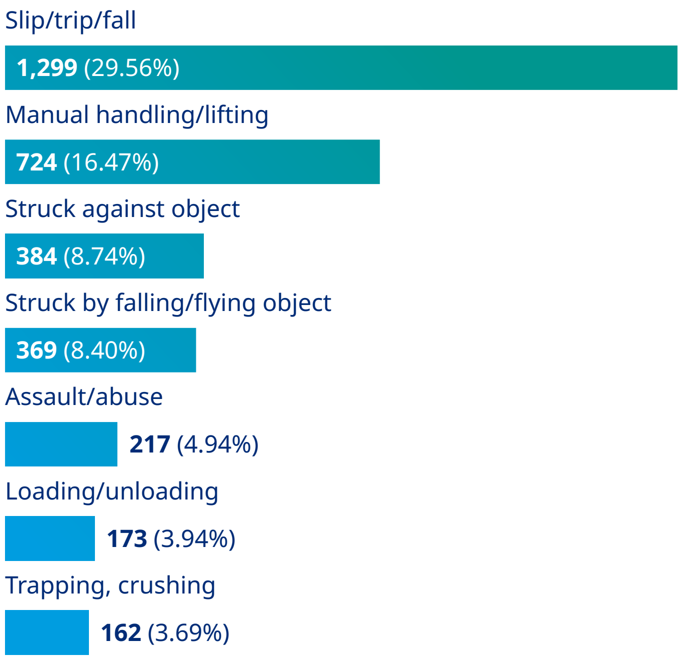
Top seven causes by number of claims

Figure 7a. 2022 (by policy year)



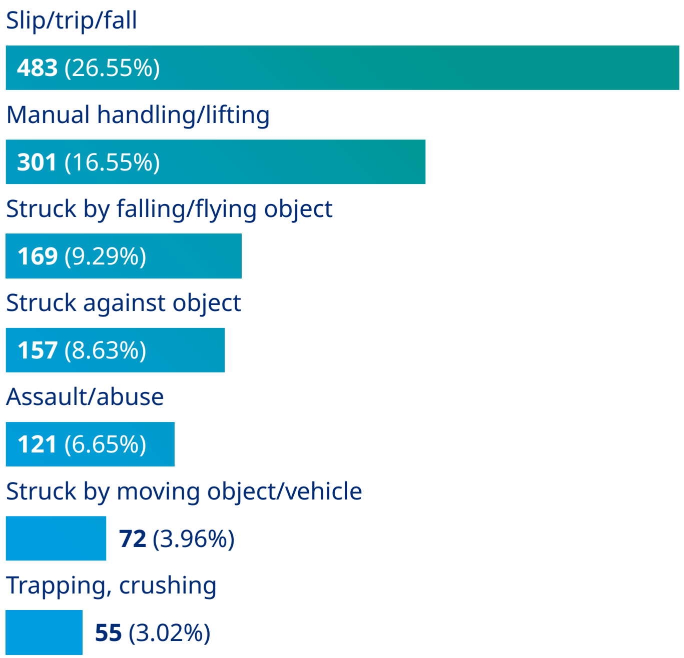
The top three causes of claims in 2022 were slip/trip/fall (30.02%), manual handling/lifting (16.40%), and struck against object (8.71%).

Figure 7b. 2023 (by policy year)



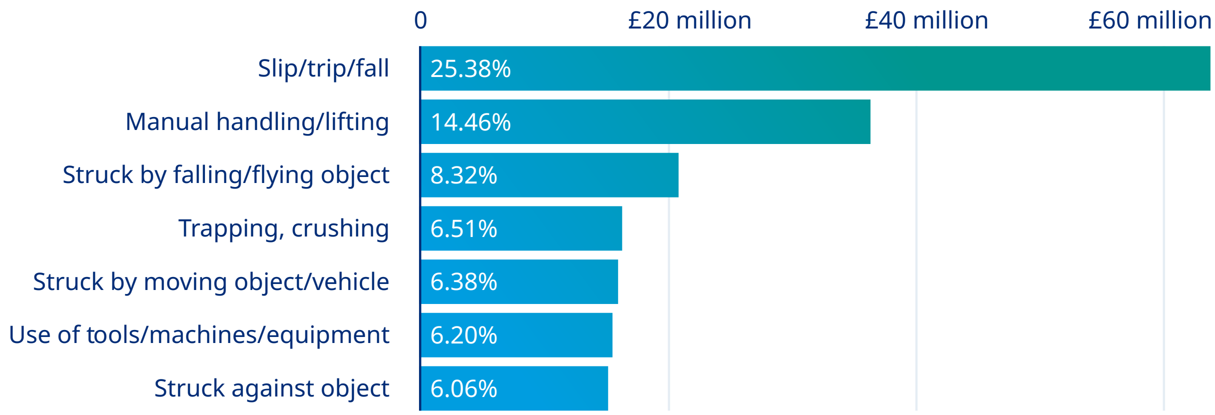
The top three causes of claims in 2023 were slip/trip/fall (29.56%), manual handling/lifting (16.47%), and struck against object (8.74%). It is worth noting that there has been an increase in assault/abuse claims from 2022.

Figure 7c. 2024 (by policy year)



For 2024, the top three causes of claims were slip/trip/fall (26.55%), manual handling/lifting (16.55%), and struck by falling/flying object (9.29%). Assault/abuse continued to rise steadily from 2023.

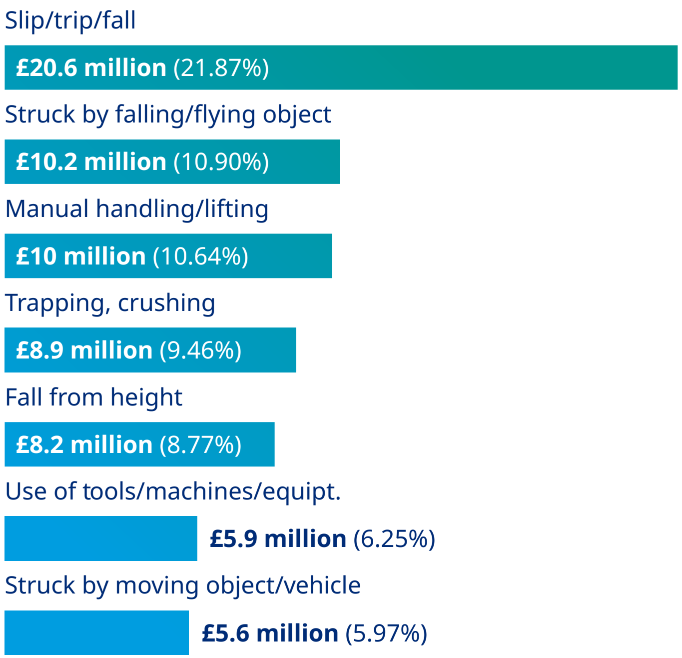
Figure 8a. Summary of top causes of loss by total incurred[5]



If we look at the top causes by total incurred rather than volume, the top cause is slip/trip/fall at 25.38%, followed by manual handling/lifting (14.46%). The remaining five causes are all very close, ranging from 8.32% to 6.06%.

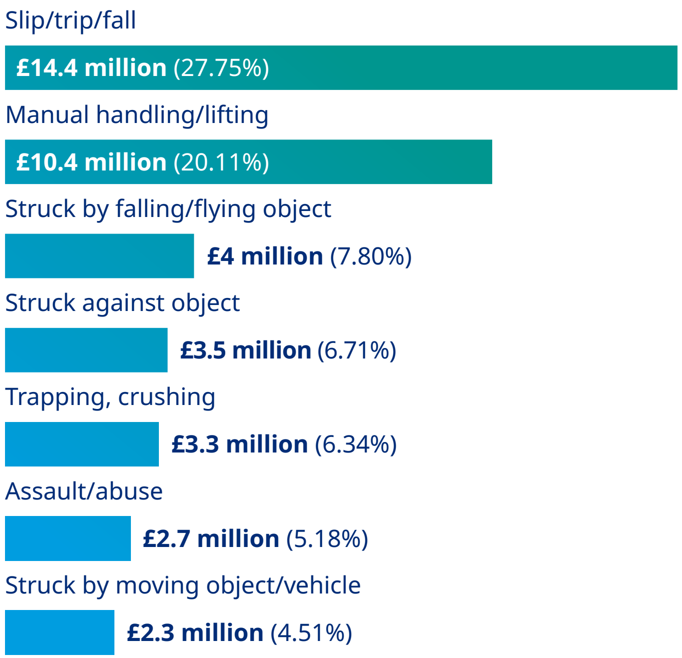
Top seven causes of loss by total incurred

Figure 8b. 2022 (by policy year)



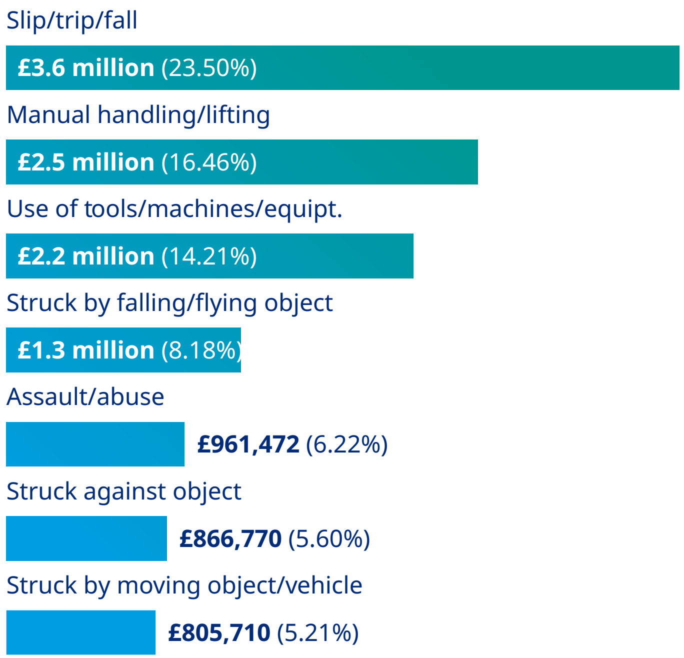
The top three causes of claims in 2022 were slip/trip/fall (21.87%), struck by falling/flying object (10.90%), and manual handling/lifting (10.64%).

Figure 8c. 2023 (by policy year)



The top three causes of claims in 2023 were slip/trip/fall (27.75%), manual handling/lifting (20.11%), and struck by falling/flying object (7.80%). Fall from height is now outside the top seven causes, and we again see the emergence of assault/abuse.

Figure 8d. 2024 (by policy year)



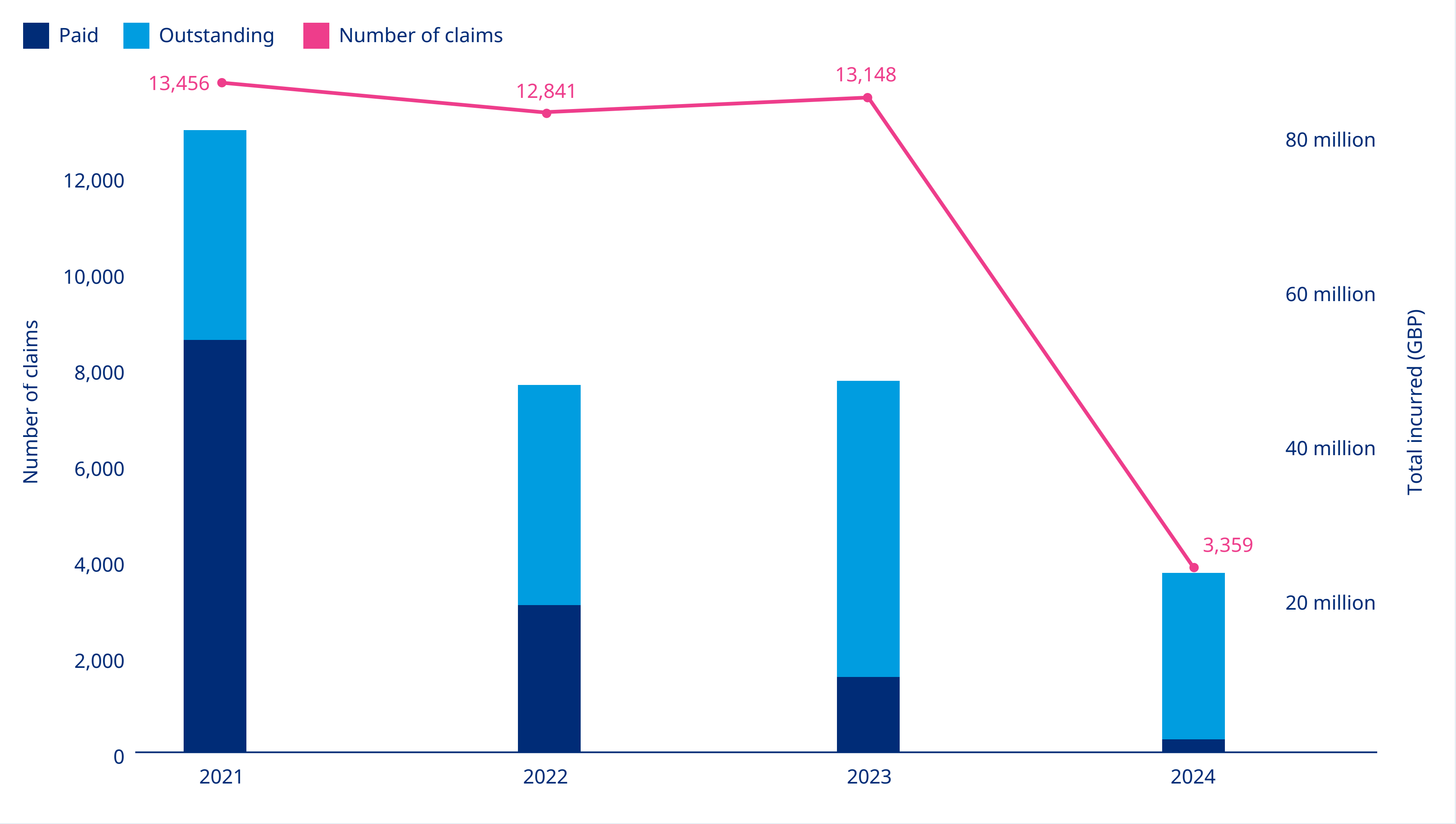
The top three causes of claims in 2024 were slip/trip/fall (23.50%), manual handling/lifting (16.46%), and use of tools/machines/equipment (14.21%), which is new to the top three. Assault/abuse is still increasing from 2023 in terms of cost.

Overview of public liability claims

Claims volumes

Figure 9 provides a summary of claims notifications by policy year (based on date of accident).

Figure 9. Summary of public liability claims notifications[6]



In 2024, a total of 3,359 UK public liability (PL) claims were recorded. As we would expect, this is significantly below the claims volumes for 2023 and considers the delays that arise between an incident occurring and the time a claim is made as well as the three-year limitation period in which to bring a claim. In addition, there has been a change in the sample data in 2024 with the removal of some client data within that year, which previously produced significant claims volume. Since 2021, however, claims volumes generally have fallen, although they are up slightly in 2023 from 2022. The overall total incurred has reduced substantially from 2021, but it should be noted that 2021 was impacted by a significant large loss of £28.7 million. With the large loss removed, the total cost is still lower but reflects the reduced claims volume. The average cost of a PL claim across these four years is £4,664.

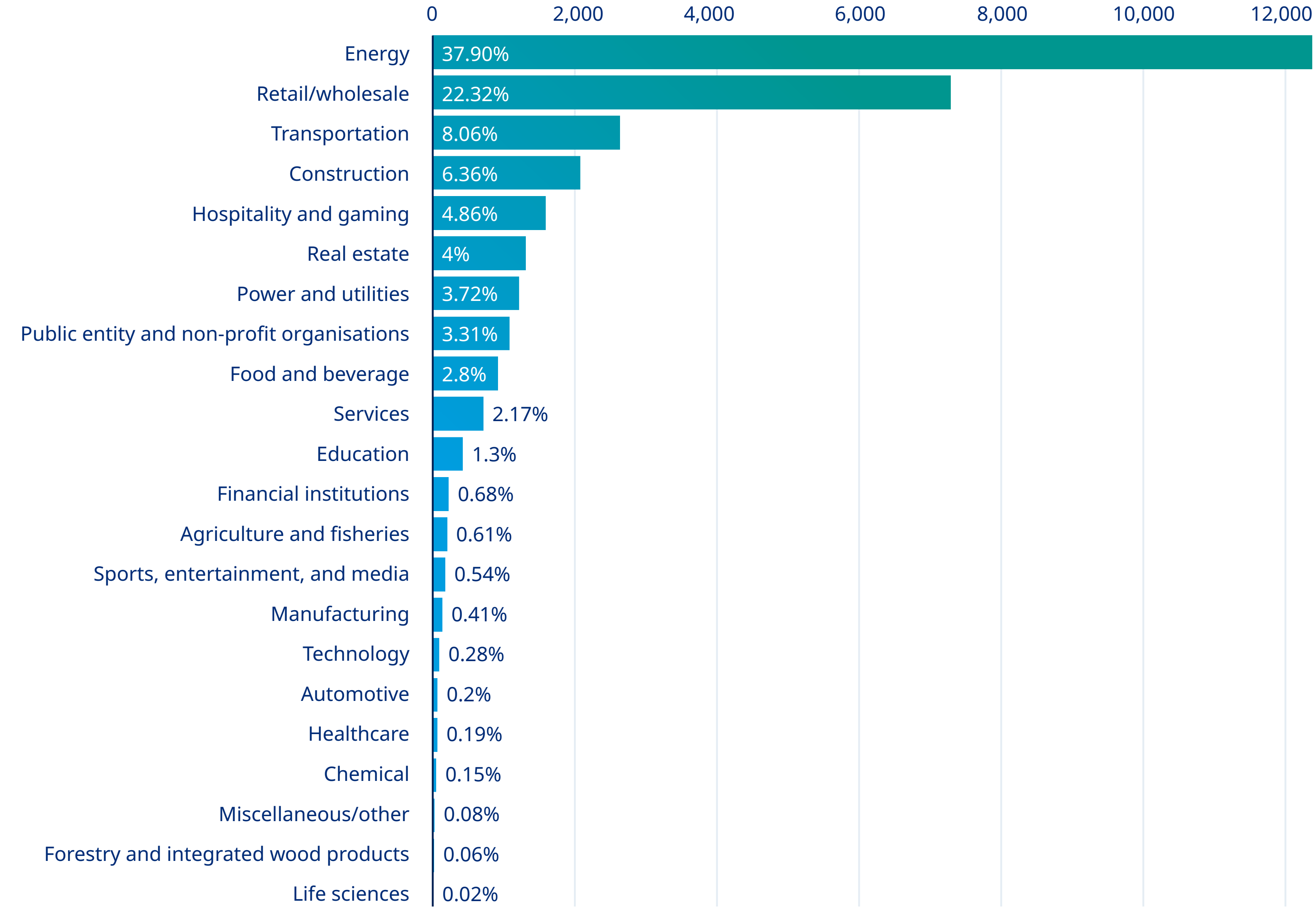
Since 2021, however, claims volumes generally have fallen, although they are up slightly in 2023 from 2022.

As the 2023 and 2024 claims develop, it will be interesting to see how they compare to 2021 and 2022. PL claims will be impacted in the same way as EL claims, and with the inflationary increases already highlighted, such as the increase in the *Judicial College Guidelines* and the rise in care costs and NHS charges, we would expect the cost of PL claims to continue to rise. There are, of course, several PL claims that relate to damage to third-party property, which ultimately reduces the average cost of claim compared to EL claims. But with increasing costs to repair and rebuild property, these lower-value claims will also increase.

We have already mentioned the impact of the Personal Injury Discount Rate changing to +0.5% on EL claims, and this will also be the case for catastrophic PL injury claims.

Industry review

Figure 10a. Cost of claims by industry — Number of claims[7]

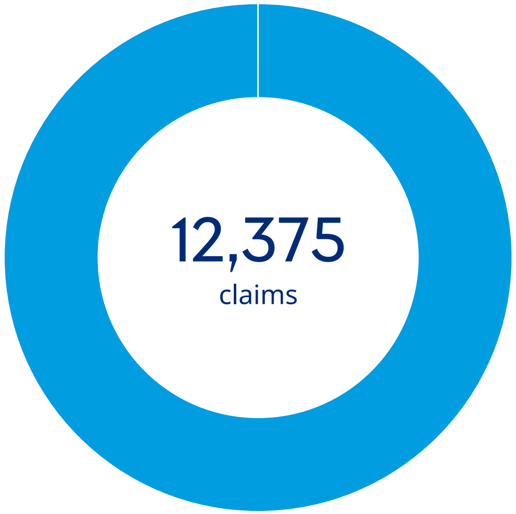


Since 2021, the energy, retail/wholesale, and transportation sectors have been the top three in terms of claims volume, with the energy sector far exceeding the others at 37.90% of all claims.

