

Quaderno n. 1

Motor vehicle liability: comparison between Italy and
some EU countries on premiums, claims and compensation
systems for personal injury

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MOTOR VEHICLE LIABILITY: COMPARISON BETWEEN ITALY AND SOME EU COUNTRIES ON PREMIUMS, CLAIMS AND COMPENSATION SYSTEMS FOR PERSONAL INJURY.

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CONTENTS

The main focus of this research is the comparison between the average premiums paid, only for motor liability insurance, by Italian policyholders and policyholders in Germany, France, Spain and the United Kingdom. In parallel with that on premiums, an analysis is made on the treatment of personal injury under the rules or practices in force in the different compensation systems. The survey is based on the official data requested to the supervisory authorities of the single countries or anyhow disclosed to the public. The comparison on premiums is based on the average price both for the whole period 2008-2012 and at the end of 2012 while the comparison on compensation systems for personal injury is limited to specific cases, which can be either the most serious ones, such as death and serious disability, or moderate injury and the most frequent minor injuries. Finally, both aspects of the contract are put in relation by means of proxy benefits-premiums according to a summary index. This for the sole purpose of avoiding that any assessment on the higher or lower costs of the different compensation systems existing for personal injury or motor vehicle liability, is based exclusively on the magnitude of the amounts paid, respectively, for claims or premiums. The results thus obtained place both the topic of compensation for personal injury - widely debated in all the countries - and that of the different level of motor liability prices in a more objective contest. This comparison may also contribute to useful reflections when defining the Italian table on degrees of permanent disability from 10 to 100 envisaged by art. 138 of the Insurance Code.

Thanks go to Riccardo Cesari, Marina Mieli, Antonio De Pascalis and Marco Cosconati for their valuable remarks and comments made on this work. Many thanks also to all the participants in the information seminar of 14 October 2014 for their sensitivity to the issue and for the suggestions which have been incorporated in the final version of the document.

1. Introduction and main findings

This research is first of all aimed to make a survey on motor liability premiums paid by the policyholders of the five major EU countries (Italy, France, Spain, Germany and the United Kingdom) and on their cost structure; then, for the same countries, a comparison is made on the treatment of personal injury under the rules or practices in force in the different compensation systems. The analysis of personal injury, from a quantitative point of view, was limited to specific relevant cases, such as death, serious disability, severe and minor injury; in this regard 4 case-studies have been defined.

Finally we have tried to establish a correlation between the level of compensation paid for these cases and the average premium rate for motor liability, with a view to identifying any possible “economic advantage” for policyholders in the five compensation systems for motor liability and for personal injury and death. This correlation, albeit partial (*the case-studies considered are not of course the only type of claims on which motor liability premiums are based, but they represent a fraction varying according to the different probabilities and average costs in each country*), has the sole purpose of not limiting any judgement on the higher or lower costs of the various compensation systems for motor liability or personal injury only to the absolute level, respectively, of prices paid and compensation received, but to take also account of the different degree of coverage of the single countries.

As regards motor vehicle liability premiums and claims, the data for the period 2008-2012 were collected through a specific questionnaire submitted to the supervisory authorities of the countries involved, focused on motor vehicle liability excluding any other cover (theft, fire, etc.) which in some countries is offered as ancillary cover for products generally defined as “motor”. The analysis was conducted net of taxes and any contributions to public bodies so as to concentrate only on the industrial profile of the motor liability insurance market.

With regard to motor liability premiums, the results of the analyses have highlighted the following:

During the period 2008-2012 Italian policyholders paid on average a premium rate relating exclusively to motor liability insurance which was largely higher than the average of the other countries examined – hereafter referred to as the EU average - (a difference of 144 euros, equal to +56%), where 108 euros (+49%) were due to the higher cost of claims and 21 euros (+ 28%) to commissions and operating expenses. However, in the same period which covers the most acute phase of the international financial crisis, Italian insurance undertakings achieved on average the best technical results (net of financial income) thus limiting losses to 2 euros per policy, compared to an average loss in the EU of 17 euros per policy.

