

# Future-proofed Vehicle Risk Data

Thatcham Research & LexisNexis<sup>®</sup> Risk Solutions collaborate, paving the way for next generation motor insurance.



# Contents

## **3 Introduction**

The transforming landscape of vehicle risk assessment.

## **5 Key features and benefits**

This innovative collaboration introduces a suite of features and benefits tailored to the insurance data landscape.

## **7 How it works**

The operational dynamics of the Thatcham Research and LexisNexis Risk Solutions collaboration.

## **10 Case study**

Highlighting the importance of accurate risk assessments and the risks of data discrepancies.

## **11 The future**

Thatcham Research is preparing to roll out an advanced version of the Group Rating system.

## **13 FAQs**

# Introduction

## The transforming landscape of vehicle risk assessment.

**The evolution of vehicle technology has been a journey marked by significant milestones, from the early days of the combustion engine to the latest advancements in assisted driving and electrification. This evolution is set to continue, and it is expected that in the next five years, there will be more technological advancements at the vehicle level than there have been in the last century. These technological advancements have not only transformed the automotive industry but have also had profound implications for the motor insurance sector.**

**For these reasons the Thatcham Research board initiated and supported a long term future strategy to ensure a fair value exchange for Thatcham Research's data sets.**

As vehicles become increasingly complex and interconnected, the traditional methods of assessing and managing risk in motor insurance face new challenges and opportunities. Modern vehicle technology necessitates increasingly precise automotive risk intelligence that:

- embraces collaboration with vehicle manufacturers and technology providers
- invests in developing new risk modelling and data tools for risk assessment
- ensures that its methodologies and products accurately reflect the evolving risk landscape of modern vehicles.

Guided by our research framework, Thatcham Research is dedicated to understanding the opportunities and risks of new vehicle technology and supporting our Members and customers in identifying the best strategies for its safe, secure, and sustainable adoption. To keep pace with these changes, Thatcham Research is developing a new business model to reduce dependence on insurer Member levies. Key to this is a fair value exchange for Thatcham Research's Vehicle Risk Data (Thatcham VRD) across the insurance ecosystem and to meet the industry's growing demand for more dynamic automotive risk intelligence.

After an extensive market process Thatcham Research has formed a strategic collaboration with LexisNexis® Risk Solutions, a data analytics and technology leader, to evolve the distribution and utilisation of Thatcham VRD, a cornerstone in vehicle risk assessment and rating, which includes Group Rating, Variant Code, Code 44 and ABI Code datasets. This exclusive collaboration is a significant development in the accessibility, consistency, and predictive power of Thatcham VRD and how the U.K. insurance industry will access and leverage our automotive risk intelligence.

Thatcham Research's mission remains to help control the cost of motor insurance while embracing rapid advancements in vehicle technology. This collaboration is not just a shift in data distribution; it is a step towards a more insightful, precise, and equitable motor insurance landscape.

Thatcham Research is developing a new business model to reduce dependence on insurer Member levies, achieve a fair value exchange for Thatcham VRD across the insurance ecosystem and meet the industry's growing demand for more dynamic automotive risk intelligence.

# Key features and benefits

This innovative collaboration introduces a suite of features and benefits tailored to the insurance data landscape.

- **Real-time Thatcham VRD access:**  
This collaboration will enable insurers to tap into the very latest view of Thatcham VRD in real-time at point of quote through the LexisNexis® Risk Solutions Informed Quotes platform. This feature has the capability to significantly speed up the risk assessment process, allowing for prompt, accurate insurance quotations.
- **Enhanced ABI Code matching:**  
Utilising LexisNexis Risk Solutions expertise in data linking and normalisation, this collaboration ensures a single version of truth for precise matching of Thatcham VRD, which includes Group Rating, Variant Code, Code 44 and ABI Code datasets, to vehicle registrations. This removes the requirement for data suppliers to manage this process themselves, improving risk assessment consistency and accuracy, leading to more reliable and fair insurance policy pricing.
- **Comprehensive data integration:**  
Thatcham VRD integrates with diverse data sources, including public, third-party, and proprietary datasets. This holistic view of risk factors significantly improves the quality of risk assessment and decision-making processes in insurance.
- **Elevating customer experience:**  
By ensuring data accuracy and consistency, we enhance the accuracy of insurance quotes. This advancement builds customer trust and satisfaction, potentially reducing disputes and complaints related to data discrepancies.
- **Adapting to technological advancements:**  
Our initiative is designed to adapt to rapidly evolving vehicle technology and its implications for insurance risks. This adaptation ensures that insurers remain effective and relevant in risk assessment in a technologically advancing environment.
- **Development of predictive vehicle intelligence:**  
Thatcham Research and LexisNexis Risk Solutions are jointly exploring the creation of innovative vehicle data products. This collaboration aims to equip insurers with advanced insights into vehicle risks, fostering the development of more sophisticated and predictive risk models.