We have broken down these three industry practices into sub-sectors to identify where most claims are occurring.

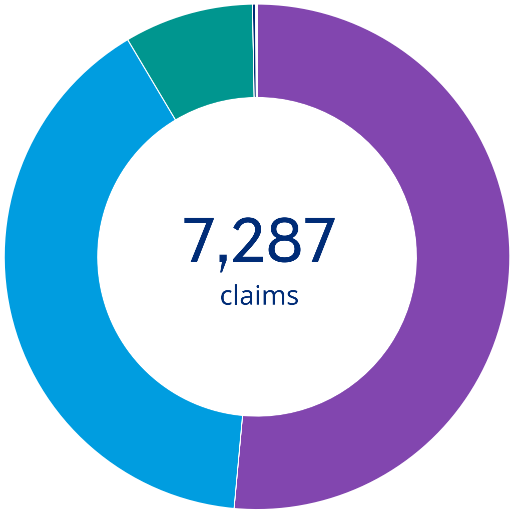
Sub-sectors with the highest number of claims

Figure 10b. Energy



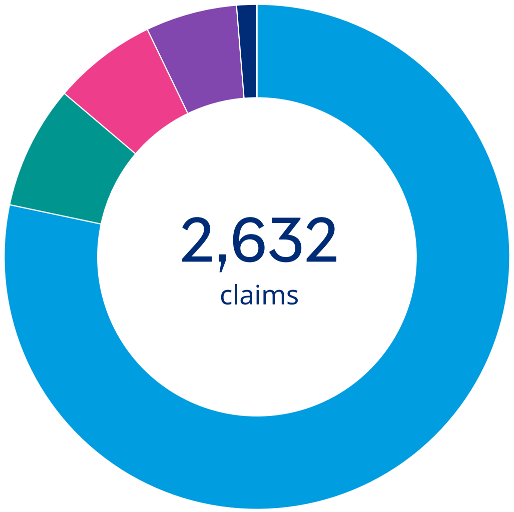
Oil and gas extraction/refining (99.99%)
Mining (0.01%)

Figure 10c. Retail/Wholesale



Specialty/apparel (51.45%)
Supermarkets (40.00%)
Wholesale — nondurable goods (8.26%)
Wholesale — durable goods (0.21%)
Large format/warehouse stores (0.07%)
Retail — other (0.01%)

Figure 10d. Transportation



Rail transportation (78.31%)
Transportation infrastructure (7.90%)
Trucking/logistics (6.65%)
Land passenger transportation (5.85%)
Air transportation (1.25%)
Water transportation of goods (0.04%)

Comparison of industry practices

Figure 11a. 2022 (by policy year)

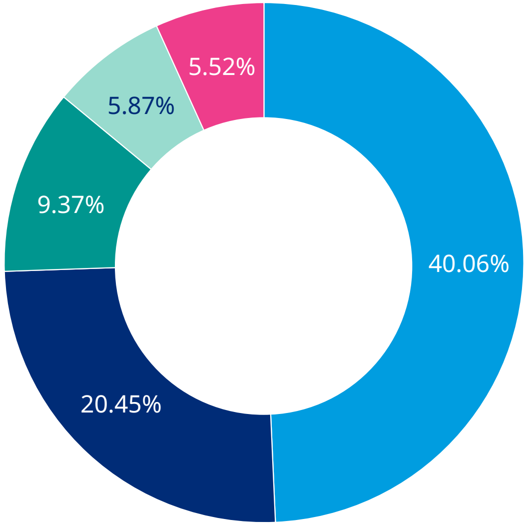


Figure 11b. 2023 (by policy year)

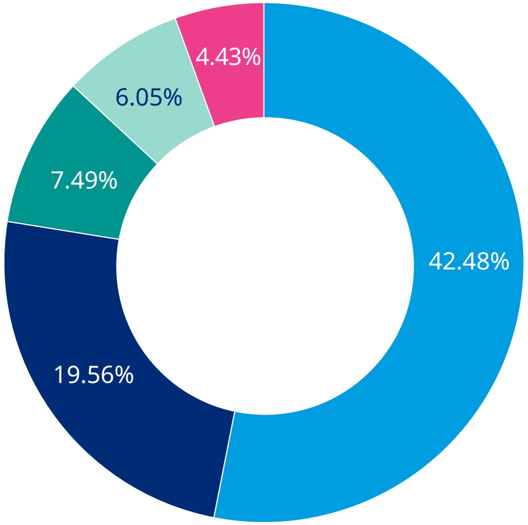
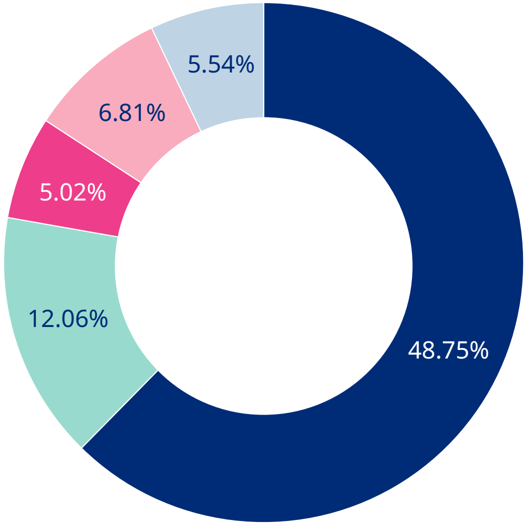


Figure 11c. 2024 (by policy year)



Energy | Retail/wholesale | Transportation | Construction | Hospitality and gaming | Power and utilities | Real estate

Across all industry sectors (9,970 claims), the largest three sectors by claims volume are energy (40.06%), retail/wholesale (20.45%), and transportation (9.37%). For the purposes of our analysis, we have focused on the top five industry sectors, of which there are 8,102 claims.

Across all industry sectors (10,147 claims), the largest three sectors by claims volume are energy (42.48%), retail/wholesale (19.56%), and transportation (7.49%). For the purposes of our analysis, we have focused on the top five industry sectors, of which there are 8,119 claims.

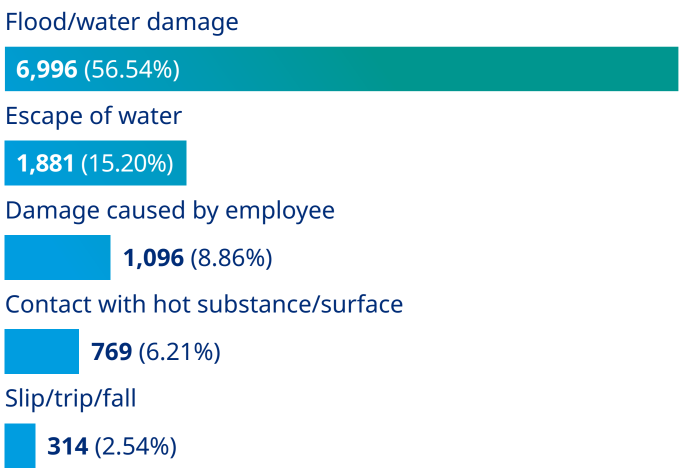
Across all industry sectors (2,671 claims), the largest three sectors by claims volume are retail/wholesale (48.75%), construction (12.06%), and power and utilities (6.81%). For the purposes of our analysis, we have focused on the top five industry sectors, of which there are 2,088 claims.

2024 was impacted by client changes within the sample data, which is why the energy sector, which was producing significant claims volumes, has substantially reduced in 2024.

In Figures 12a through 12c, we examine the causes of loss for the three main sectors driving claims volume — energy, retail/wholesale, and transportation — over the past three years (2022–2024), excluding unknown causes.

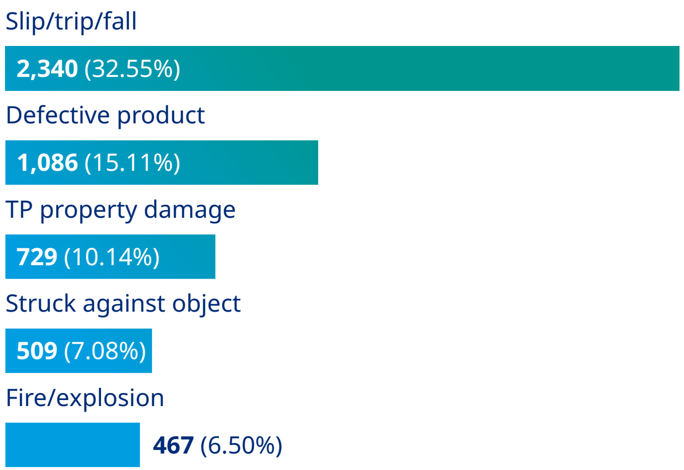
Top five causes of loss

Figure 12a. Energy[8]



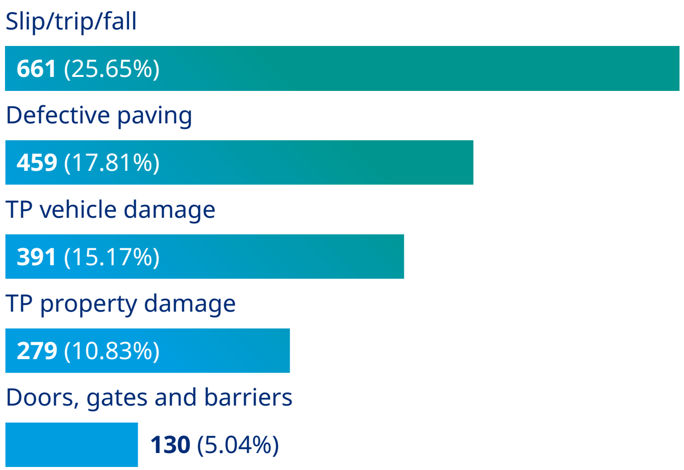
The largest cause in the energy sector is flood/water damage at 56.54% of all claims, followed by escape of water (15.20%) and damage caused by employee (8.86%).

Figure 12b. Retail/Wholesale



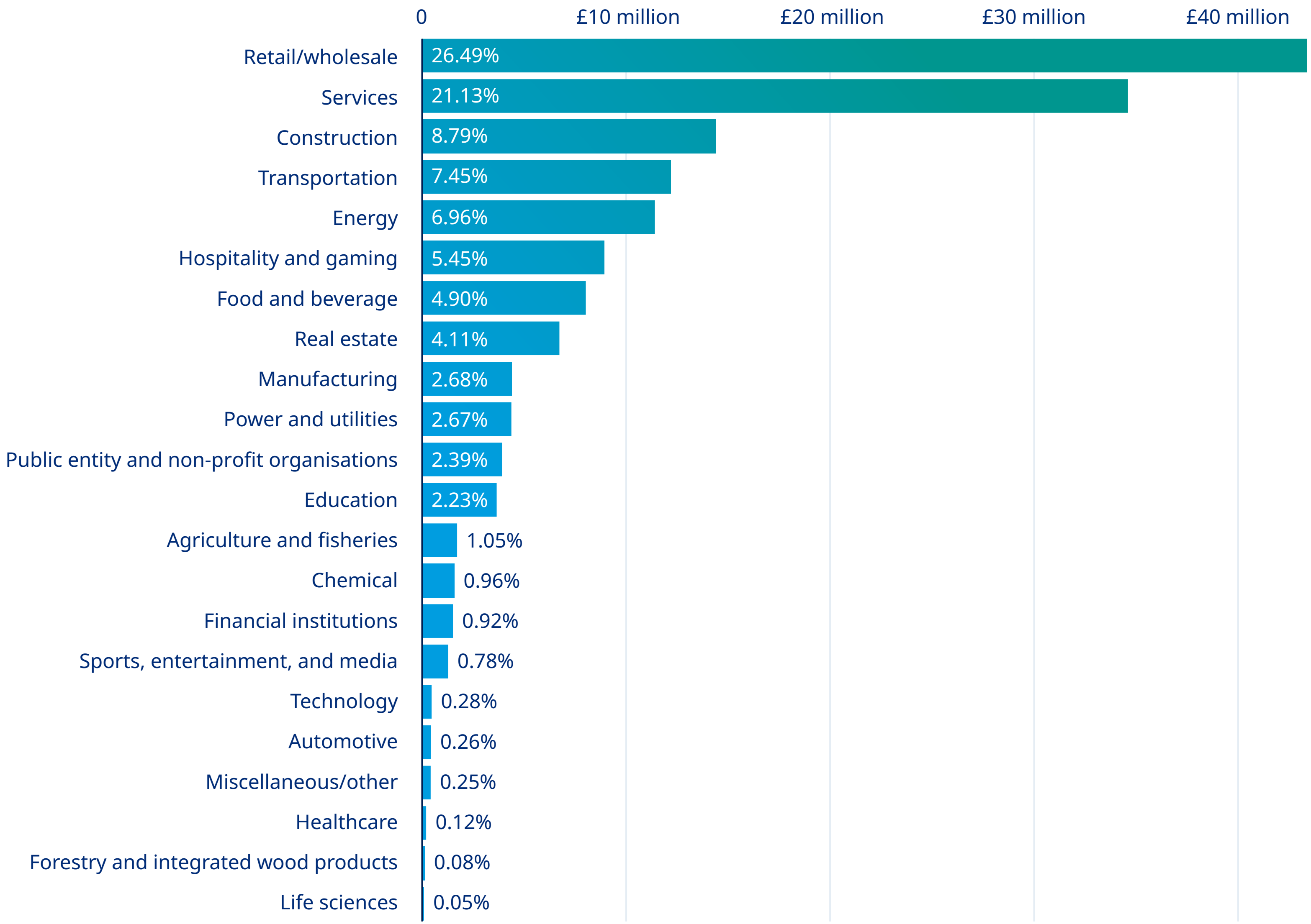
For the retail/wholesale sector, the largest cause of claims is slip/trip/fall at 32.55%, followed by defective product at 15.11% and third-party (TP) property damage at 10.14%. With the Product Liability Directive expected to be adopted within the Consumer Protection Act within the next couple of years, the impact is likely to be a rise in product liability claims.

Figure 12c. Transportation



In the transportation sector, slip/trip/fall is the greater cause at 25.65% of all claims reported since 2021. This is followed by defective paving (17.81%) and TP vehicle damage (15.17%).

Figure 13a. Cost of claims by industry — Total incurred[9]



Since 2021, 26.49% of total incurred UK PL claims have originated in the retail/wholesale sector, followed by the services sector at 21.13% and the construction sector at 8.79%. Although the energy sector had a significant share by claims volume, it is fifth in terms of total cost, which highlights that the majority of claims in this sector are low-value third-party property damage claims, but there remains the potential for a significant large claim.

Cost of claims

Figure 13b. Retail/Wholesale

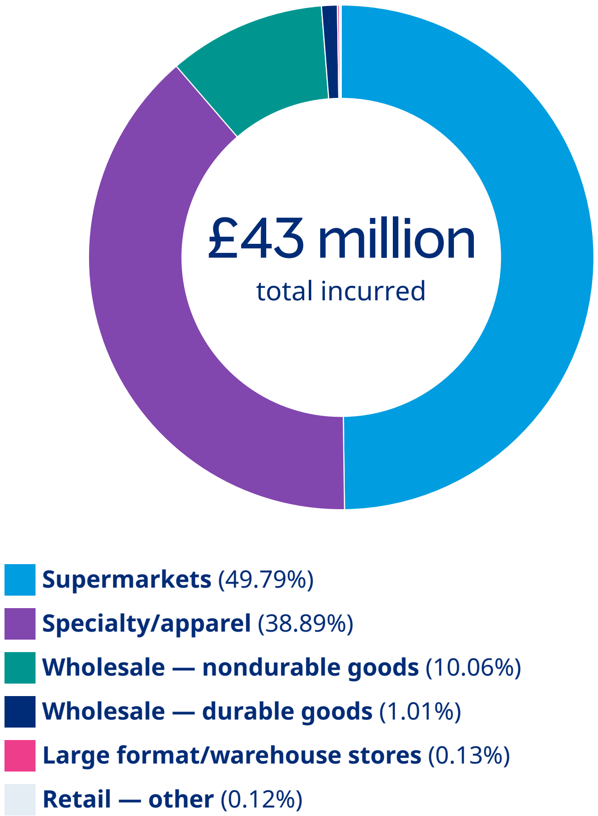


Figure 13c. Services

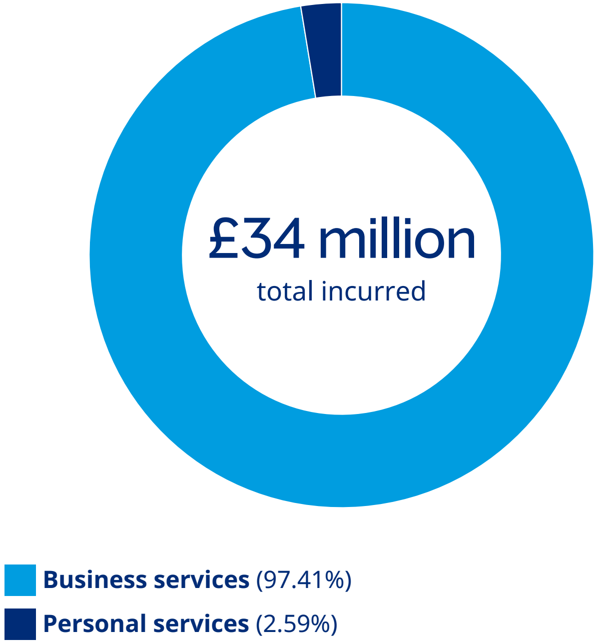


Figure 13d. Construction

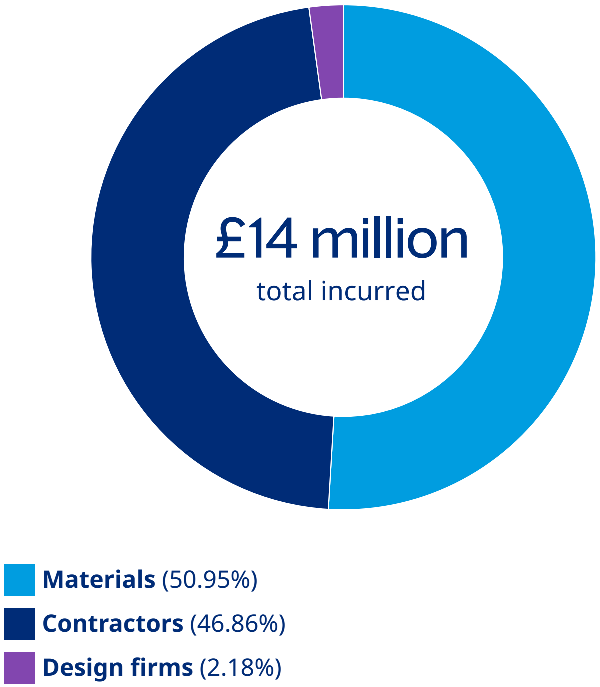
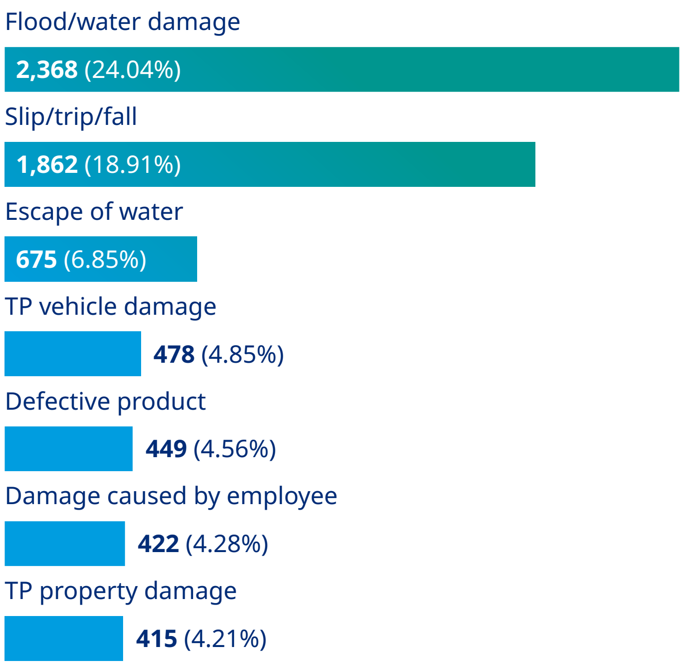


Figure 14. Cause of loss by volume of claims

Although we have already looked at the top causes driving claims volume in the top three industry sectors, if we look across all claims reported since 2021, we see the top cause is flood/water damage at 23.19%, followed by slip/trip/fall (19.15%) and escape of water (6.82%).