The most recent data available for the research (2012) show a difference of the Italian average premium rate compared to the EU average which is even higher than that for the period 2008-2012 (154 euros, amounting to +58%) vis-à-vis a decrease in the cost of claims of 38 euros (pure premium from 329 to 291, equal to 42% above average) and of an increase of three euros in commissions and operating expenses (from 74 to 77). The net positive difference between the premium rate and the cost of claims and operating expenses is absorbed by the technical margin (49 euros per policy net of financial income compared to an average of 2 euros);

The cost structure of the average Italian premium rate in 2012 was made up 69.8% by the cost of claims, 18.4% by commissions and operating expenses and 11.8% by the margin.

The incidence in the other countries was respectively higher for the cost of claims and expenses and lower for the margin, probably also as a result of the greater development of the other non-life classes compared to Italy, which allows foreign undertakings to more effectively distribute the burden of costs and the technical margins.

With regard to *personal injury*, the research has highlighted marked differences among the five countries observed, which are still far from being harmonized, as their membership of the European Union would require.

The analysis has revealed in particular that in the case of death, Italian policyholders receive - in absolute terms - the highest compensation for the so-called “biological damage”; in case of extremely severe injuries (90% P.D.), despite a considerable amount for non financial damages, Italian policyholders generally receive an overall compensation (the sum of financial and non financial damages) lower than in the other countries (except Spain): here in fact financial damages are often paid as a lump sum since benefits are provided by the National Health Service.

In case of severe injuries with a degree of P.D. of 25%, the results have shown that Italian policyholders get the best compensation for non-material damage among those examined (Spain and France). As to minor injuries with a degree of P.D. of 5% the single table currently in force in Italy has reduced the value of compensation below the values applicable in France, while in Spain the values in the table are very low.

In terms of “benefits-prices”, the summary index has highlighted that Italian policyholders seemingly receive more than what they pay in case of death and severe injuries with a degree of P.D. of 25% and less in case of severe injuries (90% of P.D.) and minor injuries (5% of P.D.).

Therefore, based on this result, it can be stated that Italian policyholders pay motor liability premiums that are higher than in the other countries also because they receive wider and better insurance benefits (also in terms of number of those entitled) in case of death and non severe injuries. However, in case of extremely severe injuries (90% of P.D.) the ratio is apparently lower than the European average (in the five countries). Finally, also from the point of view of benefits paid to policyholders, the index confirms that the introduction in Italy of the unified tables has reduced the values for P.D. up to 9%, below those of the other countries having at least benchmark tables.

2. Objectives of the study

The research has made a comparison, for the period 2008-2012, between the motor liability premiums paid by the policyholders in the five major EU countries (Italy, France, Spain, Germany and United Kingdom) and their structure (cost of claims, expenses, margin). The data for the period 2008-2012 were collected through a specific questionnaire¹ submitted to the respective supervisory authorities, focused only on motor vehicle liability excluding any other cover (theft, fire, etc.) which in some countries is offered as ancillary cover for products generally defined as “motor” insurance.

¹ The consistency of the data used in the research has been checked by using different official sources (EIOPA, OECD, national trade associations). As to the United Kingdom - which has not provided data - only public official data have been used.

A further objective of the study was to analyse compensation for serious or minor personal injury under the rules or practices in force in the different compensation systems. This is an extremely complex issue and has always been the subject of extensive discussions in all the countries considered, both during legislative work and among companies, consumers and the public opinion. In this regard, being aware of the risks of superficial or misleading assessments when comparing legal and compensation systems only on the basis of the final amount of compensation, in the estimates of the damage for the *case studies* of this research we have tried to achieve the highest possible degree of homogeneity and, at the same time, highlight the main peculiarities of the different systems².