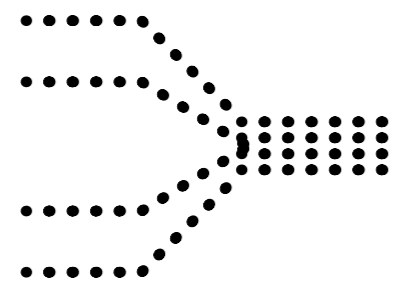
By ensuring data accuracy and consistency, we enhance the accuracy of insurance quotes. This advancement builds customer trust and satisfaction, potentially reducing disputes and complaints related to data discrepancies.

## How it works

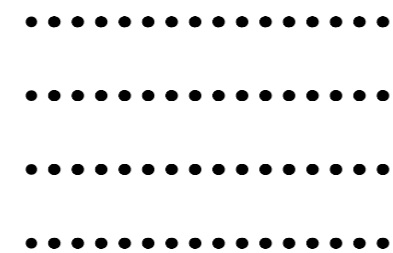
The operational dynamics of the Thatcham Research and LexisNexis Risk Solutions collaboration.



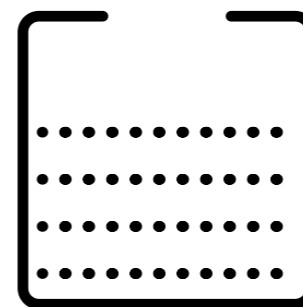
Data Collection



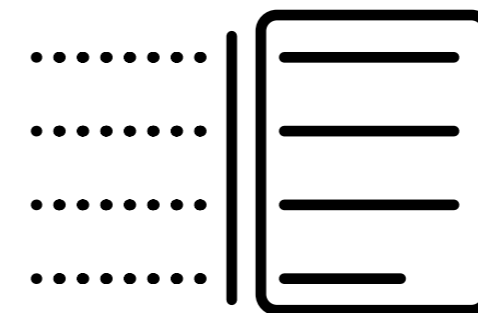
Data Integration



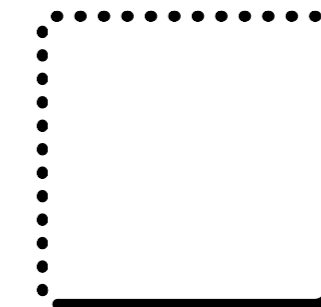
Data Normalisation and Code Matching



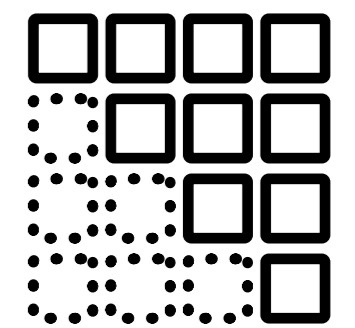
Comprehensive Risk Assessment



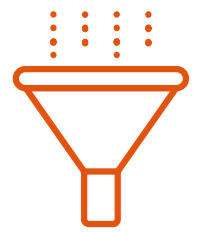
Quote Generation and Policy Issuance



Feedback and Iteration Loop

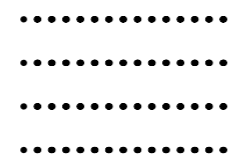


Ongoing Data Enhancement and Innovation



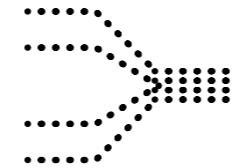
**Data collection:**

Thatcham Research leverages 55 years of automotive risk intelligence and innovative vehicle risk analysis techniques to extensively research and generate the Thatcham VRD containing critical technical vehicle parameters and metrics.