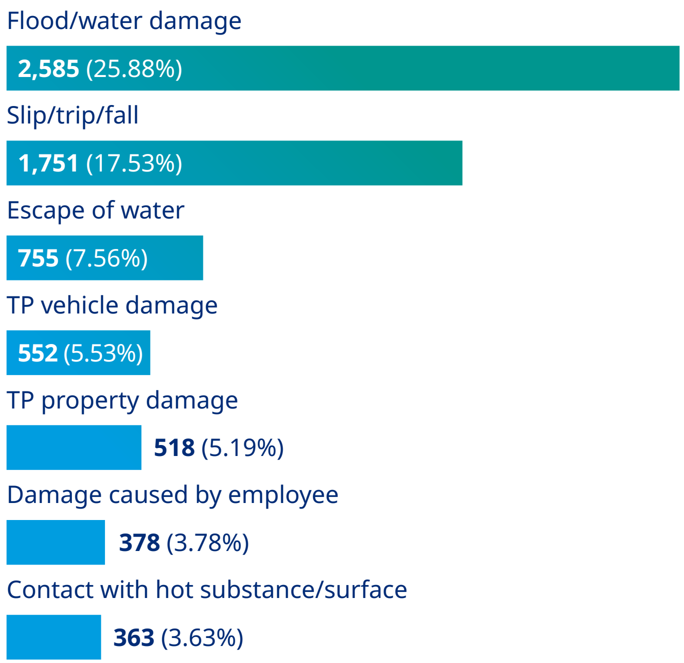
Top seven causes by number of claims

Figure 15a. 2022 (by policy year)



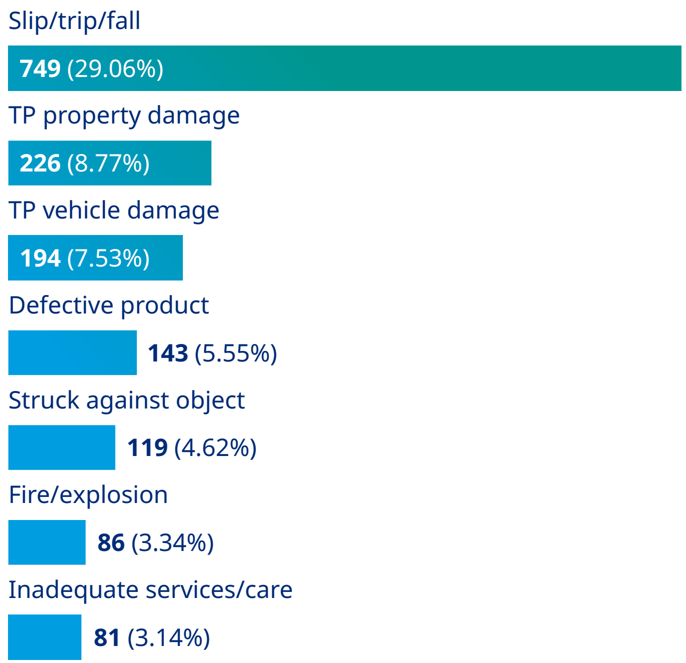
The top three causes of claims in 2022 were flood/water damage (24.04%), slip/trip/fall (18.91%), and escape of water (6.85%).

Figure 15b. 2023 (by policy year)



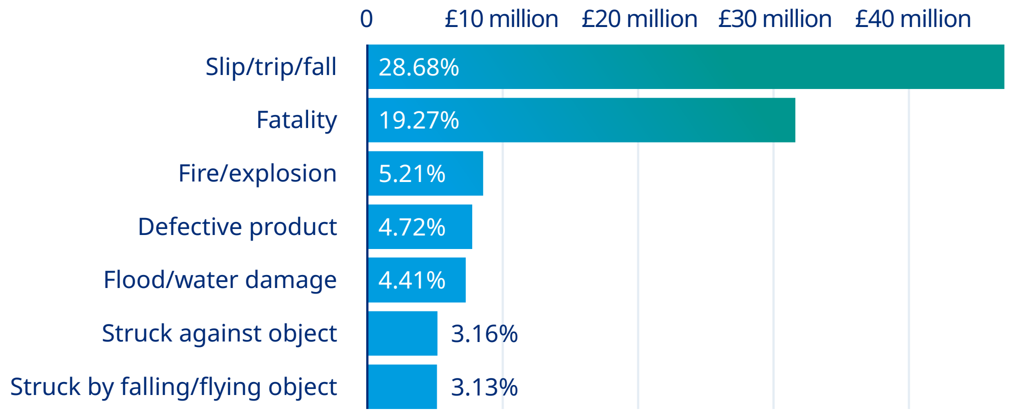
The top three causes of claims in 2023 remained the same as in 2022 and had a similar percentage split: flood/water damage (25.88%), slip/trip/fall (17.53%), and escape of water (7.56%).

Figure 15c. 2024 (by policy year)



For 2024, we have already mentioned the change in the sample data impacting the energy sector, and this has moved slip/trip/fall to the top cause of claims (29.06%), followed by TP property damage (8.77%), and TP vehicle damage (7.53%).

Figure 15d. Top seven causes of claims by total incurred[10]



If we examine the top causes by total incurred rather than volume, the top cause is slip/trip/fall at 28.68%, followed by fatality (19.27%) and fire/explosion (5.21%). Fatalities, thankfully, are low in terms of volume but can be significant in value compared to other causes.

Top seven causes by total incurred

Figure 16a. 2022 (by policy year)

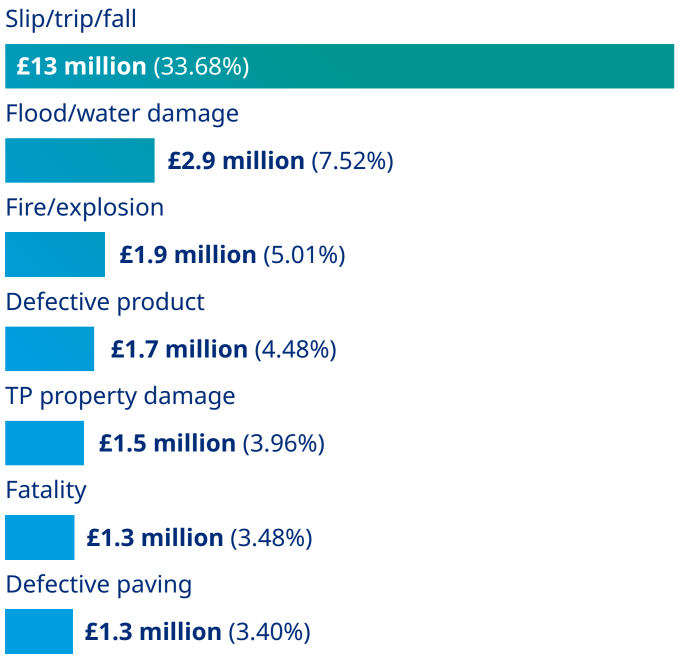


Figure 16b. 2023 (by policy year)

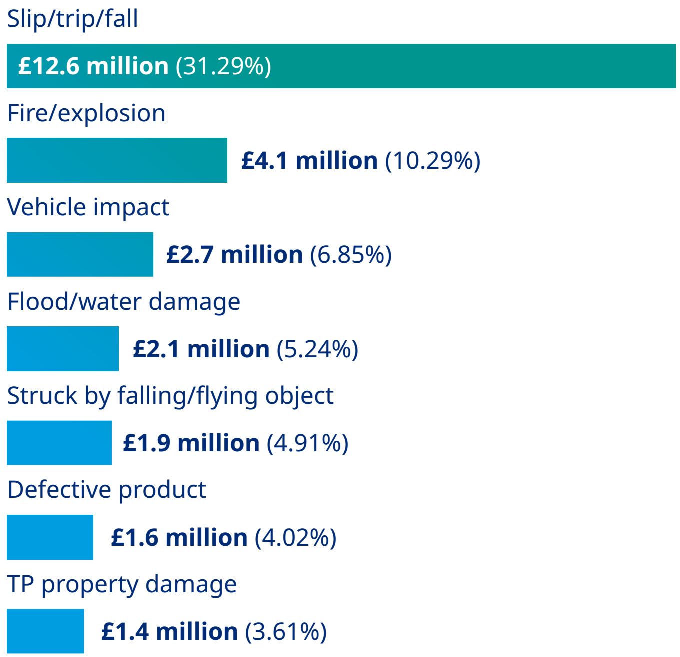
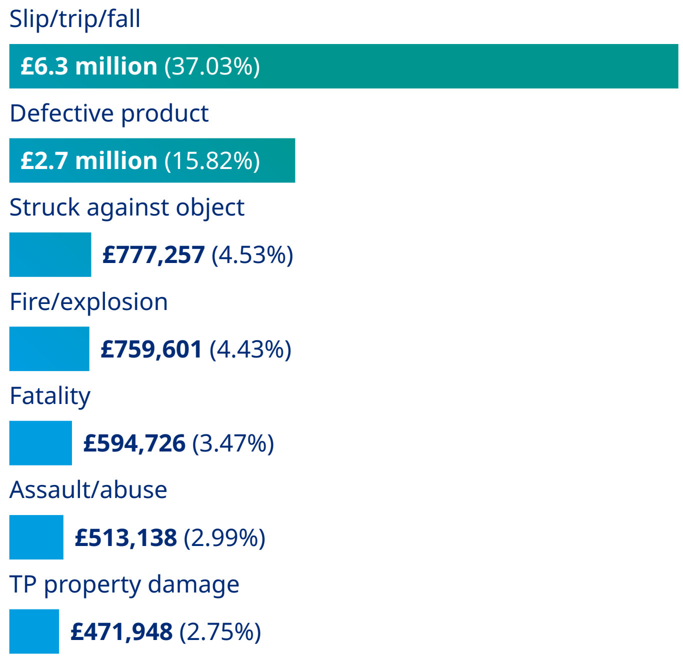


Figure 16c. 2024 (by policy year)



Slip/trip/fall was by far the biggest cause by total incurred in 2022, with 33.68% of the total amount, followed by flood/water damage (7.52%) and fire/explosion (5.01%).

The top three causes of claims in 2023 were still led by slip/trip/fall (31.29%), fire/explosion (10.29%) and vehicle impact (6.85%). Flood/water damage has moved out of the top three.

For 2024, slip/trip/fall (37.03%) remains the top cause followed by defective product (15.82%) and struck against object (4.53%). Defective product has therefore emerged in the top three causes by cost, and assault/abuse now appears in the top seven causes. The change in sample data in the energy sector referred to previously has impacted the flood/water damage and escape of water causes, which are no longer in the top seven.

Brief overview of key developments in 2024 impacting EL and PL claims

While the average 22% increase in general damages is significant, it is important to note that this component is only one aspect of an overall claim reserve.

Claims inflation has continued to be a topic of conversation across EL and PL claims during 2024. Below, we briefly summarise some of the key points of interest and their impact on claims cost.

JC Guidelines

On 5 April 2024, Oxford University Press published the 17th edition of the *Judicial College Guidelines for the Assessment of General Damages in Personal Injury Cases*. These guidelines serve as a crucial resource for courts, insurers, and lawyers in determining appropriate compensation for pain, suffering, and loss of amenity (PSLA), commonly known as general damages. The guidelines categorise injuries into severity brackets and are applicable to England and Wales but are the subject of an adjustment to apply in Scotland.

The previous edition was released in April 2022 and was based on Retail Price Index (RPI) figures up to September 2021. The period between the 16th and 17th editions experienced significant inflation, leading to expectations of increased compensation awards. The 17th edition reflects an average increase of approximately 22%, accounting for inflation up to August 2023. Additionally, the guidelines recommend further adjustments for inflation occurring between August 2023 and the assessment date, again based on RPI.

Notably, there has been a substantial increase in compensation for injuries related to sexual abuse, with awards for severe psychological injuries rising dramatically by 144% at the lower end of the bracket. This change reflects an increase from £45,000 to £120,000 in the 16th edition to a new range of £109,830 to £183,050 in the 17th edition, indicating that the rise exceeds mere inflation adjustments.

While the average 22% increase in general damages is significant, it is important to note that this component is only one aspect of an overall claim reserve. For larger claims, the impact of this increase may be less pronounced, as special damages (covering past and future financial losses) and legal costs typically represent a more substantial portion of the total claim.

Personal injury discount rate

The PIDR is used by courts to assess the size of future loss awards for personal injury cases. The aim is to ensure that the injured party is put in the same financial position as they would have been had the accident not occurred. As such, any award for future losses and expenses is discounted to factor in the receipt of a lump sum payment and the potential investment returns upon that lump sum.

Assessing future loss awards in cases of significant/catastrophic personal injury and fatal accident claims is a complex issue and requires lawyers and actuaries to work together with the objective of achieving a fair level of compensation. A set of actuarial tables known as **the Ogden tables** were published to help the courts determine an appropriate multiplier to use in assessing lump sum awards for damages to be paid in compensation for financial losses or expenses (such as care costs, pension, etc.) directly caused by personal injury or death.

These tables consider varying contingency factors such as mortality rates and retirement ages for both males and females. The tables provide what is known as a “multiplier” to be applied to the present-day value of a future annual loss to obtain a lump sum equivalent to that value. These multipliers are calculated by reference to an annual assumed interest rate after tax and inflation, known as the **discount rate**.

For the past seven years, the discount rate has been set at -0.25% to reflect a likely negative rate of return on investment on a lump sum award. This means that an additional amount is added to the future loss award rather than a reduction. A move back to a positive PIDR results in a deduction on the lump sum payable due to an expected positive rate of return on that investment. To illustrate this, if a claimant had a continuing future loss claim of £200,000 per annum for a 35-year period, under the existing discount rate of -0.25%, they would receive a lump sum of £7,316,000. Applying the new discount rate of +0.5% would result in a lump sum award of £6,424,000 — a reduction of £892,000.

The greater the claimant’s life expectancy, the greater the impact an increase in the discount rate will have on damages.

The government is estimating that this reduction in lump sum compensation will save the insurance industry £150 million a year.

As a result, we expect insurers will review their outstanding reserves on significant high-value and catastrophic motor and casualty personal injury claims where there is likely to be a future financial loss element to the claim. Any claims with a minimal element of future loss will not be overly affected by this change.

We may start to see claimants opting to settle large future-loss claims by way of periodic payments rather than receive a lower lump sum award using a higher discount rate. This could mean claims remain open for a much longer time, with reserves attaching accordingly.

The PIDR is reviewed every five years and will be scheduled for further review in 2029.

NHS increases

The Compensation Recovery Unit (CRU), acting on behalf of the Department for Work and Pensions, administers the NHS Injury Cost Recovery (ICR) Scheme, which allows for the recovery of NHS costs incurred due to treatment necessitated by a third party's actions. Defendants in successful personal injury claims are responsible for covering both the NHS treatment costs and the injured party's damages and legal costs. Unlike social security benefits, NHS charges cannot be recouped against any compensation awarded.

The ICR scheme ensures that NHS and ambulance trusts are compensated for the treatment provided to injured claimants, with recovered funds reinvested into patient services. NHS charges are calculated using a fixed-sum tariff system, which includes:

- Fixed charges for ambulance journeys.
- Fixed daily rates for inpatient care.
- Fixed charges for outpatient visits.

All personal injury claims must be registered with the CRU, which confirms treatment details with NHS trusts and issues an NHS charges certificate to the defendant, detailing the applicable charges.

Defendants are required to pay the charges within 14 days of a compensation payment or upon receiving the certificate if the claim has already been settled. They can challenge the charges if they can prove the treatment was not related to the injury in question.

For the first time since the NHS Injury Costs Recovery Scheme was introduced in 2007, the NHS responded to inflationary pressures and announced an increase in the charges for its services effective from 1 April 2024. A further increase was then applied, effective from 1 October 2024.

The amount compensators are required to pay to the Compensation Recovery Unit in relation to treatment provided to injured claimants is as follows:

	Injuries from 2 Oct 2023	Injuries from 1 Apr 2024	Injuries from 1 Oct 2024
Outpatient	£806	£825	£848
Inpatient	£991	£1,014	£1,042
Ambulance journey (per journey)	£243	£249	£256
Maximum	£59,248	£60,610	£62,272

Overall, these two increases in 2024 represent a rise of more than 5% in charges over the past year.

Care costs

2024 saw a continued increase in the cost of care, particularly in catastrophic injury claims. The care sector was already facing severe resource challenges amid rising demand for care services, leading to inflationary pressures characterised by increased agency rates, recruitment difficulties, and worsening broader economic conditions.

The average hourly rate for agency carers has risen to between £25 and £30, with rates often exceeding this range. The ongoing worker shortages have resulted in a greater reliance on agency staff. In response to these challenges, live-in care is becoming a more popular alternative to traditional agency care.

Directly employed carers have also experienced wage increases, with average pay now ranging from £15 to £17 per hour. However, the sector continues to struggle with staff retention and recruitment, largely due to perceptions of low pay and poor working conditions.

The ageing population and the lingering effects of the pandemic have further driven up demand for care services, contributing to the inflationary pressures in the sector. Anticipated pay increases in the care sector are expected to result from the rise in the National Living Wage scheduled for April 2025, which will add to the ongoing inflationary pressure on care worker wages. Additionally, employers of care workers will face increased costs due to a rise in the employer's National Insurance contributions, which are set to increase from 13.8% to 15%.

Other inflationary increases affecting claims settlements are:

- An increase to the National Minimum Wage.
- An increase to the National Living Wage.
- An increase to the State Pension (in line with the Consumer Price Index).
- Rising vehicle repair costs and shortage of labour, impacting motor claims costs.

There are other legal developments affecting EL and PL claims as well as additional trends and insights throughout 2024 worthy of mention.

PFAS

Concerns regarding the environmental and health risks associated with perfluoroalkyl and polyfluoroalkyl substances (PFAS), commonly referred to as "forever chemicals", have led to a surge in lawsuits globally, particularly in the United States, where thousands of civil lawsuits have been filed against chemical producers for environmental damage, including contamination of public water systems. In 2023, these lawsuits resulted in multibillion-dollar settlements, particularly concerning manufacturers of PFAS and products containing PFAS, such as aqueous firefighting foam.

A recent unpublished government report indicated that up to 10,000 sites in the UK are contaminated with PFAS

Litigation is increasingly targeting producers and distributors of consumer products and packaging that contain PFAS across various industries, including food, cookware, and cosmetics. While there is currently no PFAS-related litigation in the UK, ongoing class actions in Europe and Australia suggest a growing trend. As consumers become more empowered to hold corporations accountable, similar actions may emerge in the UK, especially following recent high-profile environmental litigation. Indeed, at the end of 2024, it was widely reported in the news that a community group established in a North Yorkshire village had instructed Mishcon de Reya to bring legal action against a firefighting foam manufacturer at its site in the village over the potential health risks caused by the forever chemicals found in soils and groundwater.

The Guardian had previously published a report finding that the village had the highest identified concentration of synthetic PFAS in the UK. Production at this site had ceased in March 2024.

PFAS have been linked to various adverse health outcomes, including an increased risk of cancer, elevated cholesterol levels, and reduced vaccine efficacy. These chemicals have been widely used in commercial applications and household products for decades due to their stain- and water-resistant properties, with little historical regulation. Consequently, PFAS have contaminated numerous sites, including landfills and manufacturing locations.

A recent unpublished government report indicated that up to 10,000 sites in the UK are contaminated with PFAS, posing significant risks to human health and wildlife. The estimated cost of cleaning these polluted sites, which include chemical plants and fire stations, ranges from £31 billion to £121 billion. PFAS contamination in water resources has implications for drinking water quality, with nearly three-quarters of UK rivers tested exceeding proposed EU standards for these chemicals.

In terms of personal injury claims, the connection between PFAS and specific illnesses is still being explored, presenting challenges related to breach of duty, causation, and foreseeability — key elements in negligence claims.

While personal injury claims related to PFAS may appear difficult for claimants to pursue, they are likely to attract attention from claimant lawyers, especially as certain injury scenarios could lead to large group actions. In the US, significant class-action lawsuits have already emerged against major PFAS manufacturers, with DuPont and 3M facing substantial claims for contaminating drinking water supplies.

In Europe, several countries, including Sweden, Belgium, and the Netherlands, have initiated PFAS-related court cases, and it is anticipated that the UK will soon follow suit, particularly with the reported case in North Yorkshire mentioned above. As litigation against manufacturers intensifies, there is a growing movement to hold accountable those companies that use PFAS in their products, which are prevalent in various goods, from firefighting foam to food packaging.

Product liability directive

The Council of the EU has adopted and signed the Product Liability Directive (PLD), which is set to be integrated into national laws within the next two years. This directive will apply to all products placed on the market starting 21 October 2026 and has been specifically developed to address digital products that were not adequately covered by existing product-liability legislation. The new directive is designed to ease the burden of proof for consumers, making it more claimant friendly, which is anticipated to result in an increase in product-liability litigation against manufacturers, producers, software suppliers, developers, and online platform businesses.