The analysis of personal injury has been limited to the major cases, such as death, serious disability and minor injury. For these cases we have also tried to define a summary index indicating, as a *proxy* for “benefits - premiums”, an order of “economic advantage” for the policyholders of the five motor liability systems.

The *case studies* considered for the research relate to compensation for serious accidents (death and severe injury causing 90% of permanent disability) and less serious accidents (severe injury causing 25% of P.D.; minor injury causing 5% of P.D.). The assessments were based on the tables most widely referred to by the courts of the countries where they are used at least as a reference while, for the other countries, they were based on the regulations in force and the main “average” case law decisions.³

Premiums are referred only to third party liability (cars, mopeds and motorcycles) therefore excluding other ancillary covers (theft, fire, etc.) and net of taxes⁴.

For the purposes of the comparison premiums-benefits for each country (j) each index has been compared to the European simple average:

$$I_j^{Pr} = \frac{P_j^{Pr}}{\sum_{j=1}^n \frac{P_j^{Pr}}{n}}$$

² The following has been considered: financial damage, consisting of both actual loss and loss of earnings, while for non financial damage we have only considered the so-called biological damage, thus excluding other forms of damage due to their subjective nature (*aesthetic, sexual, social interaction, etc.*). When present, the values of the tables used were always the highest, for the sake of homogeneity.

³ For Italy, Spain and France the tables considered were, respectively, those of the Court of Milan (edition 2013), the Baremo (edition 2014) and the tables worked out by the main territorial courts and issued as a result of the nomenclature taken from the “*Rapport Dintilhac*” and contained in the Guide “*Indemnisation des dommages corporels*”. Since in the UK and Germany there are no reference tables, reference has been made to, respectively, “*The Judicial Studies Board’s Guidelines for the Assessment of General damages*” and the type of damage called “*Schmerzensgeld*” envisaged in case law and including non financial damage, assessed by the judge on a case-by-case basis. All the results obtained from the assessments were subjected to a logical comparison and consistency checks also with other sources or similar studies.

⁴ Taxes fall outside the scope of the insurance industry. In Italy, according to the new survey on prices, the insurance tax accounts on average for 12% while the contribution to the NHS for 8.35%.

where I_j^{Pr} is the index number of the average premium in the country j compared to the simple average premium in the five countries (n=5);

and I_j^{Prest}

$$I_j^{Prest} = \frac{P_j^{Prest}}{\frac{\sum_{j=1}^n P_j^{Prest}}{n}}$$

the same index number for benefits.

The summary index relating to premiums-benefits used here can therefore be defined as:

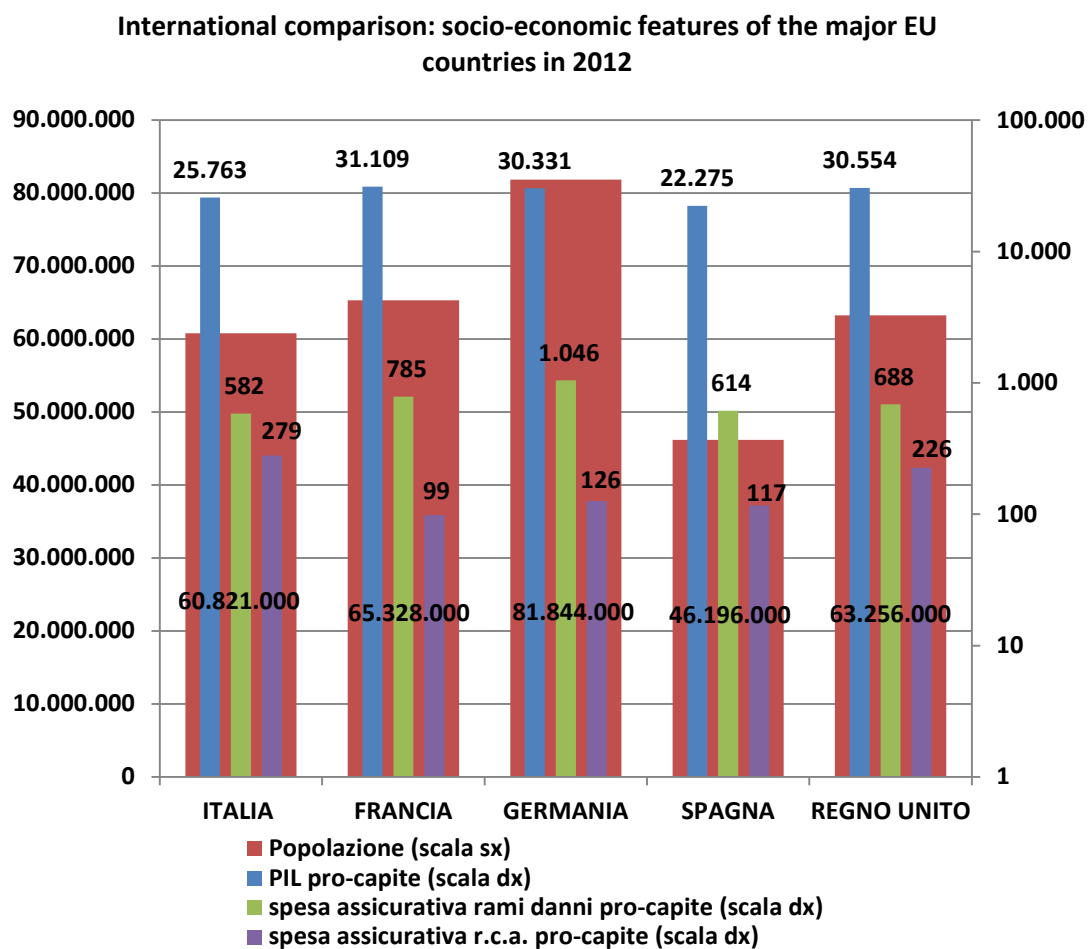
$$I_j^{Prest/Pr} = \frac{I_j^{Prest}}{I_j^{Pr}}$$

This index (calculated only for total compensation, the sum of financial and non-financial damage) has made it possible to identify an “economic advantage” for the policyholders of the different countries. This of course does not allow an exhaustive assessment of the efficiency or goodness of the motor vehicle liability insurance cover in its entirety, but is simply an attempt to put the two sides of the contract in relation (although only for the single cases examined) .