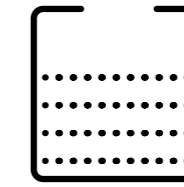
**Data normalisation and vehicle registration matching:**

This process is meticulously executed to ensure consistency across all data points. There will be a single version of truth for matching registration numbers with the Thatcham VRD, reducing discrepancies in vehicle identification and risk assessment.



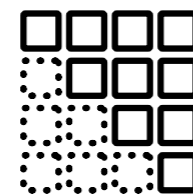
**Data integration:**

Highly specialised Thatcham VRD is then seamlessly integrated into the LexisNexis Risk Solutions Informed Quotes platform, a technologically cutting-edge system that facilitates real-time Thatcham VRD access to insurers and integrates it seamlessly with public, third-party, and proprietary data sources. This transforms the previous method of data access where delays and batch processing were common.



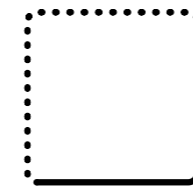
**Comprehensive risk assessment:**

Insurers can access this data via their internal systems, which can interface with the LexisNexis Risk Solutions Informed Quotes platform and combine it with their own analytics to accurately evaluate and determine insurance risks. This comprehensive risk assessment is not only more accurate but also more efficient, saving time and resources in the decision-making process.



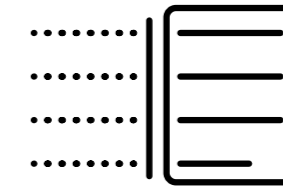
**Ongoing data enhancement and innovation:**

The collaboration between Thatcham Research and LexisNexis Risk Solutions signals our commitment to continuously enhancing the Thatcham VRD by exploring new predictive models and integrating automotive risk intelligence. This ensures that the data remains relevant and forward-looking.



**Feedback and iteration loop:**

A feedback mechanism is in place to allow for continuous improvement of the data matching and normalisation processes. This ensures that the system evolves in line with changing vehicle technology and insurance needs, providing insurers with the most accurate and relevant data for their risk assessments and a more streamlined, and efficient risk assessment process.



**Quote generation and policy issuance:**

More refined and accurate data facilitates insurers in enhancing the accuracy of their pricing via accurate risk intelligence, reflecting the true risk associated with each vehicle.





Thatcham Research leverages 55 years of automotive risk intelligence and innovative vehicle risk analysis techniques to extensively research and generate Thatcham VRD containing critical technical vehicle parameters and metrics.



# Case study

## Highlighting the importance of accurate risk assessments and the risks of data discrepancies.

### The challenge:

Before the Thatcham Research and LexisNexis Risk Solutions distribution agreement, a leading U.K. insurer generated inconsistent quotes resulting in different risk assessments for a particular vehicle model. This inconsistency was traced back to discrepancies in how the vehicle's registration number was matched with the ABI Code across various quoting platforms. This was repeated across numerous platforms with a series of clients and vehicles, leading to confusion and potentially lost revenue for both the insurer as well as the price comparison websites.

### The solution:

The insurer can now benefit from real-time and accurately matched Thatcham VRD through LexisNexis Risk Solutions. The implementation of this new system ensures that the available data consistently and precisely match the vehicle registration number, eliminating any discrepancies or errors. The Thatcham Research and LexisNexis Risk Solutions collaboration allows the insurer to leverage cutting-edge technology and data analytics to deliver a better customer experience and more efficient, data-enriched services. The new collaboration streamlines the insurance process, reducing the time and effort required to process claims and manage policies.