Although the UK is no longer part of the EU, the directive will still significantly impact UK product manufacturers and suppliers selling in the EU. It is likely that the UK government will introduce changes to the Consumer Protection Act that align with the EU's proposals.

Key features of the new rules include:

- **Expanded definition of a "product":** The directive will encompass intangibles such as software — including artificial intelligence (AI) — digital manufacturing files, and related services.
- **Broadened categories of defendants:** More economic operators within the supply chain, including online platforms and warehouses, can be held liable.
- **Revised burden of proof:** There will be rebuttable presumptions of defect and/or causation in specific circumstances, particularly for technical and complex products.
- **Increased disclosure requirements:** Defendants will face a heavier burden of early disclosure, limited to documents deemed "necessary and proportionate".
- **Extended limitation period:** The limitation period for latent damage claims will be increased to 25 years.

The new regime is expected to lead to heightened litigation and class-action risks for businesses across the supply chain. Sectors that are advancing in digital and AI-enabled technologies, such as life sciences, healthcare, and automotive industries, may be the first to encounter test cases under the new regulations. Additionally, variations in how member states implement the directive could create opportunities for forum shopping.

Glyphosate

Glyphosate, a widely used weedkiller, has been the subject of significant controversy since March 2015, when the International Agency for Research on Cancer (IARC) classified it as "probably carcinogenic in humans". This classification contrasts with findings from multiple agencies, including the World Health Organization and the European Commission, which have found no evidence of glyphosate posing a carcinogenic or genotoxic risk to humans.

Following the IARC report, thousands of lawsuits were initiated against glyphosate producers, leading to multibillion-dollar settlements. A notable case occurred in January 2024, when a Philadelphia jury awarded US$2.25 billion to a plaintiff diagnosed with non-Hodgkin's lymphoma after using Roundup®, a glyphosate-based product, for two decades.

Currently, there is no ongoing litigation related to glyphosate in the UK or Europe. However, a significant class action is underway in Australia, involving 800 plaintiffs who claim that their cancer is linked to exposure to Roundup. Unlike the US legal proceedings, which involve trial by jury, the Australian case will be adjudicated by a judge. This difference in legal process may have implications for jurisdictions with similar legal systems, such as the UK, potentially influencing future litigation strategies and outcomes.

Bedbug claims

The issue of bedbug infestations in the travel sector gained increased attention, particularly due to heightened media coverage that has raised public awareness about identifying these pests and understanding the process for claiming compensation.

Guests who are bitten by bedbugs in hotels that are part of package holidays can file claims under the Package Travel and Linked Travel Arrangements 2018 (PTRs) in the UK, allowing them to seek compensation from the tour operator.

However, if a hotel can demonstrate that it has implemented effective prevention measures and a response plan for dealing with bedbug infestations, it is more likely that a court will determine the hotel took appropriate action to mitigate the risk. This could influence the outcome of any claims made by affected guests.

Terrorism (Protection of Premises) Bill/Martyn's Law

In response to the tragic Manchester Arena attacks in 2017, the UK Government introduced the Terrorism (Protection of Premises) Bill, commonly known as "Martyn's Law." This legislation establishes a tiered system for venues based on their capacity and the expected attendance at events.

- **Standard tier:** Applies to premises with a capacity of 200 to 799 individuals.

- **Enhanced tier:** Applies to venues with a capacity of 800 or more, including large shopping centres, concert halls, and sports stadiums.

It is estimated that approximately 278,880 premises fall under the Standard Tier, with 65% of these being retail and hospitality establishments. The bill was reintroduced to Parliament in September 2024 and is currently awaiting the report stage in the House of Commons. While many businesses in the retail, leisure, and hospitality sectors already have systems in place to address terrorism risks, they will need to review and potentially update these systems in response to the new legislation.

Key proposed amendments in the bill include:

Civil sanctions: A regime of fines that could reach up to £10,000 for standard-tier premises and as high as £18 million or 5% of worldwide revenue for enhanced-tier premises. The proposed regulator, the Security Industry Authority (SIA), will consider the financial capabilities of those being fined.

Capacity thresholds: The bill shifts from a strict capacity-based model to one based on reasonable expectations of attendance. Venues not expecting large crowds will not be classified under the standard tier, with the threshold for attendance raised from 100 to 200 individuals following consultations.

Implementation timeline: After receiving royal assent, a minimum implementation period of 24 months is anticipated.

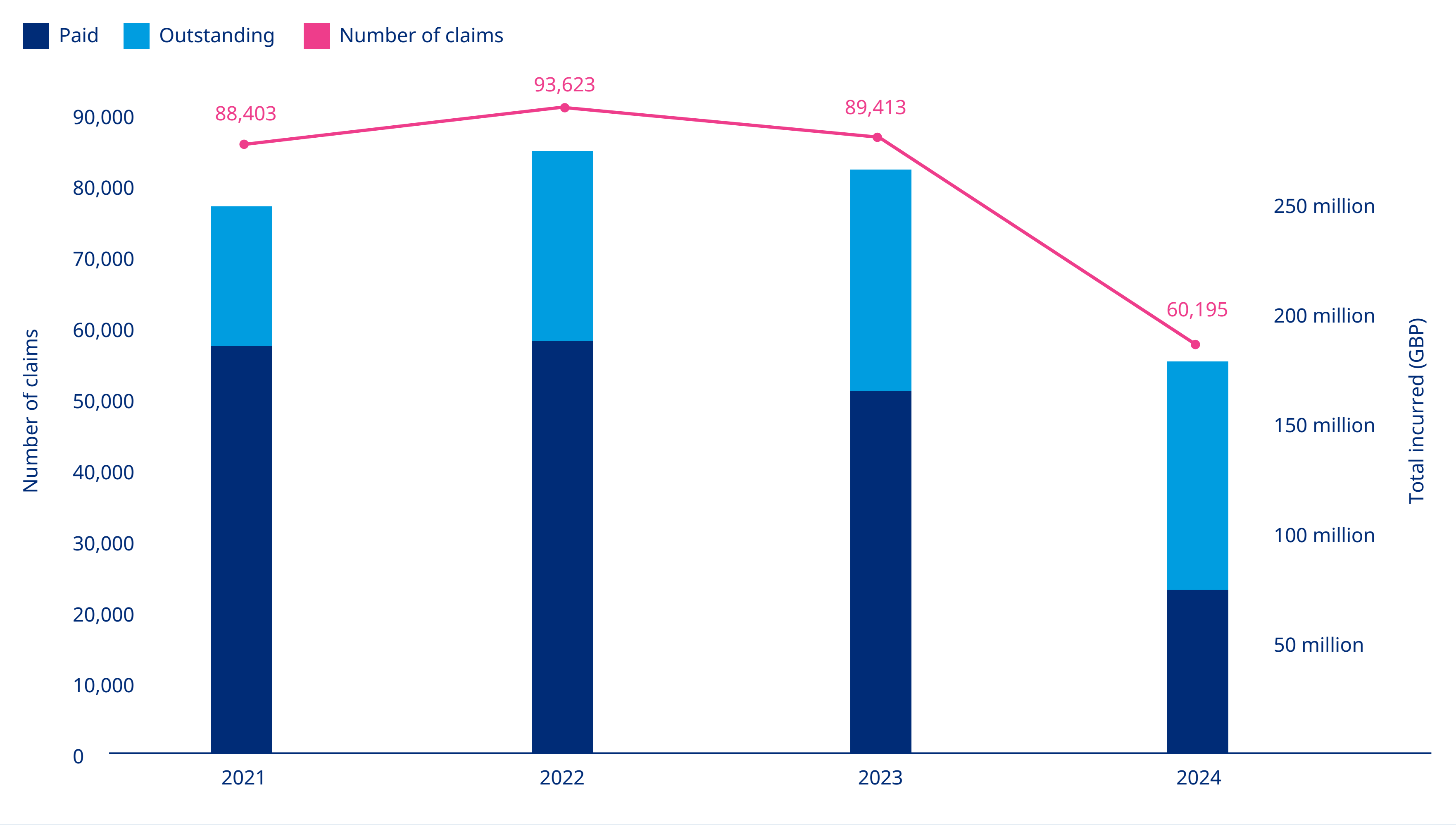
As the implementation of Martyn's Law approaches, it is essential for venues to prepare for the new obligations, ensure compliance to mitigate potential security risks, minimise the actions required for compliance once the law takes effect, and protect themselves from potential civil sanctions.

Overview of motor claims

Claims volumes

Figure 17 provides a summary of claims notifications by policy year (by date of accident).

Figure 17. Summary of motor claims notifications[11]



Motor claims volumes increased slightly in 2022 from 2021 but fell again in 2023. In 2024, a total of 60,195 motor claims were recorded, which, as expected, is below the claims volumes for previous years. This number will increase as claims are received but looks set to remain below the volume of claims in 2023.

The total incurred figures are rising, and we would expect 2023 to increase beyond 2022. For each policy year, there is a large claim of £8 million–£9 million, whereas, in 2024, the largest loss seen so far is just under £1 million. The average cost of a motor claim across these four years is £2,925. This is own damage and third-party damage combined. The average cost of claim is increasing year on year, with 2024 being too early to assess fully. However, the average cost of claim for 2024 is in keeping with the previous years despite not being impacted by a significant large loss, highlighting the increase in motor claims costs generally.

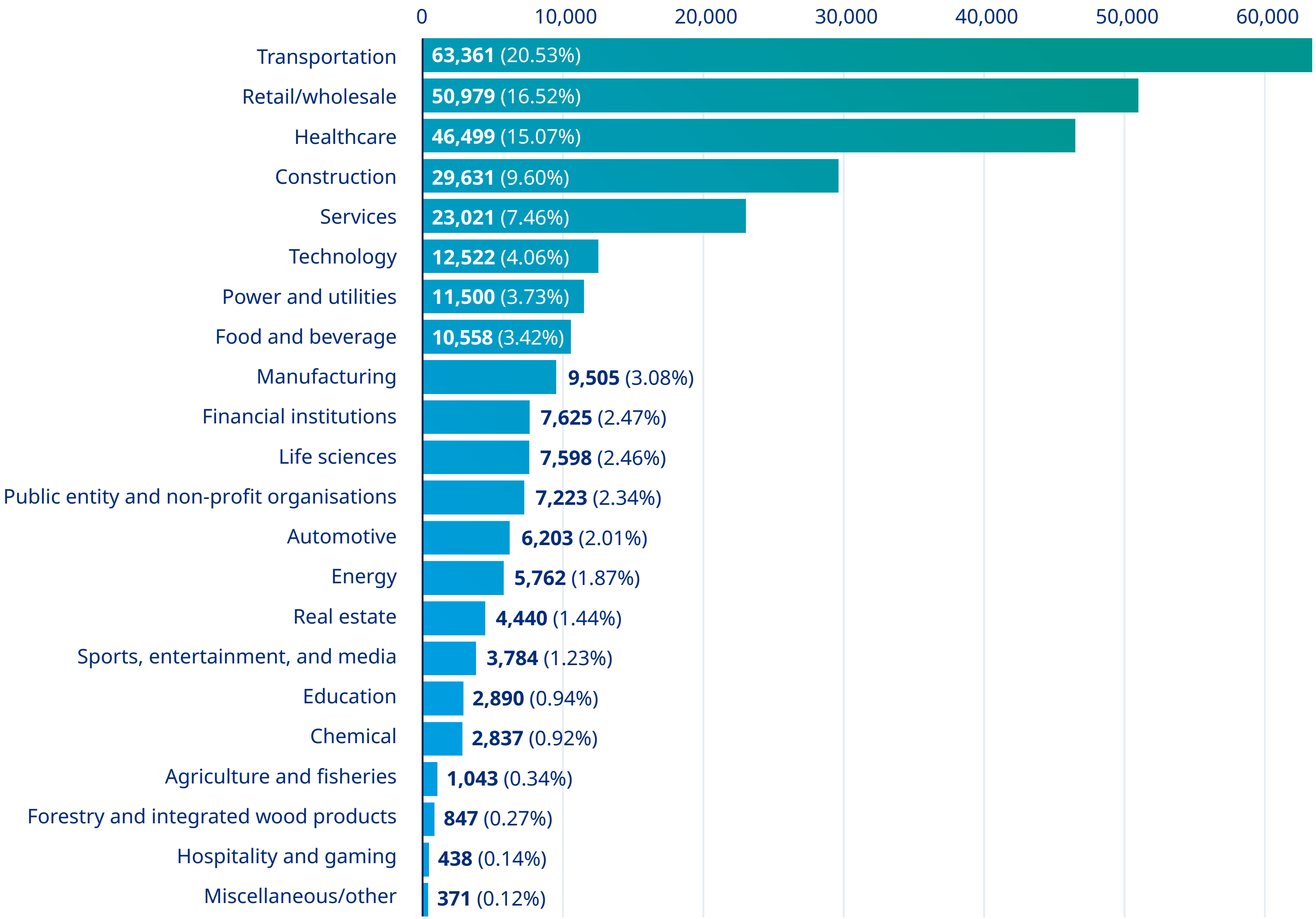
In 2024, a total of 60,195 motor claims were recorded, which, as expected, is below the claims volumes for previous years.

Motor claims are impacted by the same factors explored earlier for EL and PL claims, but the cost of claims inflation tends to be seen more in motor claims due to the increased frequency of serious injury. In addition, the cost and time taken to repair vehicles have increased as well, which we will cover later. And with vehicles being much more expensive to repair, the cost of vehicle damage claims is increasing in addition to injury claims.

As for EL and PL claims, the change in the PIDR to +0.5% will have a positive impact, especially with more complex injury cases seen in the motor space.

Industry review

Figure 18a. Cost of claims by industry — Number of claims

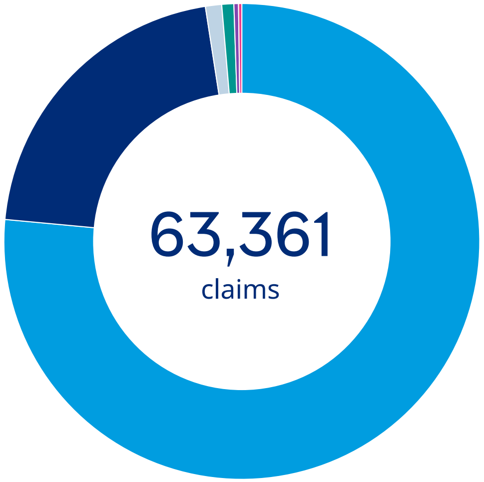


Since 2021, the top three sectors for motor claims by volume are transportation (20.53%), retail/wholesale (16.52%), and healthcare (15.07%).

We have broken down these three industry practices into sub-sectors to identify where most claims are occurring.

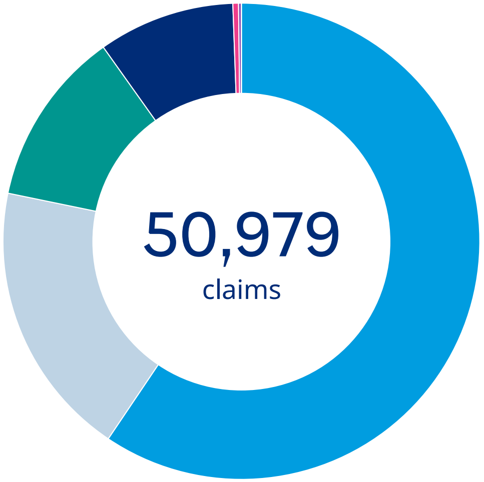
Sub-sectors with the highest number of claims

Figure 18b. Transportation



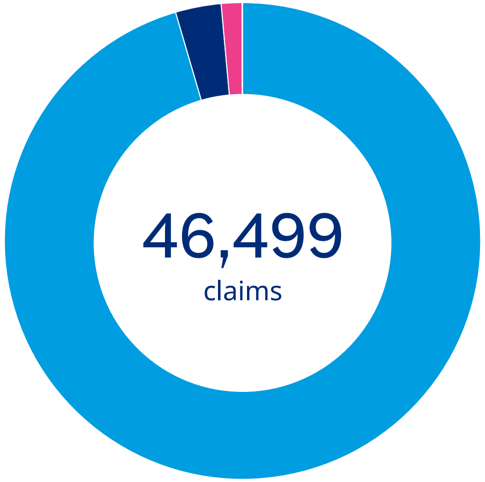
- **Trucking/logistics** (76.48%)
- **Land passenger transportation** (21.07%)
- **Rail transportation** (1.1%)
- **Air transportation** (0.82%)
- **Transportation infrastructure** (0.31%)
- **Water transportation of goods** (0.22%)

Figure 18c. Retail/Wholesale



- **Supermarkets** (59.43%)
- **Wholesale — durable goods** (18.81%)
- **Specialty/apparel** (11.93%)
- **Wholesale — nondurable goods** (9.26%)
- **Large format/warehouse stores** (0.38%)
- **Gas stations** (0.18%)
- **Retail — other** (0.01%)

Figure 18d. Healthcare



- **Allied health** (95.46%)
- **Hospitals** (3.1%)
- **Physicians** (1.4%)
- **Senior/nursing care** (0.03%)

Comparison of industry practices

Figure 19a. 2022 (by policy year)

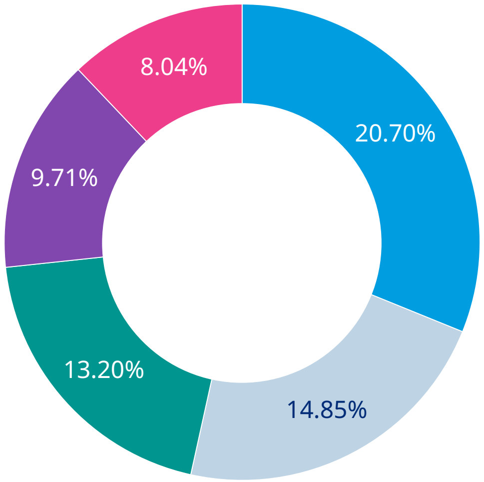


Figure 19b. 2023 (by policy year)

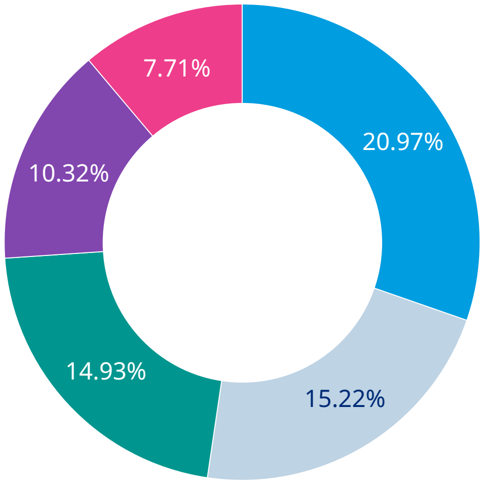
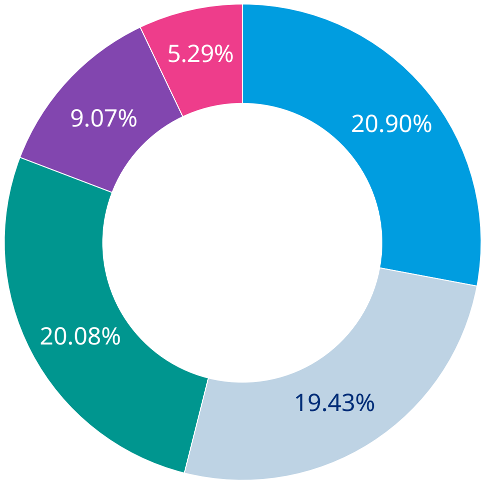


Figure 19c. 2024 (by policy year)



Transportation Retail/wholesale Healthcare Construction Services

Across all industry sectors, the largest three sectors by claims volume are transportation (20.70%), retail/wholesale (14.85%), and healthcare (13.20%). For the purposes of our analysis, we have focused on the top five industry sectors, of which there are 57,314 claims.

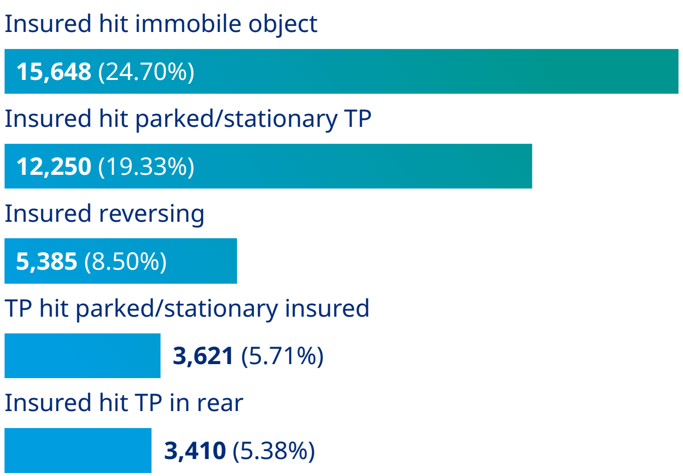
Across all industry sectors (84,161 claims), the largest three sectors by claims volume are transportation (20.97%), retail/wholesale (15.22%), and healthcare (14.93%). For the purposes of our analysis, we have focused on the top five industry sectors, of which there are 58,187 claims.