3. Countries being compared: some socio-economic features and insurance expenditure

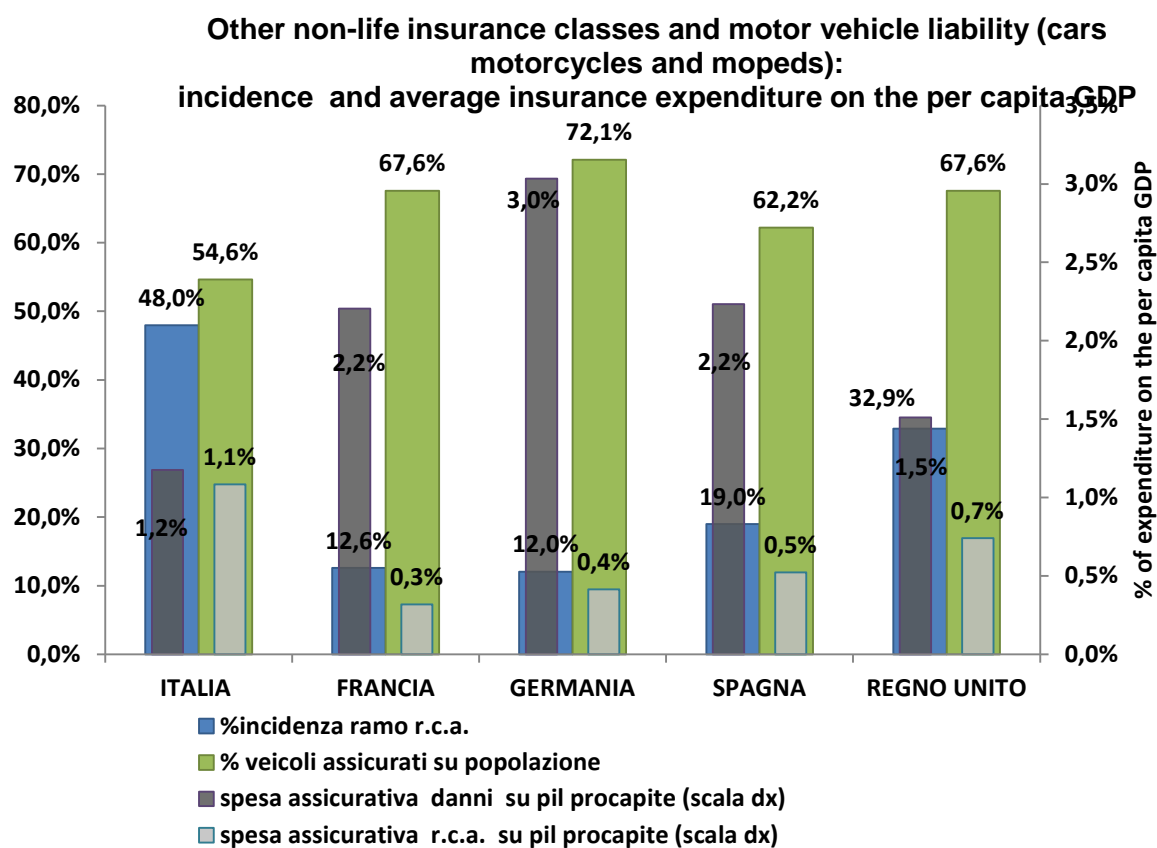
Figure No.1 shows a summary, for 2012, of the main socio-economic and demographic features of the five countries examined, as well as the average expenditure for non-life insurance and motor liability insurance per inhabitant.

Figure No.1



The five countries taken together represent the majority of the EU population, as well as of the vehicles used. There is a certain degree of variability in the per capita income which is reflected in the compensation, as a result of the different cost of living. Given the development of non life insurance, Italy, which is the last of the five countries in terms of expenditure on a per capita basis for non-life insurance, is on the contrary the first one in terms of per capita expenditure for motor liability insurance. Germany has the highest per capita expenditure for non-life insurance (1,046 euros) while France⁵ has the lower average expenditure for motor vehicle liability (99 euros). This aspect is partly explained in figure No. 2 showing other variables concerning the same markets.

⁵ We do not know the degree of dissemination of policies with deductible in France compared to those with a bonus-malus system. Therefore the data on the average premium is to be interpreted as the average price paid by a French policyholder in the absence of any subsequent accident. On the contrary, in the event of a claim, the deductible is recovered by the insurer and this sum should be added to the average premium.



The figure shows how in the other non-life markets motor vehicle liability (only cars motorcycles and mopeds) has a much lower incidence than in Italy, where it represents the largest market segment. On the contrary, in the other countries the other non-life covers are more widespread. This situation depends on many factors, not least the existence of other compulsory insurance covers in such countries, but also on the differences in income and in the degree of dissemination of insurance culture and, obviously, on the quality and efficiency of supply on the various domestic markets.