### Results and Benefits:

- **Improved accuracy:**  
The insurer observes a significant improvement in the accuracy of vehicle risk assessments, leading to consistent and reliable insurance quotes.
- **Enhanced competitiveness:**  
With more accurate data, the insurer could offer more competitive premiums, accurately reflecting the true risk of a vehicle at model level.
- **Elevated customer trust:**  
Quote consistency enhances customer confidence, as clients are assured of fair and accurate pricing.
- **Compliance with FCA fair value requirements:**  
Insurance products align with FCA standards, enhancing their value and acceptability in the market.
- **Conclusion:**  
By streamlining and standardising the process of Thatcham VRD utilisation, it not only enhances operational efficiency but also boosts the competitiveness and reliability of insurance providers in the ever-evolving motor insurance market.

# The future Thattham Research is preparing to roll out an advanced version of the Group Rating system.

**In the dynamic world of automotive insurance, the precision and relevance of risk assessment are paramount. Since 2012, the industry has relied on the 1-50 Group Rating system, a static benchmark measure of risk grounded in an analysis of 125 vehicle attributes. This system, implemented at the point of vehicle launch, encompasses various factors such as performance, retail price, cost of parts, crash tests, security features, and an automatic emergency braking (AEB) test.**

However, the rapid evolution in automotive design and capabilities - including advancements in materials, platforms, powertrains, connectivity, active safety, dynamic performance, and the nascent realm of automated driving - necessitates a new approach to vehicle risk assessment. The ever-evolving challenges posed to the vehicle repair industry further underscore this need.

Recognising this, Thattham Research plans to introduce 'Vehicle Risk Rating' in 2024, which is a significant evolution from the current Group Rating methodology. This innovative approach deconstructs vehicle risk into distinct pillars: performance, damageability, repairability, safety, and security. Each pillar is meticulously analysed and scored, offering unprecedented visibility into the insurance risk profile of each vehicle. These individual scores are then aggregated into a comprehensive overall Vehicle Risk Rating score.

Key to Vehicle Risk Rating is its emphasis on a vehicle's repair strategy, assessed at the vehicle launch stage coupled with a more extensive list of parts costs at a derivative level as well as an assessment of the availability of common repair method documents, enabling safe and effective repair. Thattham Research will continue to rigorously crash test vehicles against internationally recognised Euro NCAP criteria, ensuring that the damageability assessments are robust and insightful.

Our Gamston facility conducts active safety testing to facilitate the assessment of new vehicle technologies. This testing is specifically designed to evaluate the safety of the technology being employed in the vehicle. The tests carried out are aimed at identifying any potential risks or issues that may arise due to the use of new technology. We employ the latest equipment and testing methodologies to ensure the accuracy and reliability of our findings.

In the realm of security, our world-leading New Vehicle Security Assessment (NVSA) criteria will be expanded to include detailed data on vehicle features and theft mitigations, continually adapting to new and emerging theft methodologies.

Vehicle Risk Rating will be further enriched with Variant Code data that offers granular insights into critical vehicle features, including active safety and lighting systems, connectivity, and electric vehicle battery range and capacity, among others.

This groundbreaking data, representing a significant advancement in vehicle risk assessment, will be available through the strategic collaboration between Thattham Research and LexisNexis Risk Solutions in the second half of 2024. Thattham Research's agreement with LexisNexis Risk Solutions ensures that the comprehensive Thattham VRD and Vehicle Risk Rating meticulously curated by Thattham Research is seamlessly integrated into the workflow of motor insurance facilitators in the UK.

Thattham Research, in collaboration with LexisNexis Risk Solutions, stands at the vanguard of a new era in Thattham VRD distribution and integration into the insurance workflow. This collaboration is more than just a strategic shift; it is a commitment to innovation, precision, and service excellence in the motor insurance industry.

Together, we are not just adapting to change; we are driving it, ensuring that our collective future is safer, more efficient, and data driven.

Key to Vehicle Risk Rating is its emphasis on a vehicle's repair strategy, assessed at the vehicle launch stage coupled with a more extensive list of parts costs at a derivative level as well as an assessment of the availability of common repair methods enabling safe and effective repair.