For 2024, the transportation sector remains the top industry sector (20.90%), but the healthcare sector is now a close second (20.08%). These are closely followed by retail/wholesale (19.43%). For the purposes of our analysis, we have focused on the top five industry sectors, of which there are 42,101 claims.

Transportation has been the clear top sector for claims volumes since 2022, but the 2024 data show that there has been an increase in motor claims arising from the retail/wholesale and healthcare sectors. In Figures 20a through 20c, we examine the cause of loss for the three main sectors driving claims volume — transportation, retail/wholesale, and healthcare — over the past three years (2022–2024), excluding unknown causes.

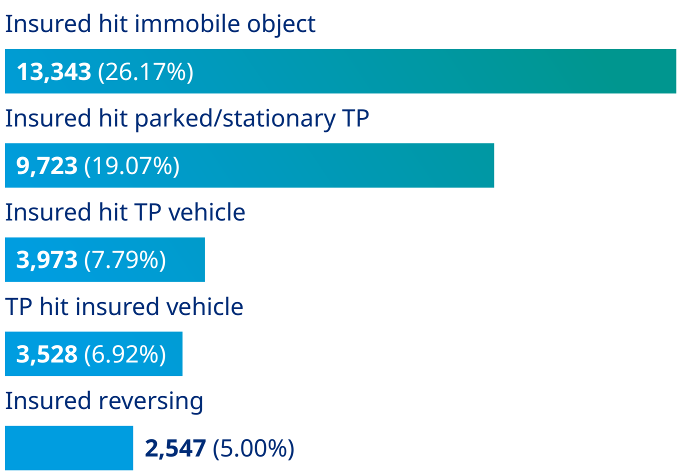
Top five causes of loss

Figure 20a. Transportation[12]



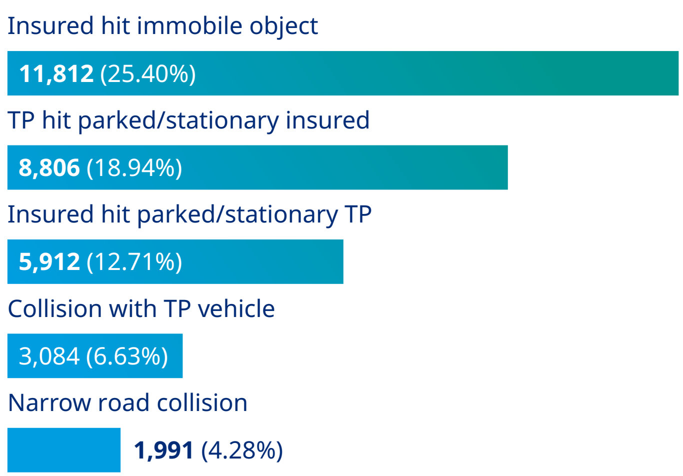
The largest cause in the transportation sector is insured hit immobile object at 24.70% of all claims, followed by insured hit parked/stationary TP (19.33%) and insured reversing (8.50%).

Figure 20b. Retail/Wholesale



For the retail/wholesale sector, insured hit immobile object is the largest cause of loss since 2021 at 26.17% of all claims, followed by insured hit parked/stationary TP (19.07%) and insured hit TP vehicle (7.79%).

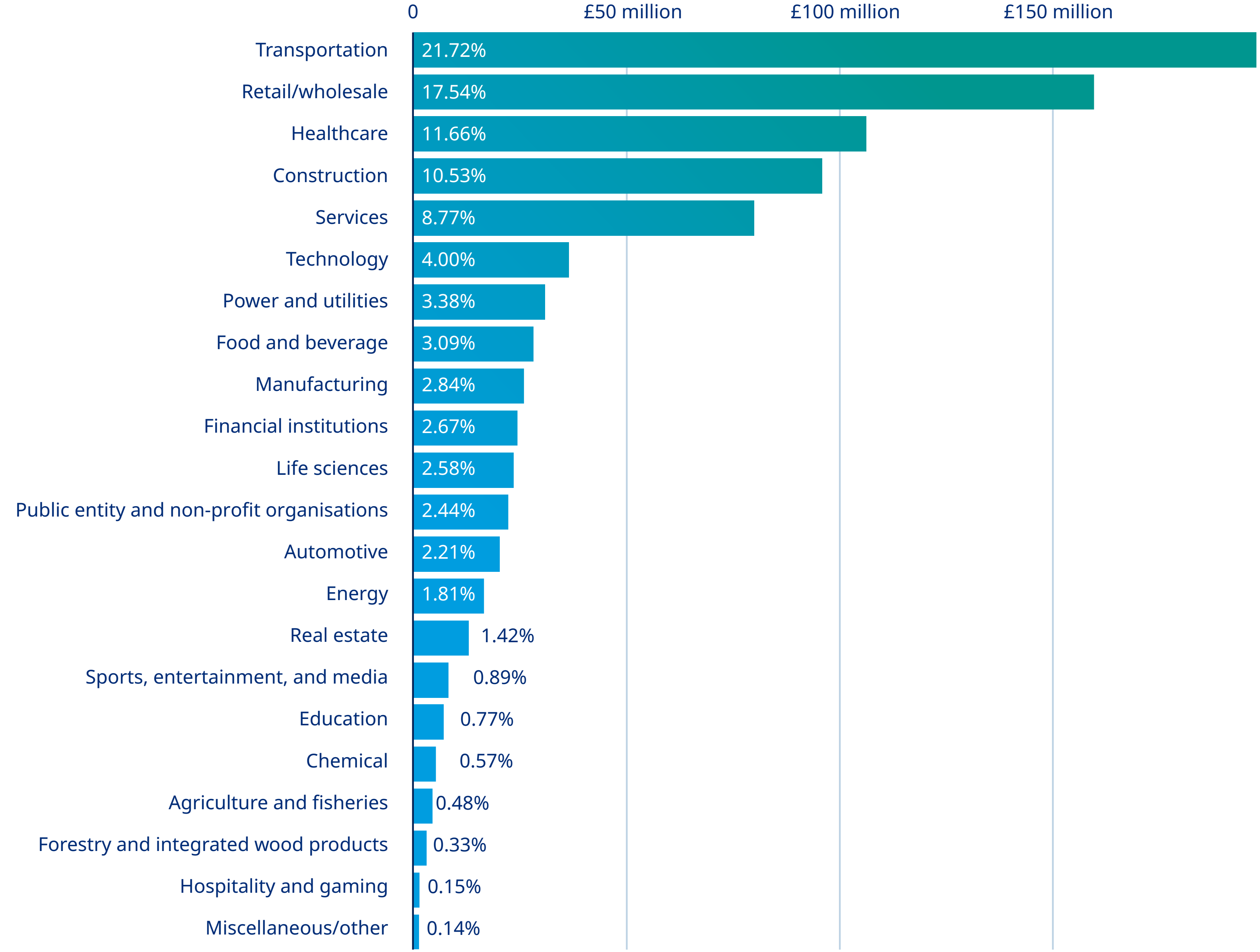
Figure 20c. Healthcare



In the healthcare sector, insured hit immobile object is again the largest cause at 25.40% of all claims reported since 2021. This is followed by TP hit parked/stationary insured (18.94%) and insured hit parked/stationary TP (12.71%).

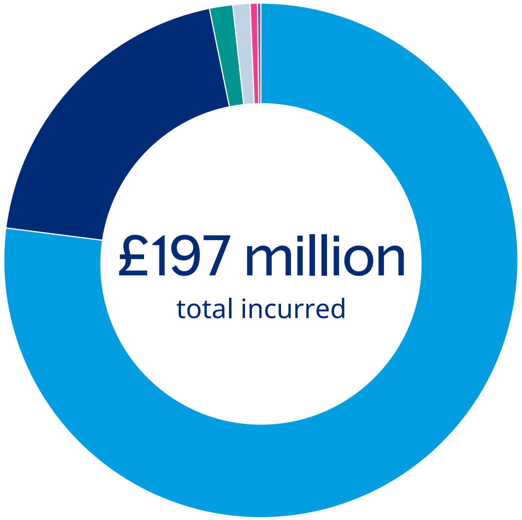
Since 2021, 21.72% of total incurred of UK motor claims have originated in the transportation sector, followed by the retail/wholesale sector (17.54%) and the healthcare sector (11.66%). Construction does not appear in the top three by claims volume, but the cost of claims in this sector is higher.

Figure 21a. Cost of claims by industry — Total incurred[13]



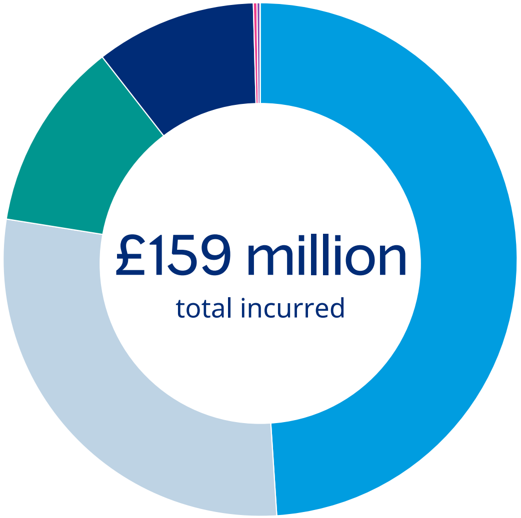
Cost of claims

Figure 21b. Transportation



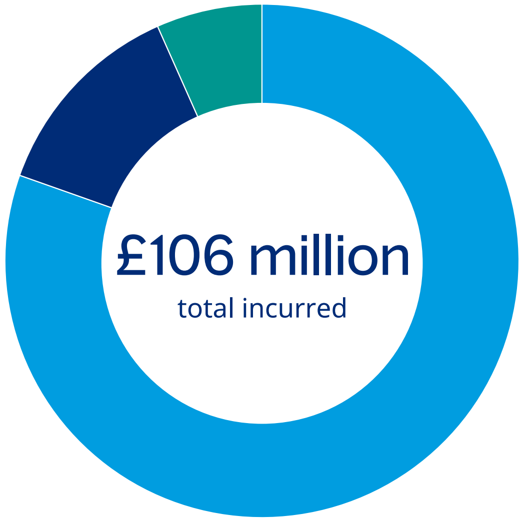
- **Trucking/logistics** (77.02%)
- **Land passenger transportation** (19.77%)
- **Air transportation** (1.46%)
- **Rail transportation** (1.08%)
- **Water transportation of goods** (0.46%)
- **Transportation infrastructure** (0.21%)

Figure 21c. Retail/Wholesale



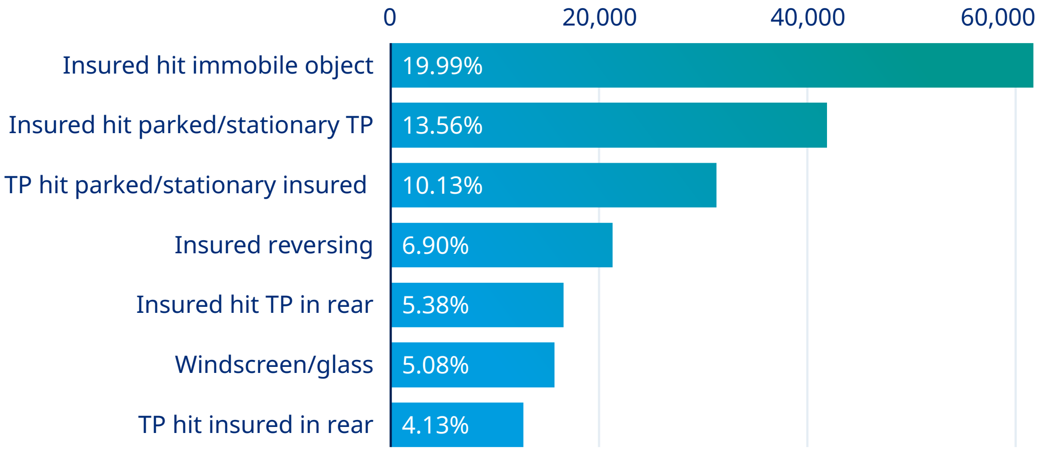
- **Supermarkets** (48.97%)
- **Wholesale — durable goods** (28.55%)
- **Specialty/apparel** (11.95%)
- **Wholesale — nondurable goods** (10.11%)
- **Large format/warehouse stores** (0.23%)
- **Gas stations** (0.19%)
- **Retail — other** (0.01%)

Figure 21d. Construction



- **Contractors** (80.41%)
- **Design firms** (12.93%)
- **Materials** (6.66%)

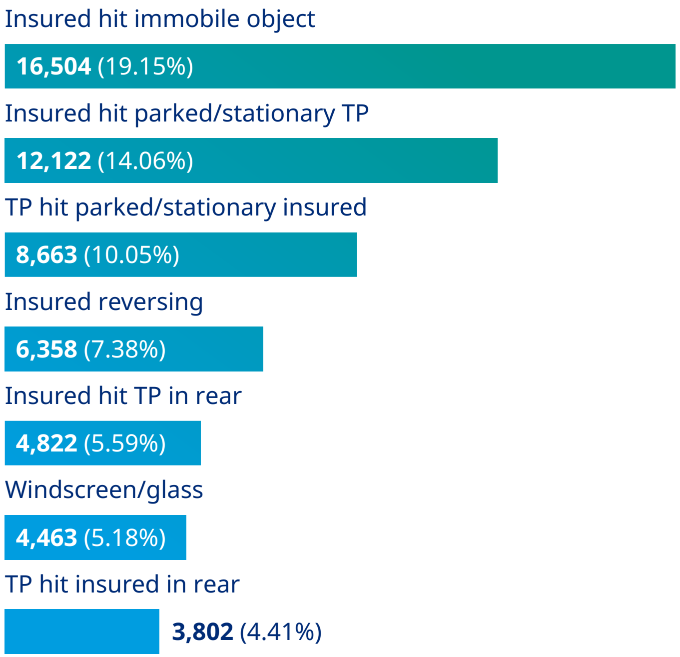
Figure 22. Cause of loss by volume of claims



Although we have already looked at the top causes driving claims volume in the top three industry sectors, if we look across all claims reported since 2021, the top cause is insured hit immobile object (19.99%), followed by insured hit parked/stationary TP (13.56%) and TP hit parked/stationary insured (10.13%).

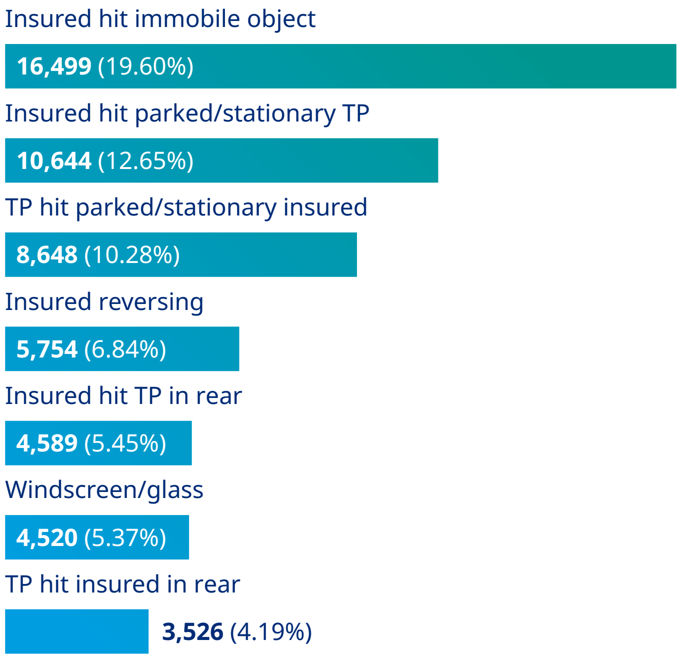
Top seven causes by number of claims

Figure 23a. 2022 (by policy year)



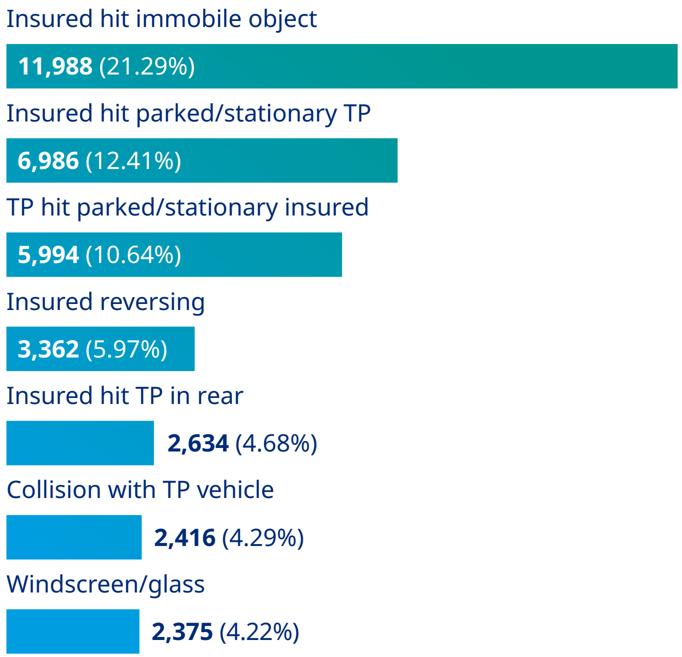
The top three causes of claims in 2022 were insured hit immobile object (19.15%), insured hit parked/stationary TP (14.06%), and TP hit parked/stationary insured (10.05%).

Figure 23b. 2023 (by policy year)



In 2023, the top three causes are the same as in 2022, with a similar percentage split. Insured hit immobile object (19.60%), insured hit parked/stationary TP (12.65%), and TP hit parked/stationary insured (10.28%).

Figure 23c. 2024 (by policy year)



So far, in 2024, the top three causes remain the same as the previous two years and in the same order. Insured hit immobile object (21.29%) is showing an increase year on year in percentage terms and is clearly an avoidable incident type. These are most likely to be low-impact and, subsequently, low-value claims.