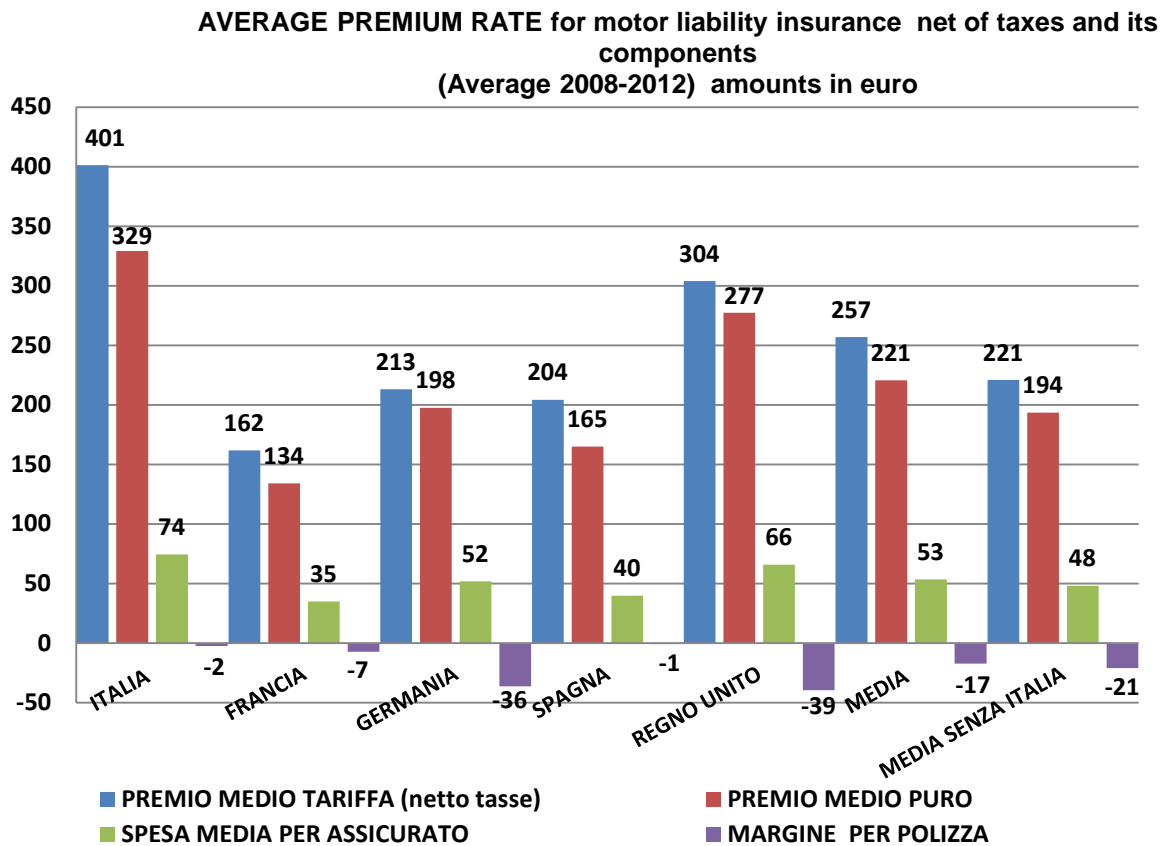
Therefore, it goes without saying that for Italian insurers the economic technical results for motor vehicle liability insurance, despite its decreasing incidence over time on the total non-life business, have always been the most important *driver* for the overall result of this sector.

4. Motor vehicle liability price structure: the various components

Figure No 3 shows a comparison, for the period 2008-2012, between the average premium rate and its single components (pure premium or unit cost of claims, costs per policy and margin per policy) of each country compared with the overall average of such countries.

Given the importance of the five countries considered this average, which includes also the data for Italy, can actually be considered as a sort of “EU average”. (hereafter referred to also as "average" for brevity). We have also calculated the average without Italy which, in line with other studies on this subject⁶, more accurately reflects the differences in the costs for motor liability insurance paid by Italian policyholders compared to “European” ones (excluding Italy).

Figure No. 3



The average for the premiums relating to 2008-2012 shows that in Italy the average premium rate paid for motor liability (401 euros) is 144 euros higher (+56%) than the average (257 euros). More in detail, Italian policyholders paid for the cost of claims - pure premium - (329 euros) 48.8% more (108 euro) than the average (221 euros) and 39.6% more (21 euro) for acquisition costs and administrative expenses taken together (74 euro).