# FAQs

## What is Thatcham VRD?

Thatcham Research captures, maintains and enriches an extensive, industry-standard dataset known as Thatcham VRD (including Group Rating, Variant Code, Code 44 and ABI Code), which contains over 100 individual data points for insurable cars, LCVs, and motorcycles. Thatcham Research sources this data directly from vehicle manufacturers and assigns each vehicle a unique eight-digit identification code. The insurance industry ecosystem uses this code for a standardised vehicle description. Additionally, directly sourced vehicle data generates a Group Rating score for every vehicle, ranging between 1 to 50 for cars and 21 to 50 for LCVs. This score indicates the level of insurance risk associated with the vehicle. The combination of vehicle code and Group Rating ensures consistent and accurate vehicle information and risk scores for motor insurers, aggregators, software houses, insure-tech companies, vehicle registration lookups, and vehicle manufacturers. The industry-standard coding structure enables seamless integration into the motor insurance ecosystem. The direct input of data by vehicle manufacturers into Thatcham Research's proprietary vehicle database ensures the certainty of data quality.

## What is changing?

Following an extensive market research process LexisNexis Risk Solutions will be managing Thatcham VRD distribution. This will take the form of a per lookup paid-for service that offers better control over data transfer and a fairer value exchange for the intelligence Thatcham Research provides to the motor insurance ecosystem. From now on, all customer inquiries related to Thatcham VRD distribution will be managed by LexisNexis Risk Solutions. This data distribution method meets the needs of the automotive market and insurance supply chain. It also enables Thatcham Research to invest in the future data intelligence requirements of the motor insurance sector, catering to the growing demand for automotive risk intelligence. Thatcham Research will continue to be a not-for-profit organisation. Resources will be used for independent automotive research and testing, which will improve the accuracy of risk understanding, and to provide intelligence on increasingly complex vehicles. Existing clients can still contact Thatcham Research directly for support, especially for products like our escribe repair methods platform.

## How does this impact current Thatcham Research Members?

Our insurer Members will still receive the current Thatcham VRD as a flat file as part of membership and soon this will lead to enhanced capabilities and value through the Thatcham Research and LexisNexis Risk Solutions collaboration, leading to greater data accuracy and efficiency in their operations. The change we are implementing will solely influence the data distribution process within our current supply chain. It will not have any effect on how our insurer Members provide us with funding.

## What are the customer experience implications of this new collaboration?

The initiative will lead to more reliable and consistent insurance quotes, elevating customer trust, satisfaction, and the overall experience in the motor insurance sector.



# FAQs

## **How much is this going to cost?**

LexisNexis Risk Solutions will be the contracting entity for the purchase of Thatcham VRD while Thatcham Research will remain responsible for the creation and provision of Thatcham VRD for distribution. The pricing model will be variable depending on market sector and usage in order to reflect the value of the data for each usage type. Rather than a flat rate, a transactional model will be used – resulting in a fairer value exchange for the data. Our insurer Members will still receive the current Thatcham VRD as a flat file as part of membership. Other parties in the supply chain, will be able to purchase data on a transactional basis from LexisNexis Risk Solutions subject to relevant charges under the new model.

## **When will this happen, and will I still receive the same data?**

We will be implementing changes to the distribution of Thatcham VRD in the first half of 2024. The existing Thatcham VRD product will be delivered through a more technologically advanced process by LexisNexis Risk Solutions. Thatcham Research and LexisNexis Risk Solutions will provide customers with comprehensive guidance prior to the rollout of these changes and dedicated support once this is in place.

## **Why did you choose LexisNexis Risk Solutions?**

We ran an extensive market process which found LexisNexis Risk Solutions has a robust, highly advanced and efficient distribution platform and a strong existing market presence – meaning that transitions should not be complex. In addition, LexisNexis Risk Solutions is an established and proven supplier of enrichment services that caters to the needs of the insurance sector. They are well-equipped to help insurance companies make informed decisions. Therefore, there is a longer-term opportunity for combined data sets to become available to the market – which draw upon the data strengths of both parties.



# Thatcham Research

Automotive Risk Intelligence

“We look forward to collaborating with you in this revolutionary journey, shaping the future of motor insurance together.”