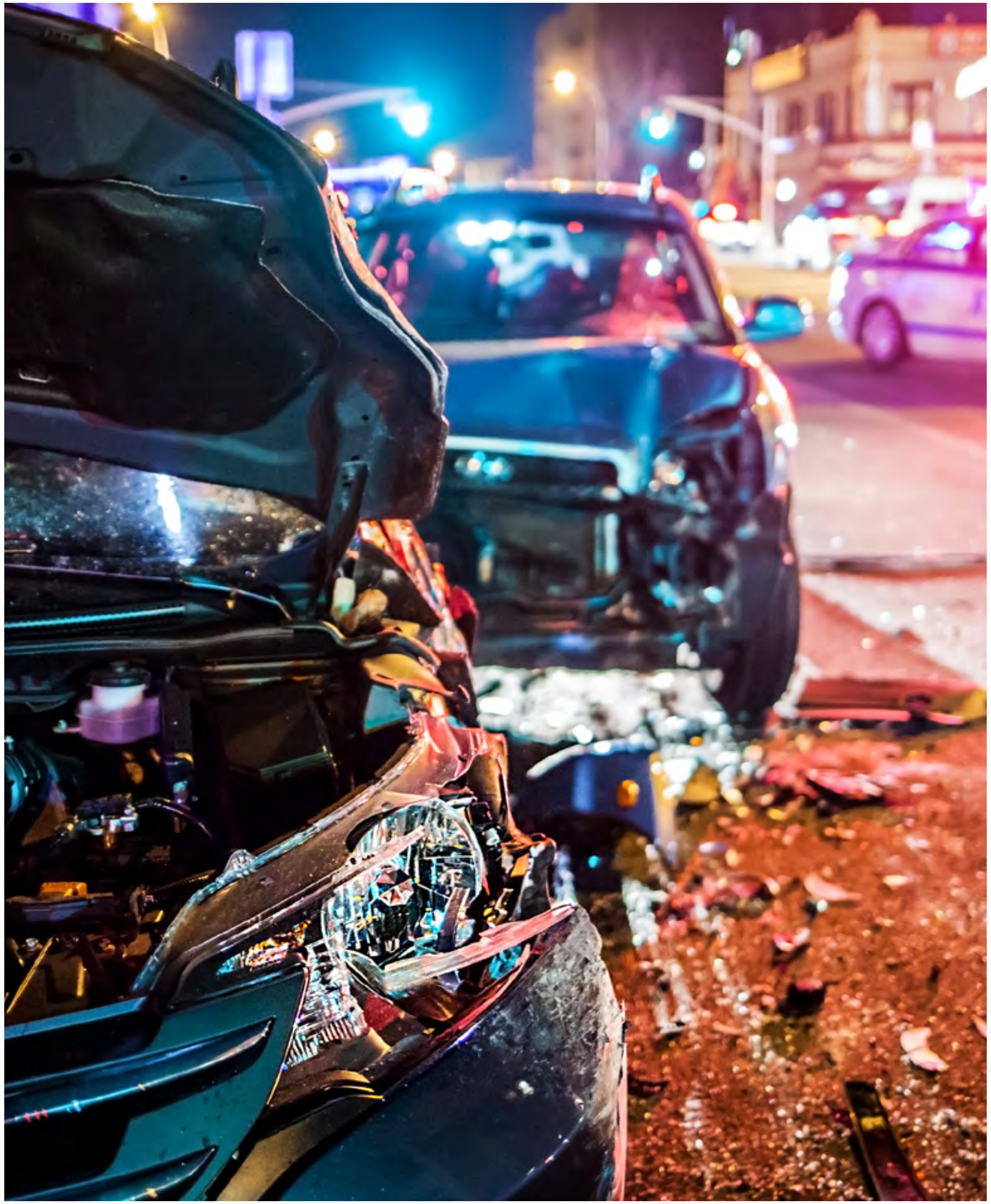
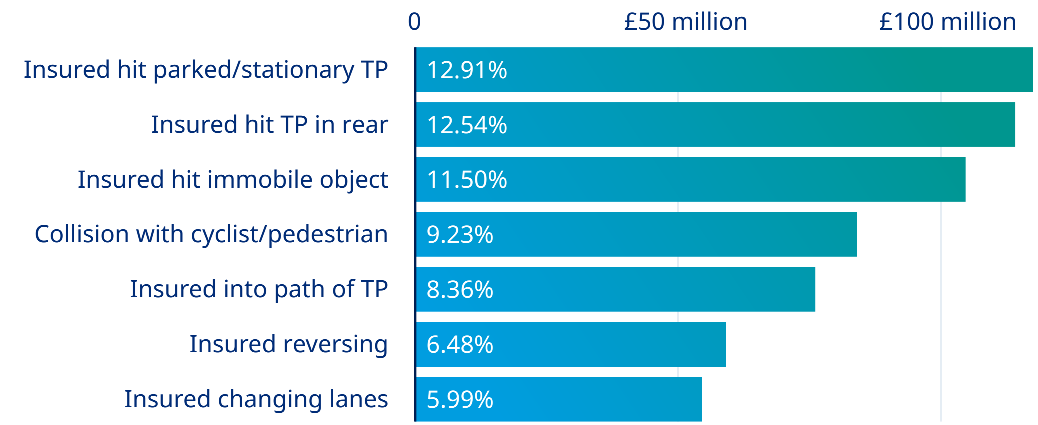


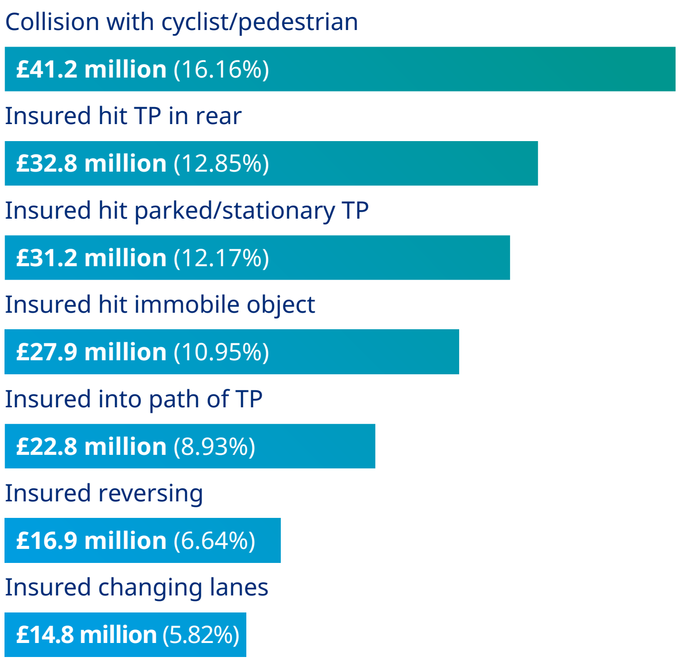
Figure 24. Cause of loss by volume of claims[14]



Turning to total incurred as opposed to claims volume across all claims reported since 2021, the top cause by total incurred is insured hit parked/stationary TP (12.91%), closely followed by insured hit TP in rear (12.54%) and insured hit immobile object (11.50%). The percentages are very close among all three top causes. The volume of claims against parked/stationary and immobile objects keeps the respective total incurred above collision with cyclist/pedestrian, which is the next highest cause and which, on an individual basis, will be more costly.

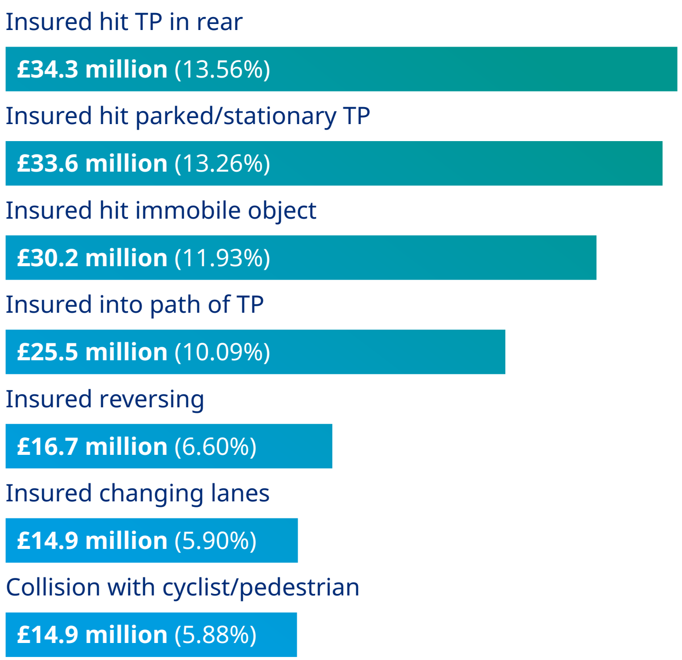
Top seven causes by total incurred

Figure 25a. 2022 (by policy year)



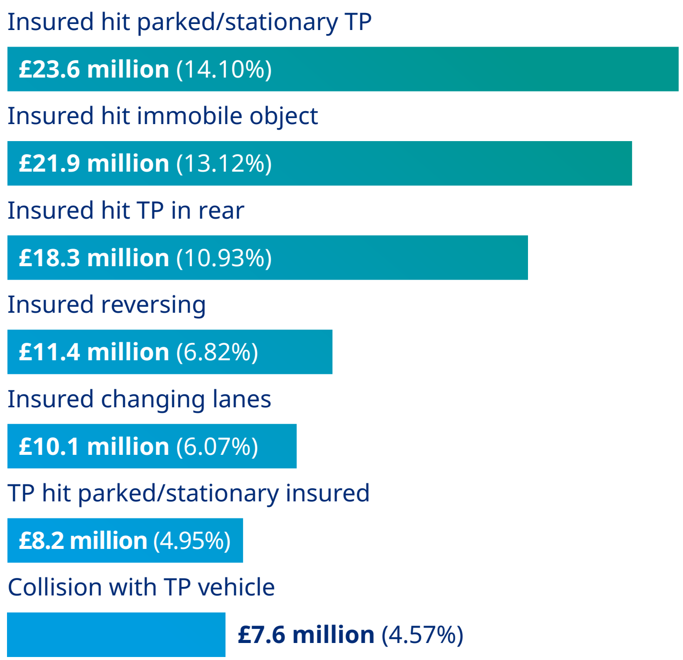
Collision with cyclist/pedestrian was the biggest cause by total incurred in 2022, with 16.16% of the total amount. This was not in the top seven causes by volume in 2022, which highlights the increased cost of these claims on an individual basis. This was followed by insured hit TP in rear (12.85%) and insured hit parked/stationary TP (12.17%).

Figure 25b. 2023 (by policy year)



For 2023, insured hit TP in rear is the biggest cause by total incurred (13.56%), followed by insured hit parked/stationary TP (13.26%) and insured hit immobile object (11.93%).

Figure 25c. 2024 (by policy year)



So far, in 2024, the largest cause by total incurred is insured hit parked/stationary TP (14.10%), insured hit immobile object (13.12%), and insured hit TP in rear (10.93%).

Brief overview of key legal developments in 2024 for motor claims

Claims inflation

Motor claims continue to be impacted by the increasing claims inflation, partly due to the rising cost of personal injury claims as covered under the Casualty section with regards to increased *JC Guidelines*, NHS charges and the cost of care, offset slightly by the change to the PIDR, impacting those claims that are more catastrophic. However, in addition, motor claims are also affected by the rising cost of vehicle repairs due to labour and parts challenges, meaning that not only are vehicles proving more expensive to repair but take longer to repair as well, which only serves to increase vehicle off-road times and extend periods-of-hire charges.

Motor Insurance Taskforce

To address the rising cost of insurance premiums (which is largely driven by the rising cost of claims), the government announced a Motor Insurance Taskforce. The taskforce's focus is primarily on those insureds that are hardest hit, such as the elderly and young drivers, but it has been tasked with identifying "the factors behind rapidly rising premiums and will agree solutions to keep costs under control". Claims inflation is a key factor behind the rising cost of insurance and will need to be considered alongside the additional ongoing challenges of parts supply, repair of battery electric vehicles, and, until recently, a negative PIDR in England and Wales.

Mixed injury claims — Rabot v Briggs

On 20 February 2024, the Supreme Court heard the appeal in the case of Hassam and another (Appellants) v Rabot and another (Respondents), following an earlier decision by the Court of Appeal in January 2023. The Supreme Court delivered its judgment on 26 March 2024, clarifying the approach to be taken in valuing damages for pain, suffering, and loss of amenity in low-value motor claims involving whiplash injuries covered by the Civil Liability Act 2018 and the associated whiplash tariff as well as additional injuries that fall outside the scope of the Act.

The Supreme Court's unanimous decision, which supports the Court of Appeal's ruling, provides clear guidance on how to assess these damages moving forward. A caveat included by Nicola Davies LJ in the Court of Appeal, which is favourable to claimants, remains in place.

With nearly 50% of Official Injury Claim (OIC) Portal cases involving some form of non-tariff damages, the implications of this decision are significant for insurers.

Whiplash tariff

On 6 February 2024, the Ministry of Justice initiated a call for evidence regarding the statutory review of the whiplash tariff. The review aimed to evaluate the tariff and its components as well as any economic and sectoral changes since its introduction. The review was due to be completed by 31 May 2024, but, following a delay due to the general election, the government published its response to the review later in the year.

The Lord Chancellor has proposed an increase of approximately 14%–15% across the whiplash tariff. This calculation involved:

- Removing the "buffer" added to the tariff in 2021.
- Applying an uplift based on the Consumer Price Index (CPI) since 2021.
- Adding a three-year buffer based on CPI forecasts extending to 2027.

The proposed tariff increases for whiplash claims are as follows:

Duration	Whiplash only 2021	Whiplash only 2025	Whiplash + minor psych 2021	Whiplash + minor psych 2025
0–3 months	£240	£275	£260	£300
3–6 months	£495	£565	£520	£595
6–9 months	£840	£965	£895	£1,025
9–12 months	£1,320	£1,510	£1,390	£1,595
12–15 months	£2,040	£2,335	£2,125	£2,435
15–18 months	£3,005	£3,445	£3,100	£3,550
18–24 months	£4,215	£4,830	£4,345	£4,975

The Lord Chancellor confirmed that the tariff structure will remain unchanged and the uplift for exceptional circumstances will continue to be capped at 20%. Insurers had suggested that the small claims track should be adjusted in line with the tariff increases, a notion the Lord Chancellor acknowledged, although she advised caution in pursuing without comprehensive data. Ministry of Justice officials will monitor settlement data, and if significant impacts on claims are observed, further action may be considered.

Additionally, the Lord Chancellor addressed the issue of minor psychological injuries, noting existing disagreements regarding their definition, which has led to an increase in secondary medical reports. She emphasised that a second report should only be necessary for more significant psychiatric injuries or post-traumatic stress disorder, as outlined in the *Judicial College Guidelines*. Minor psychological injuries associated with whiplash should be distinguished from more serious conditions, and guidance will be developed to clarify this.

Minor injuries are defined as those with a short duration, where complete recovery occurs within three months. Cases involving significant pain or multiple injuries, even with full recovery within three months, may not fall under this category. Claims related to travel anxiety or minor scarring lasting beyond three months may be included, with awards depending on the severity and duration of symptoms. Claims solely for shock or travel anxiety without physical or recognised psychiatric injury will not qualify for compensation. This guidance aims to limit the justification for psychological expert reports in cases of minor psychological injuries.

Repair costs and credit hire

Modern vehicles are equipped with advanced technology, including sensors that can take months to repair if damaged. Often, entire components must be replaced instead of simply repairing the affected area. This complexity has increased the level of expertise required in garages; however, Brexit has negatively impacted the availability of skilled workers. Additionally, supply chain issues, exacerbated by the war in Ukraine and the backlog caused by the Suez Canal blockage in 2021, have led to delays and difficulties in sourcing parts, resulting in higher costs and extended vehicle-hire periods.

In the context of non-fault claims, it is important to note that credit hire companies (CHCs) often base their referral fees on the duration of repairs, which may reduce their incentive to expedite the repair process, further prolonging hire periods. CHCs are adopting a more aggressive approach, seeking to control the entire claims process — from injury and rehabilitation to credit hire, recovery, and storage — while also pushing more claims into litigation.

To mitigate these challenges, it is crucial to take control of the claims process and expedite repairs by directly providing replacement vehicles to claimants. This approach can be enhanced by offering recovery and storage options, thereby eliminating the need for CHCs. Prompt reporting of third-party claims is increasingly vital for managing claims costs.

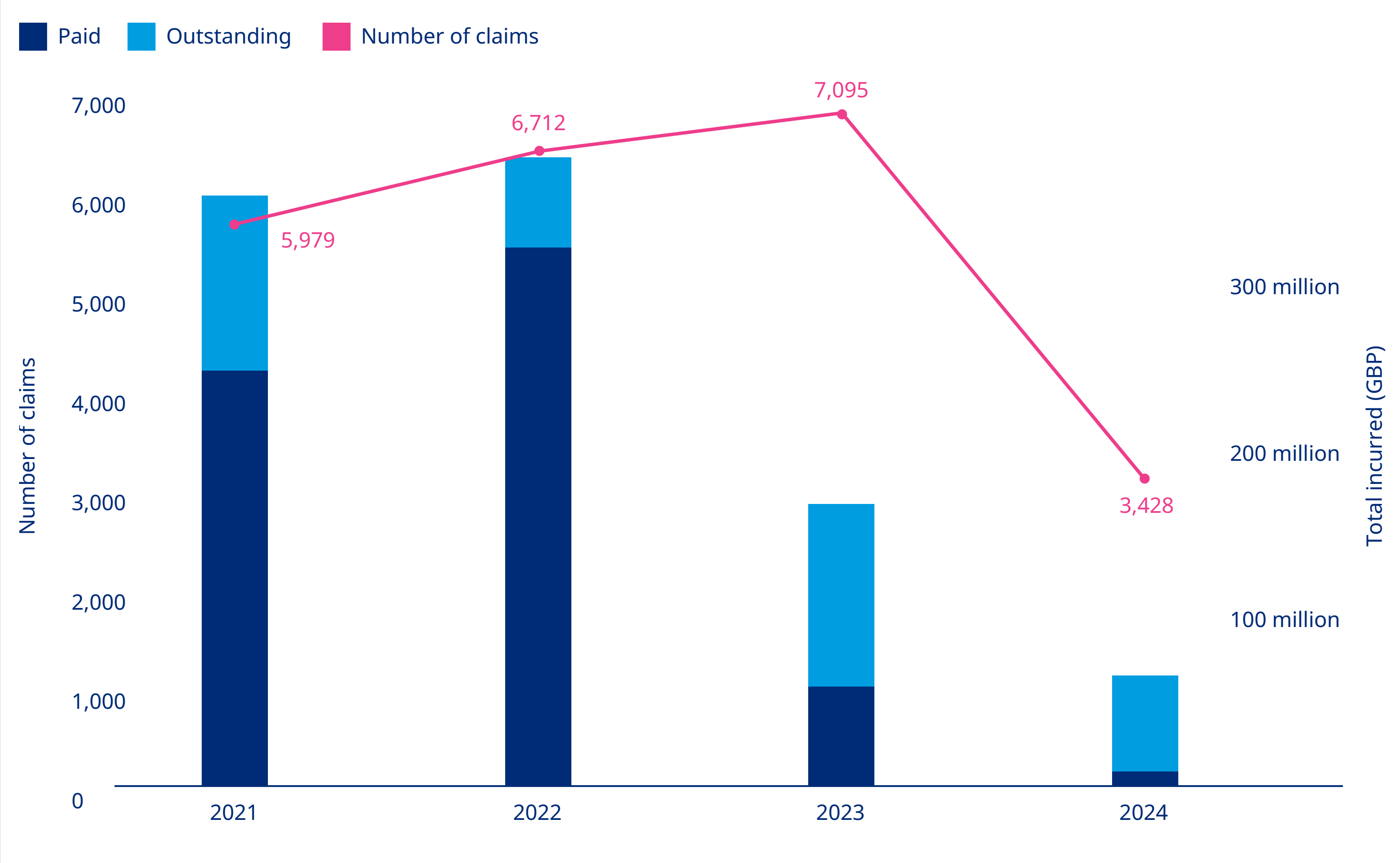
Overview of property claims

Claims volumes

Figure 26 provides a summary of claims notifications by policy year (by date of accident).

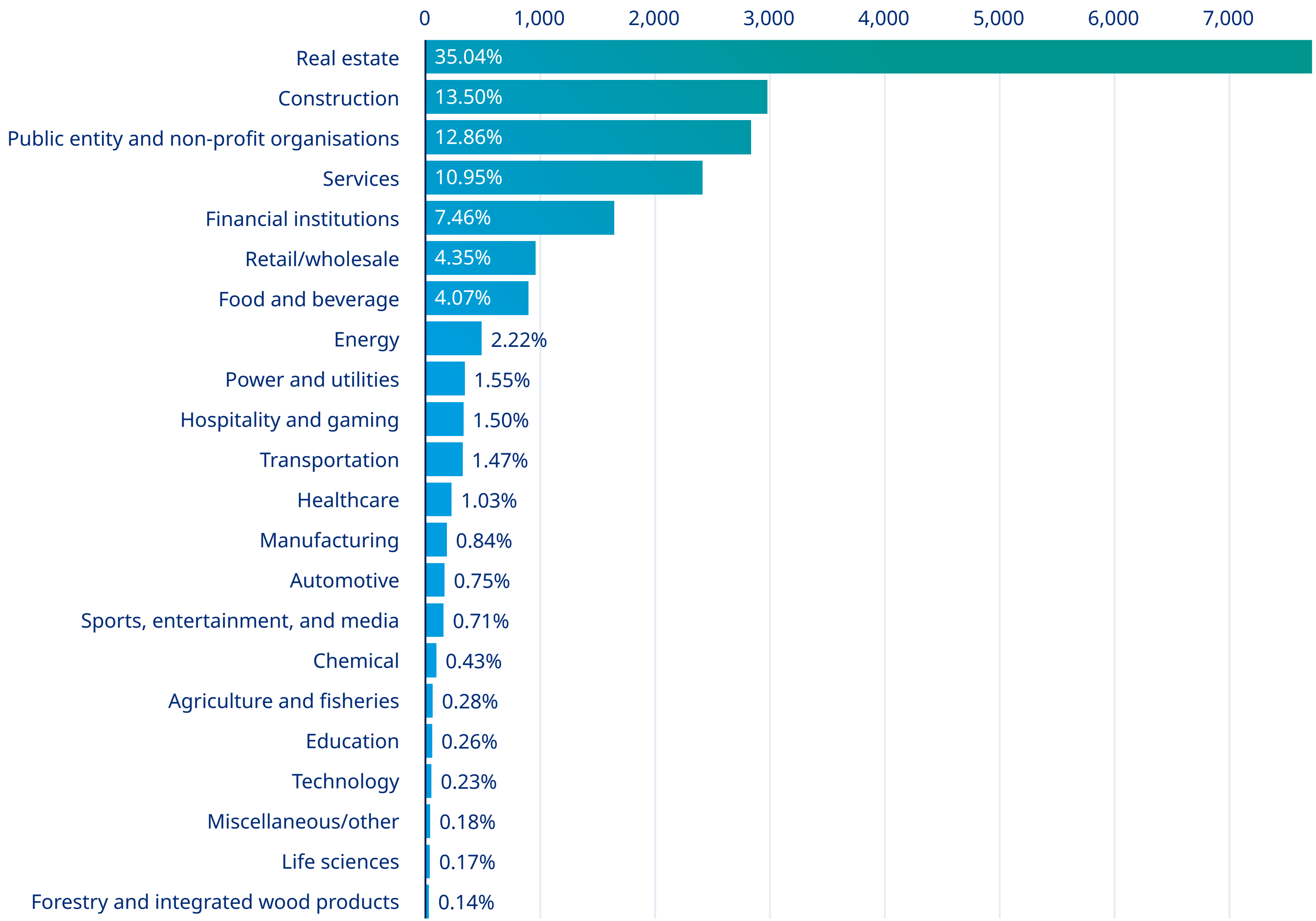
We have seen a year-on-year increase in the number of property damage and business interruption (PDBI) claims since 2021. There was a significant large loss in both 2021 and 2022. Overall, the average cost of claim is £41,744. Unlike EL, PL, and motor claims, delays in claims notification are less likely, so little movement is expected on these years. There may be additional claims reported for 2024, but numbers have otherwise reduced considerably. In 2024, a total of 3,428 property claims were recorded against 7,095 in 2023.

