

New LCV insurance Group Rating process introduced in January 2016

You may be aware that in addition to the Group Rating process for private cars, Thattham Research also deliver, on behalf of the ABI, an Insurance Group Rating process for Light Commercial Vehicles (LCVs) up to 3500Kg gross vehicle weight.

The previous LCV process was introduced over 20 years ago and had not been updated for at least 10 years. Following a detailed working group review, a series of recommendations were approved by the ABI Motor Committee and implemented from the 1st January 2016.

Changes can be summarised as follows:

- An increase to 30 groups. In order to increase the sensitivity of the rating scale, and to more clearly define differentials in size and performance of vehicles it was agreed to increase the number of groups from 20 to 30
- Introduction of an Autonomous Emergency Braking (AEB) assessment
- Introduction of a geometric bumper assessment
- Amended weighting on parts prices/repair costs; introduction of a 'cost-based' measure of 'damageability and reparability'
- Introduction of vehicle performance as a rating factor
- Increased loading for vehicle mass (GVW), to better reflect the correlation between risk and vehicle mass in 3rd party claims
- Introduction of vehicle dimensions
- Simplification of the security assessment

The new 30 group system runs groups from 21 to 50, to avoid confusion with the previous 1-20 formula. These 'new' groups are included within the current Code44 Group Rating files to assist in avoiding additional development costs for the industry. Therefore as of January 2016 the range of groups within the LCV file has run from 1 to 50, with 1 to 20 being the pre-review groups (low to high) and 21 to 50 being the post review groups (low to high), 21 being the lowest possible group under the new process.

These changes have led to some large-scale re-distribution, but for the vast majority of vehicles, bearing in mind the changes moved from 20 to 30 groups, there has not been a significant change.

With any changes to the formula it is inevitable that some vehicles will benefit from a lower grouping, and the converse will apply to others.

Vehicles that have benefited most from the changes include those that are fitted with AEB (Autonomous Emergency Braking) as standard - some of which have reduced by up to 3 groups, have low parts prices, are easy to repair following a low speed impact - resulting in a lower repair time/cost, and have good bumper beams (front).