Figure 26. Summary of property claims notifications[15]



Industry review

Figure 27a. Cost of claims by industry — Number of claims

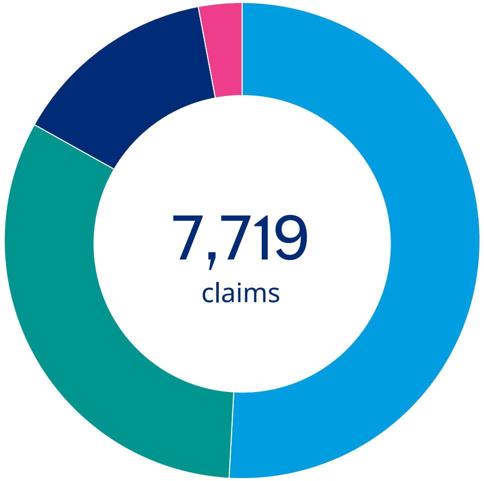


Since 2021, the top three sectors by claims volume are real estate (35.04%), construction (13.50%), and public entity and non-profit organisations (12.86%).

We have broken down these three industry practices into sub-sectors to identify where most claims are occurring.

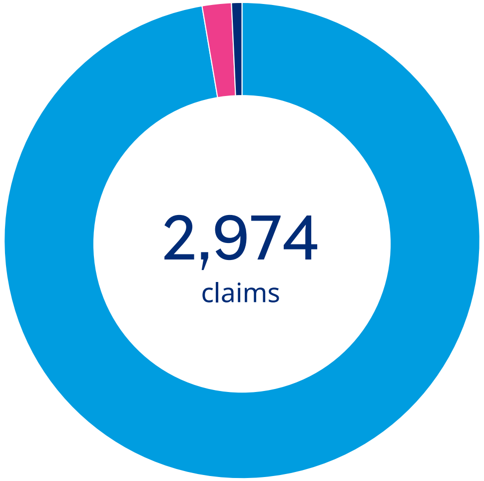
Sub-sectors with the highest number of claims

Figure 27b. Real estate



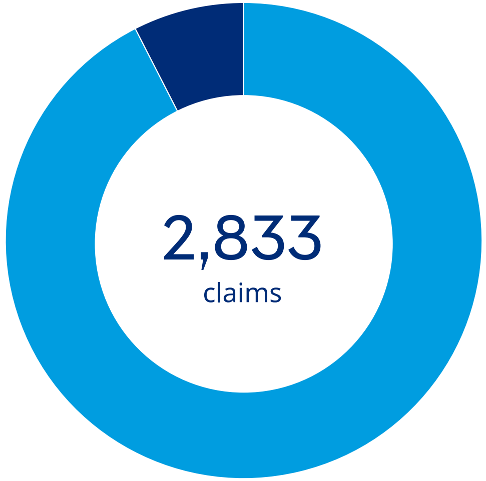
- **Real estate owners/management companies — residential** (50.87%)
- **Real estate owners/management companies — commercial** (32.22%)
- **Real estate developers** (13.95%)
- **Real estate investment trusts (reits)** (2.95%)

Figure 27c. Construction



- **Contractors** (97.31%)
- **Design firms** (1.98%)
- **Materials** (0.71%)

Figure 27d. Public entity and non-profit organisations



- **Local/municipal, state/regional, federal government** (92.48%)
- **Non-profit organisations** (7.52%)

Comparison of industry practices

Figure 28a. 2022 (by policy year)

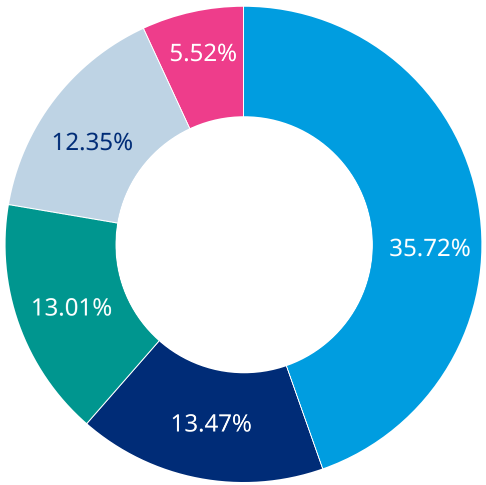


Figure 28b. 2023 (by policy year)

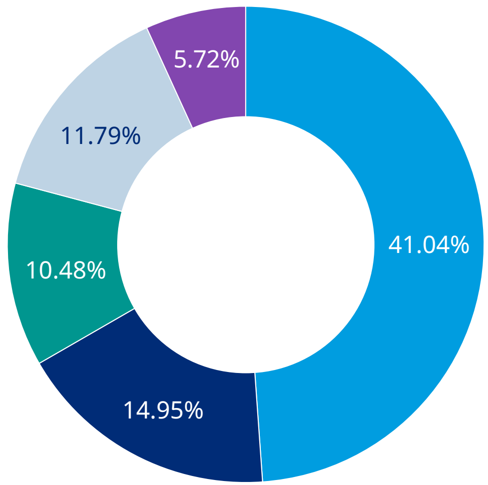
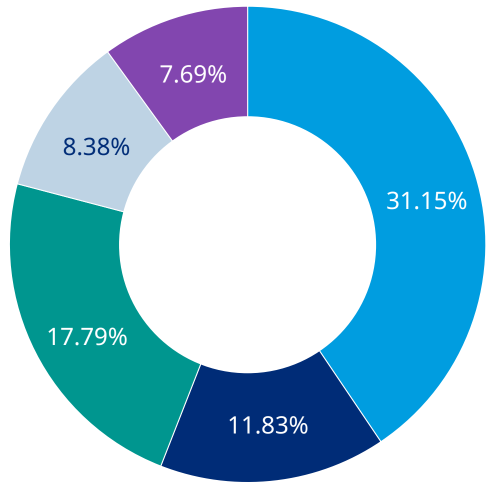


Figure 28c. 2024 (by policy year)



Real estate | Construction | Public entity and non-profit organisations | Services | Retail/wholesale | Financial institutions

Across all industry sectors, the largest three sectors by claims volume are real estate estate (35.72%), construction (13.47%), and public entity and non-profit organisations (13.01%) across a total of 6,378 claims. For the purposes of our analysis, we have focused on the top five industry sectors, of which there are 5,107 claims.

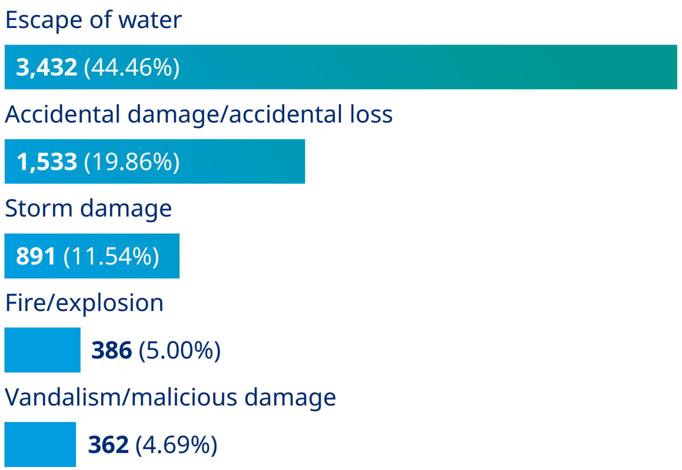
For 2023, most claims occurred in the real estate sector (41.04%), construction (14.95%), and services (11.79%).

In 2024, the top three industry sectors by volume across all claims are real estate (31.15%), public entity and non-profit organisations (17.79%), and construction (11.83%).

In Figures 29a through 29c below, we examine the causes of loss for the three main sectors driving claims volume — real estate, construction, and public entity and non-profit organisations — over the past three years (2022–2024), excluding unknown causes.

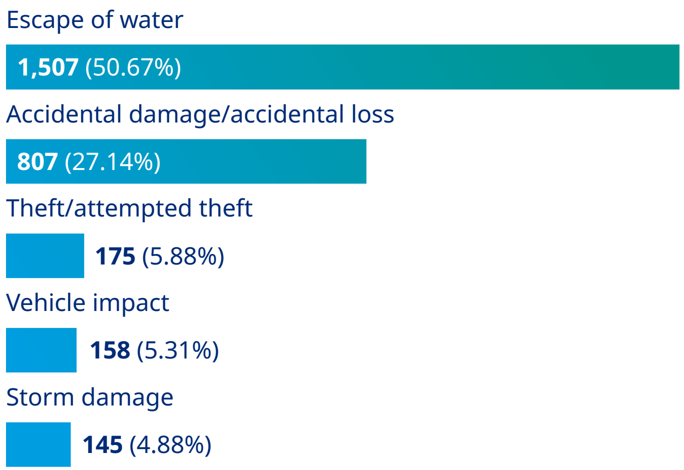
Causes of loss

Figure 29a. Real estate[16]



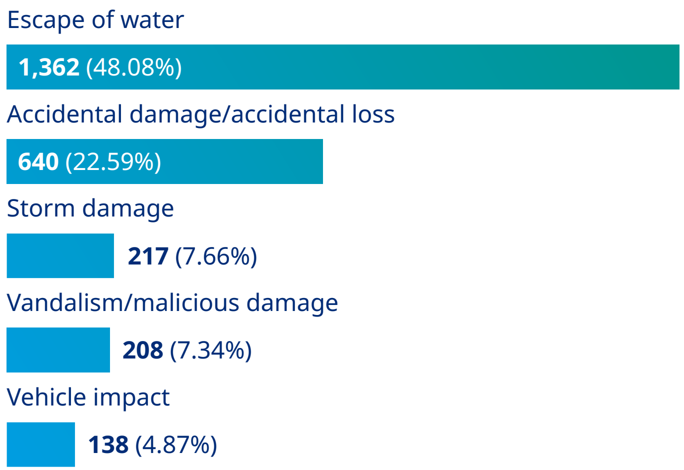
The largest cause in the real estate sector is escape of water at 44.46% of all claims, followed by accidental damage/accidental loss (19.86%) and storm damage (11.54%).

Figure 29b. Construction



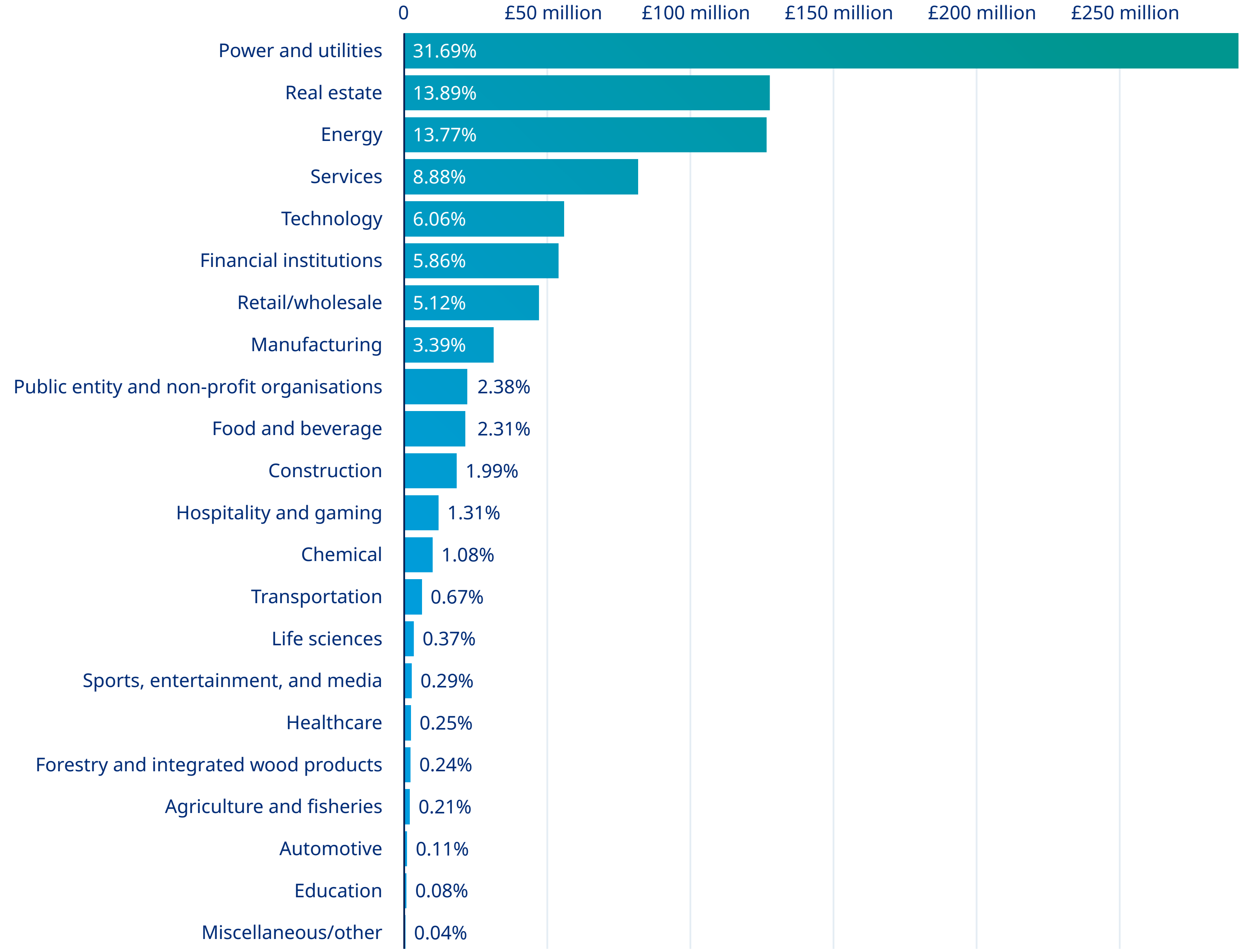
In the construction sector, escape of water is the largest cause of loss since 2021 at 50.67% of all claims, followed by accidental damage/accidental loss (27.14%) and theft/attempted theft (5.88%).

Figure 29c. Public entity and non-profit organisations



In the public entity and non-profit organisations sector, escape of water is again the largest cause at 48.08% of all claims reported since 2021. This is followed by accidental damage/accidental loss (22.59%) and storm damage (7.66%). Vandalism/malicious damage also appears among the top five causes.

Figure 30a. Cost of claims by industry — Total incurred[17]



Since 2021, 31.69% of total incurred UK PDBI claims have arisen from the power and utilities sector, followed by the real estate sector (13.89%) and the energy sector (13.77%). Neither the power and utilities sector nor the energy sector appear in the top three by volume, so claims in these sectors, while less frequent, are more expensive.

Cost of claims

Figure 30b. Power and utilities

Utilities (99.92%)
Power (0.06%)
Environmental/waste management (0.02%)

Figure 30c. Energy

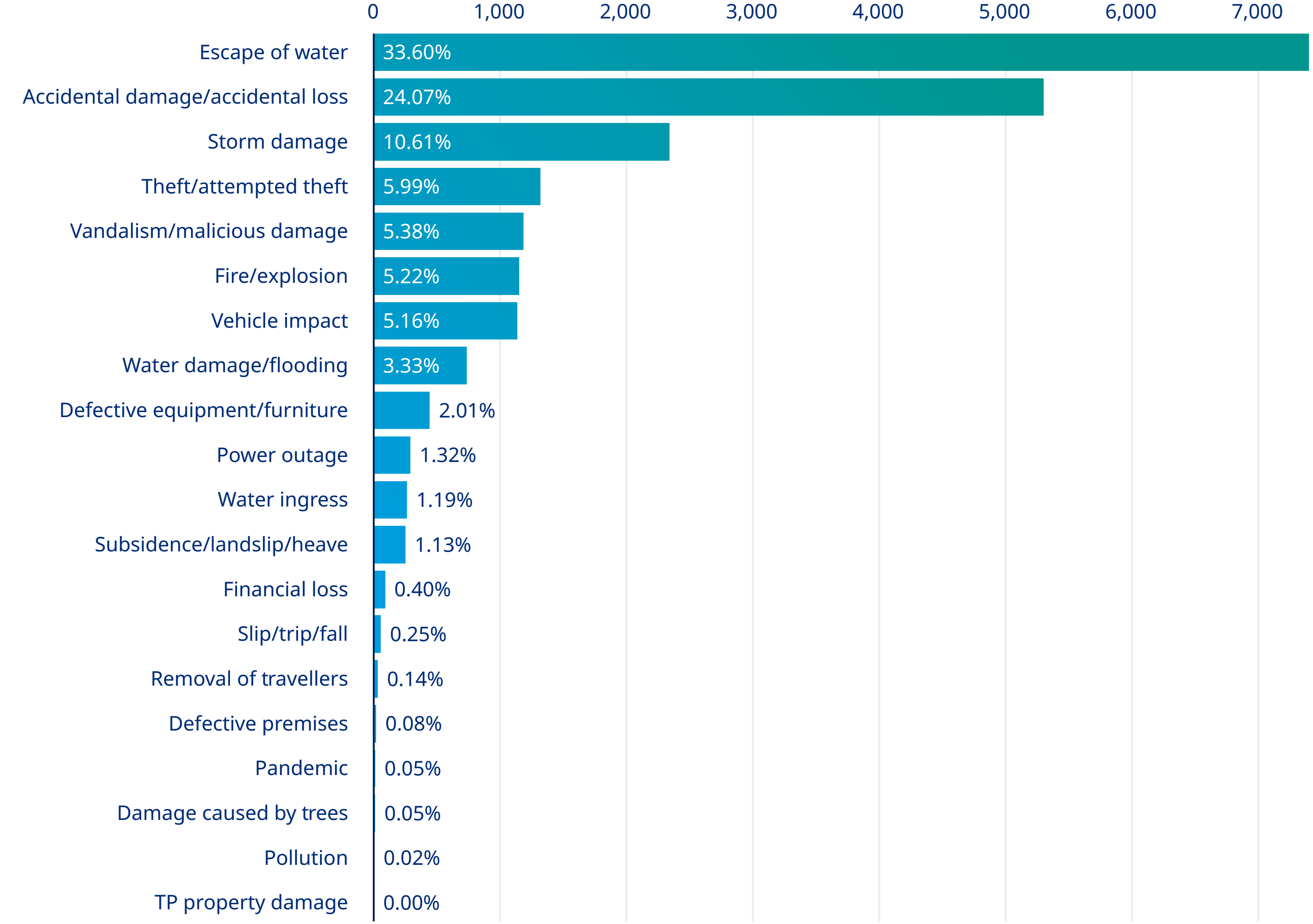
Oil and gas extraction/refining (69.76%)
Primary metal industries (28.85%)
Mining (1.39%)

Figure 30d. Services

Real estate owners/management Companies — residential (52.4%)
Real estate owners/management companies — commercial (40.26%)
Real estate developers (5.96%)
Real estate investment trusts (REITs) (1.39%)

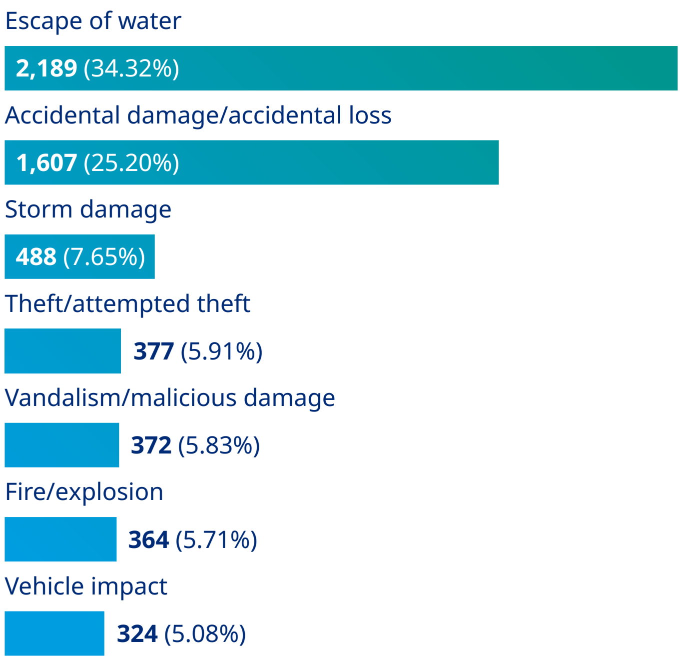
Although we have already looked at the top causes driving claims volume in the top three industry sectors, if we look across all claims reported since 2021, the top cause is escape of water at 33.60%, followed by accidental damage/accidental loss (24.07%) and storm damage (10.61%).

Figure 31. Cause of loss by volume of claims



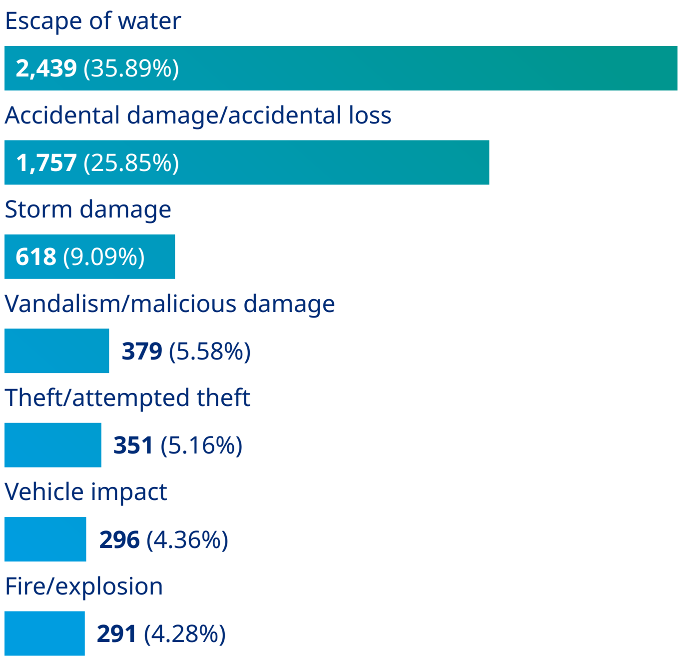
Top seven causes by number of claims

Figure 32a. 2022 (by policy year)



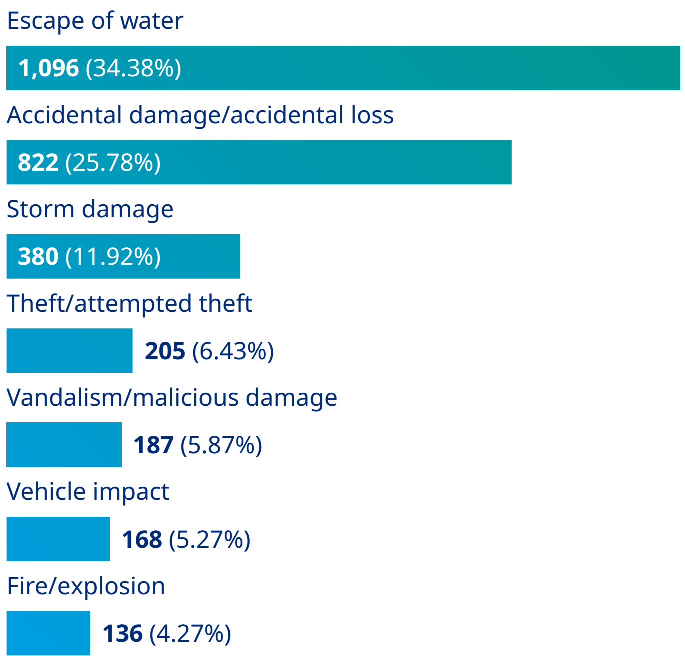
In 2022, the top cause of loss was escape of water (34.32%), followed by accidental damage/accidental loss (25.20%) and storm damage (7.65%).

Figure 32b. 2023 (by policy year)



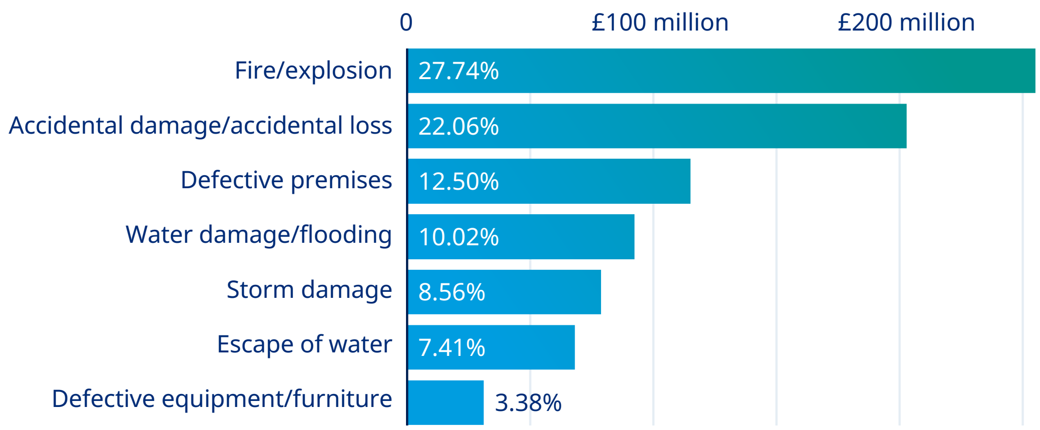
Escape of water (35.89%) remains the top cause of loss in 2023 and at an increase from 2022. As in 2022, this is followed by accidental damage/accidental loss (25.85%) and storm damage (9.09%). Storm damage has increased slightly.

Figure 32c. 2024 (by policy year)



So far recorded for 2024, escape of water continues to be the largest cause of all claims at 34.38%. As in previous years, accidental damage/accidental loss is next at 25.78%, followed by storm damage at 11.92%. Storm damage continues to increase slightly year on year.

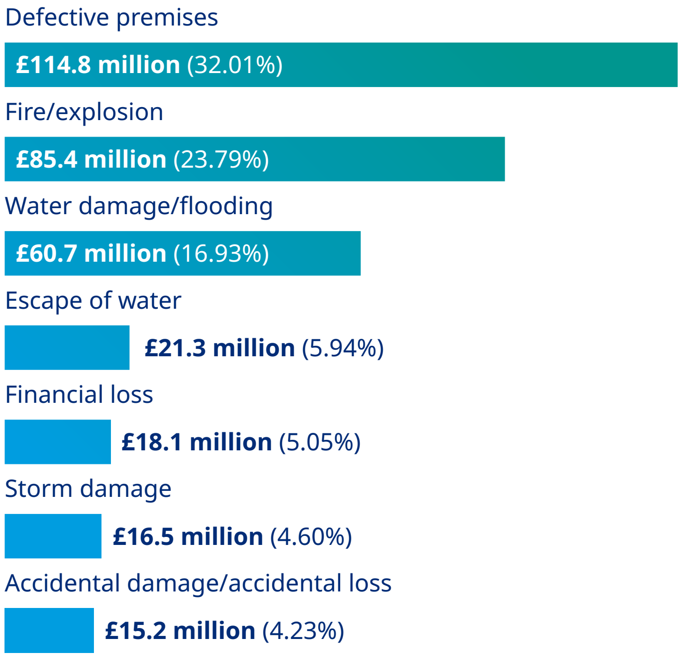
Figure 33a. Summary of top causes of loss by total incurred[18]



Looking at the top causes by total incurred rather than claims volume since 2021, the top cause by total incurred is fire/explosion at 27.74%, closely followed by accidental damage/accidental loss (22.06%) and defective premises (12.50%).

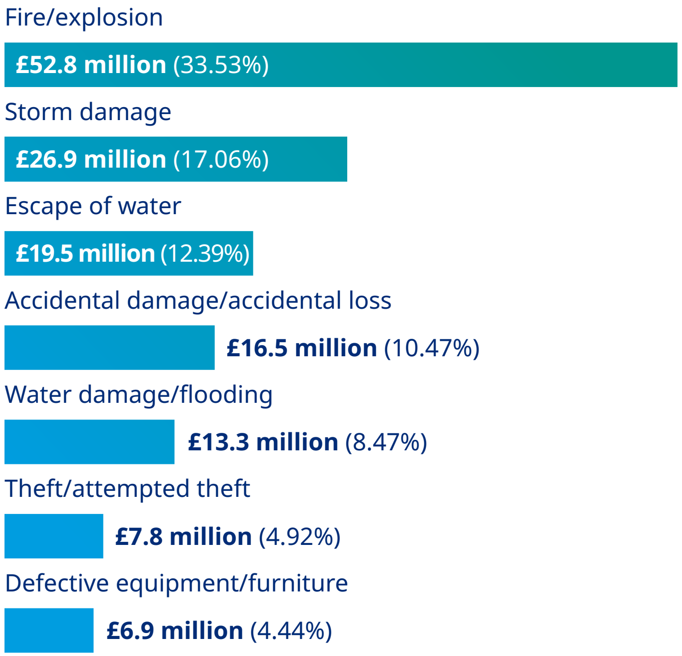
Top seven causes by total incurred

Figure 33b. 2022 (by policy year)



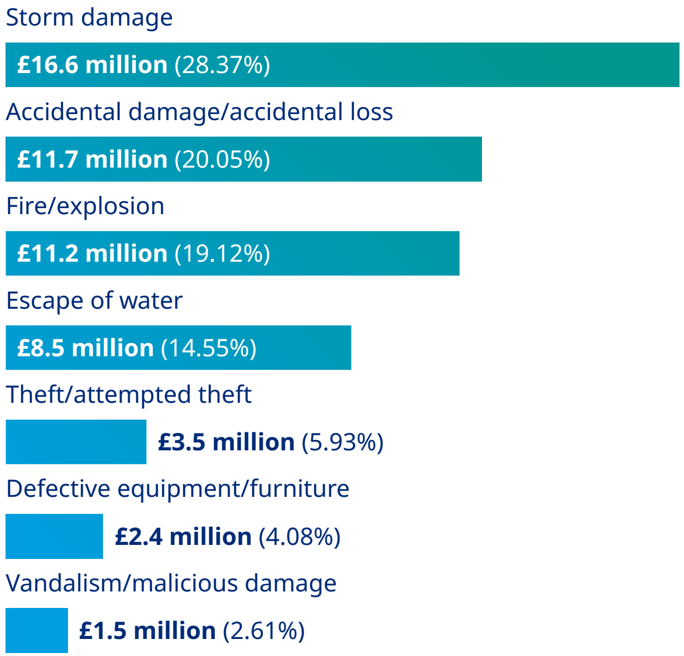
In 2022, defective premises becomes the largest cause (32.01%), followed by fire/explosion (23.79%) and water damage/flooding (16.93%).

Figure 33c. 2023 (by policy year)



Fire/explosion (33.53%) becomes the top cause in 2023, with storm damage next (17.06%), followed by escape of water (12.39%).

Figure 33d. 2024 (by policy year)



In 2024, storm damage (28.37%) has become the top cause by cost, with significant increases in percentage of total incurred year on year. Accidental damage/loss is next, emerging into the top three (20.05%), followed by fire/explosion (19.12%).

Brief overview of key developments in 2024 for property

Labour costs are expected to grow by 15% over the next five years, while tender prices are projected to rise by 20%.

Claims inflation

In 2024, claims inflation in the property sector continued to rise, driven by various economic factors. According to *The Guardian*, labour and material costs have increased by 60% in the UK and 35% in the EU. Labour costs are expected to grow by 15% over the next five years, while tender prices are projected to rise by 20%. The construction industry faces challenges from an ageing workforce nearing retirement, with a lack of skilled replacements and limited training programmes. Electrical and mechanical engineers have seen wage increases of 15% in the past year, but more young people are opting for university over apprenticeships, necessitating faster wage growth to attract younger generations. This upward trend in property inflation is expected to continue, influenced by new regulations and ongoing labour market instability.

Brexit has also contributed to rising inflation, with increased raw material costs and labour shortages stemming from a reduced international workforce. Trade between the UK and EU has been affected by red tape, leading smaller UK producers to abandon exporting small quantities to the EU due to the complexities of new rules and regulations. Between 2021 and 2023, UK goods exports to the EU fell by 27%, while imports decreased by 32%. The points-based immigration system has further restricted the flow of labour.

The **COVID-19** pandemic exacerbated the situation by increasing transportation costs and disrupting supply chains, which has driven up material prices. Additionally, the ongoing war in Ukraine has influenced global commodity prices, particularly for energy and raw materials. The conflict has led to a loss of trust in global supply chains, and potential political changes could impact the situation. The political instability in the Middle East may also affect fuel prices.

Supply chain shortages resulting from the war in Ukraine and conflicts in the Red Sea continue to be felt post-pandemic, leading to increased costs for building materials and delays in construction projects, which in turn raise the value of claims. The cost-of-living crisis has prompted higher wage demands, particularly in sectors reliant on skilled labour, and has increased the likelihood of fraudulent claims, arson, and theft.

Given the ongoing cost-of-living crisis, it's possible that consumers will increasingly opt for cheaper solar installation options at the expense of safety and quality, potentially leading to claims related to maintenance issues and defective installations.

Climate change

Climate change is increasingly recognised as a significant issue, with extreme weather events becoming more frequent and businesses facing greater vulnerability to climate-related disasters. Pollution is adversely affecting children's health, climate change litigation is on the rise, and consumers are demanding cleaner energy and products.

Environmental events are driving up property claims costs, with several notable storm events in the UK since 2020 contributing to significant financial losses:

- **2020:** Storms Ciara, Dennis, and Jorge resulted in £650 million in damages.
- **2022:** Storms Dudley, Eunice, and Franklin caused £586 million in damages.
- **2023:** Storms Babet, Ciaran, and Debi led to £560 million in damages.

The increased costs of rebuilding and repairs have contributed to the size of these claims, and the frequency of extreme weather events is rising. In the second half of 2024 alone, the UK experienced 10 severe storms. According to the Association of British Insurers (ABI), flood and storm damage currently results in approximately £700 million in damages annually, a figure that researchers estimate could increase by 20% due to ongoing climate change.

The transition to net zero is gaining momentum, with a rise in the use of green building materials and mass timber to reduce carbon footprints. Although this shift is positive, the use of timber presents increased risks, including a higher potential for ignition, challenges in extinguishing fires, and water-related risks such as leaks, flooding, and condensation. The restoration of buildings using mass timber may also face complications due to increased susceptibility to fire and water damage compared to traditional construction methods.

The potential extent of damage, assessment methods, supply chain issues for replacement products, and the repair process can all impact the duration and cost of reinstatement following a loss.

Building safety

New regulatory requirements have led to increased rebuild costs, alongside several "build back better" schemes aimed at enhancing resilience to climate change, particularly regarding flooding. Although these initiatives promise long-term benefits, they also result in higher upfront costs for insurers.

The goal is for all buildings 18 metres or taller with unsafe cladding to be remediated by the end of 2029.

The landscape of building safety evolved significantly in 2024 and is expected to continue changing in 2025. Building safety remains a critical concern, especially in relation to professional indemnity and property insurance. In September 2024, the Grenfell Tower Inquiry released its Phase 2 Report, which included extensive criticisms and recommendations. Shortly before this report was published, a large fire occurred in a Dagenham block of flats that had known fire-safety issues, highlighting ongoing risks in building safety.

Despite the perception that all cladding and fire-safety notifications have been made to insurers, notifications are still being submitted. New instructions related to previously notified matters are being received, and claims that had been dormant are now being revived. Policy coverage considerations remain active, with both primary and excess-layer insurers involved due to the significant size of many claims. Claimants are also using provisions from the Building Safety Act 2022, such as seeking building liability orders (BLOs) from parent companies in cases of insufficient insurance coverage, and relying on extended limitation orders as court guidance on the Defective Premises Act 1972 evolves.

To adapt to these changes, professional services companies are increasingly seeking audits and recommendations to enhance resilience and explore new opportunities within the changing landscape. A holistic approach focusing on consistency, culture, change management, and capability — referred to as the "four Cs" — is deemed essential for businesses to navigate these transformations.

The government has initiated its Remediation Action Plan (RAP) to expedite the identification and remediation of unsafe cladding on residential buildings over 11 metres tall. The RAP aims to identify all buildings with unsafe cladding, ensure timely remediation, and support residents throughout the process. The goal is for all buildings 18 metres or taller with unsafe cladding to be remediated by the end of 2029 and for every building 11 metres or taller to either be remediated, have a completion date, or face severe penalties for non-compliance.

As the building safety landscape continues to develop, it remains to be seen whether ongoing litigation will reach the courts in 2025 and what impact any resulting decisions may have.

Lithium-ion batteries — Product Regulation and Metrology Bill

The use of lithium-ion batteries has significantly increased in recent years, becoming a primary storage solution in household electronics, mobile phones, and electric vehicles (EVs). This rise in popularity is attributed to their higher energy density, longer life cycle, and versatility. Global demand for lithium-ion battery cells is projected to reach 4,700 gigawatt-hours by 2030, a more than sevenfold increase from 700 gigawatt-hours in 2022. However, the widespread use of these batteries poses risks, particularly concerning property claims due to potential fire hazards associated with their storage and the nature of any resulting fires.

Lithium-ion batteries can present fire risks due to inherent defects, physical damage, electrical abuse (such as overcharging), or thermal abuse (exposure to high temperatures). These factors can lead to thermal runaway, a chain reaction resulting in uncontrollable temperature increases, which can cause devastating fires. Traditional firefighting methods, such as water or foam, may not effectively extinguish these fires as they are chemical in nature and can reignite even after being put out. The fires can burn underwater, although large amounts of water may cool the battery cells enough to stop thermal runaway. The industry is actively seeking solutions to mitigate these risks.

In addition to the fire hazards, lithium-ion batteries release toxic chemicals during fires, leading to widespread fire and smoke damage and increased decontamination costs. In response to these concerns, the UK Government introduced the Product Regulation and Metrology Bill in the House of Lords. This bill aims to modernise UK safety regulations, addressing not only lithium-ion batteries but also the overall product-safety framework. It seeks to ensure that regulations are suitable for contemporary challenges, including the fire risks associated with e-bikes and lithium-ion batteries, while promoting economic growth and maintaining high product standards.

The bill would grant powers to respond to new product risks and technological advancements, such as AI, and allow for digital supply chain traceability through methods like QR codes linking to product information. However, it remains uncertain whether the bill will adequately address specific concerns related to lithium-ion batteries, including their storage, disposal, and online sales — areas where issues persist.

Although the Lithium-ion Battery Safety Bill has not yet progressed, the government's Product Regulation and Metrology Bill is moving through Parliament, covering a broad range of product risks, including those associated with lithium-ion batteries. There are concerns that this bill may not sufficiently address the increasing number of fires related to these batteries. The bill is expected to receive royal assent around late April or May 2025.

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Endnotes

1 UK employers’ liability claims volumes by policy year for incidents occurring between 2021 and 2024.
2 UK EL claims for 2021–2024 by industry (number of claims).
3 Focused on the top five (percentage of claims against those five causes only).
4 UK EL claims for 2021–2024 by industry (total incurred).
5 UK EL claims for 2021–2024 by cause of loss — total incurred (top seven, excluding other and unknown). Percentage is of total across top seven causes, not all claims.
6 UK PL claims, 2021–2024.
7 UK PL claims by industry, 2021–2024 — number of claims.
8 Focused on the top five (% is percentage of claims against those five causes only).
9 UK PL claims, 2021–2024, by industry (total incurred).
10 UK PL claims, 2021–2024, by cause of loss — total incurred (top seven, excluding unknown). Percentage is of total across top seven causes, not all claims.
11 UK motor claims, 2021–2024.
12 Focused on the top five (% is percentage of claims against those five causes only).
13 UK motor claims, 2021–2024, by industry (total incurred).
14 UK motor claims, 2021–2024, by cause of loss — total incurred (top seven, excluding other and unknown). Percentage is of total across top seven causes, not all claims.
15 UK property claims, 2021–2024.
16 Focused on the top five (% is percentage of claims against those five causes only).
17 UK PDBI claims, 2021–2024, by industry (total incurred).
18 UK PDBI claims, 2021–2024, by cause of loss — total incurred (top seven, excluding other and unknown). Percentage is of total across top seven causes, not all claims.

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