However, in the same period which covers the most acute phase of the international financial crisis, Spanish and Italian insurance undertakings achieved on average the best technical results (net of financial income) thus limiting losses respectively to 1 and 2 euros per policy, compared to an average of 17 euros.

If we consider the average data excluding Italy, it comes out that the difference in the premium rate paid by Italian policyholders rises to 180 euros (+81.4%) subdivided into 134 euros for pure premium (+69.6%), and 26 euros for costs (+54.1%).

⁶ B.C.G (The Boston Consulting Group); Comparison on motor liability insurance market in Europe – January 2014

The trend in the *loss-ratio* (ratio between claims and earned premiums) in 2008-2012 (Figure No. 4) explains these economic results fairly well. In particular, the values of the *loss-ratio* for Italian motor liability insurance in the last two financial years (2011 and 2012) were far lower than the average (77.6% compared to 82% and 69.8% compared to 81.5%) and the same applies to costs, as shown in figure No.5 (*combined-ratio: loss ratio plus expense ratio*), totalling 96% compared to an average of 103% and 88.2% compared to an average of 101%. This trend was recorded in a favourable economic scenario for the claims frequency for the whole motor sector in Europe (high fuel costs, decline in the average distance covered and in claims frequency).

Figure No. 4

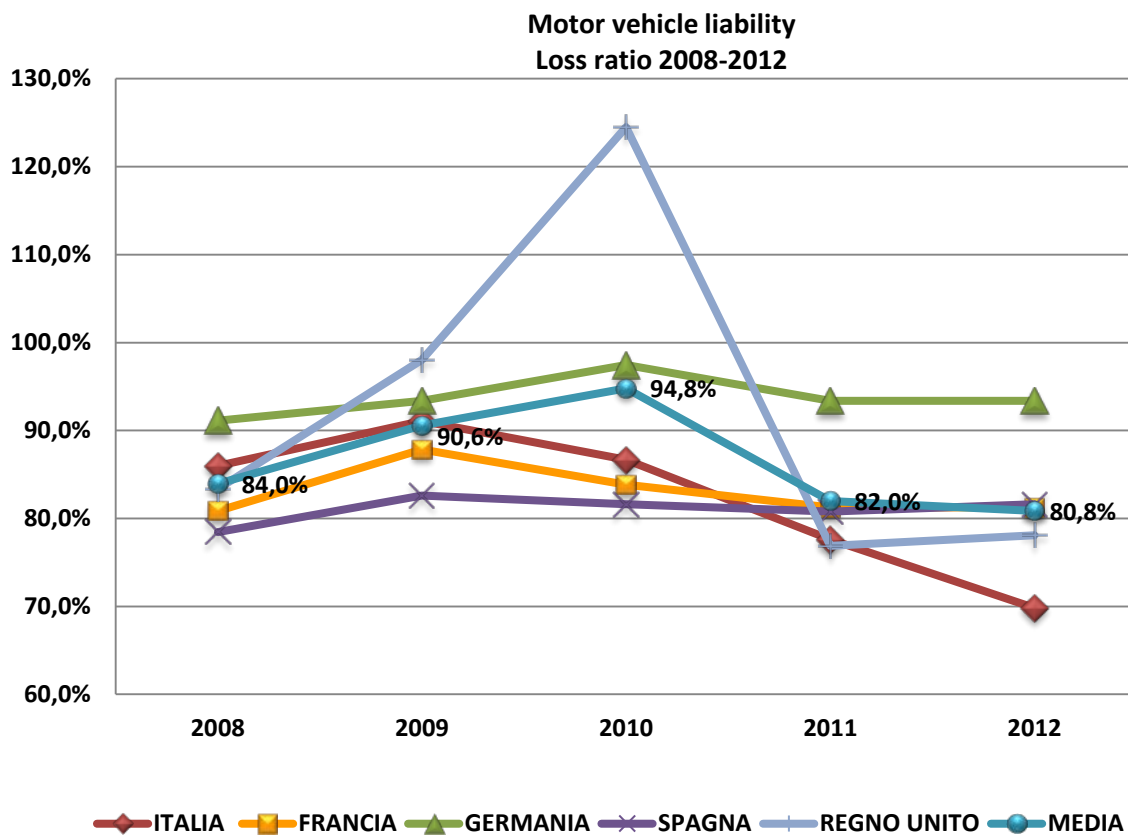
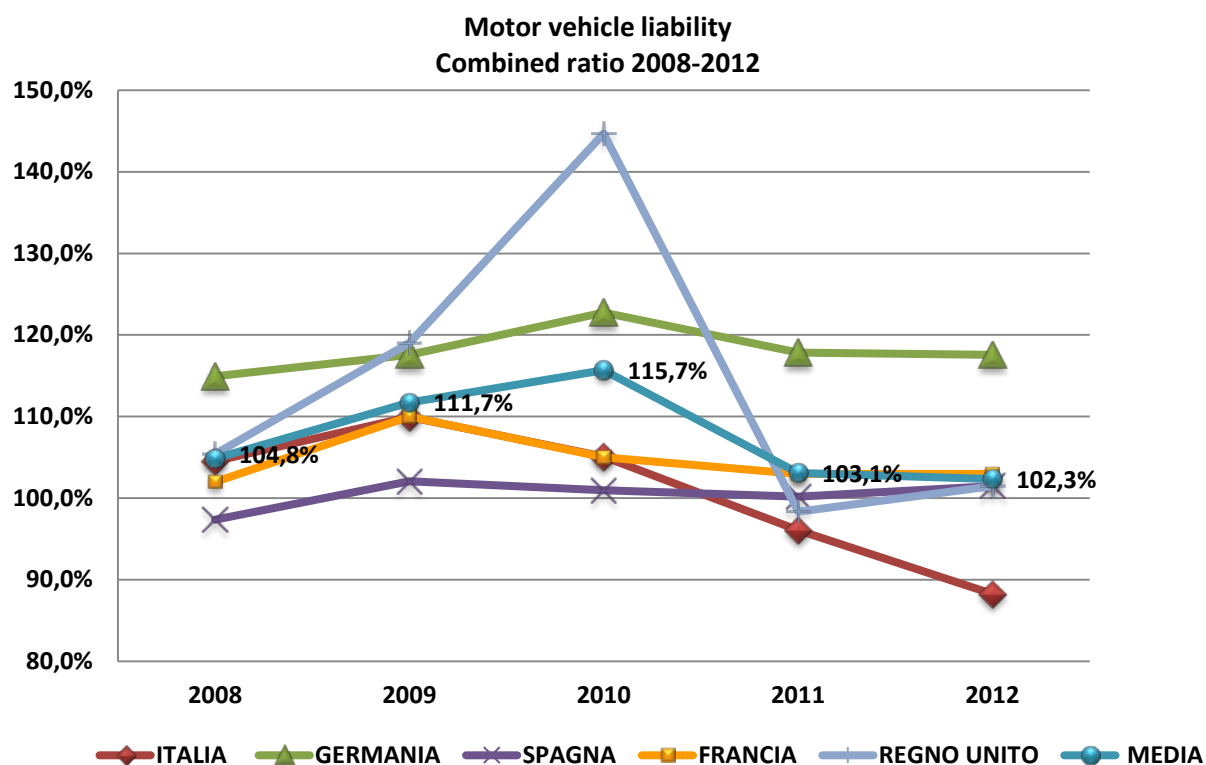


Figure No. 5



If we want to limit the comparison to the most recent data available, figure No. 6 shows the same comparison at the end of 2012:

Figure No. 6

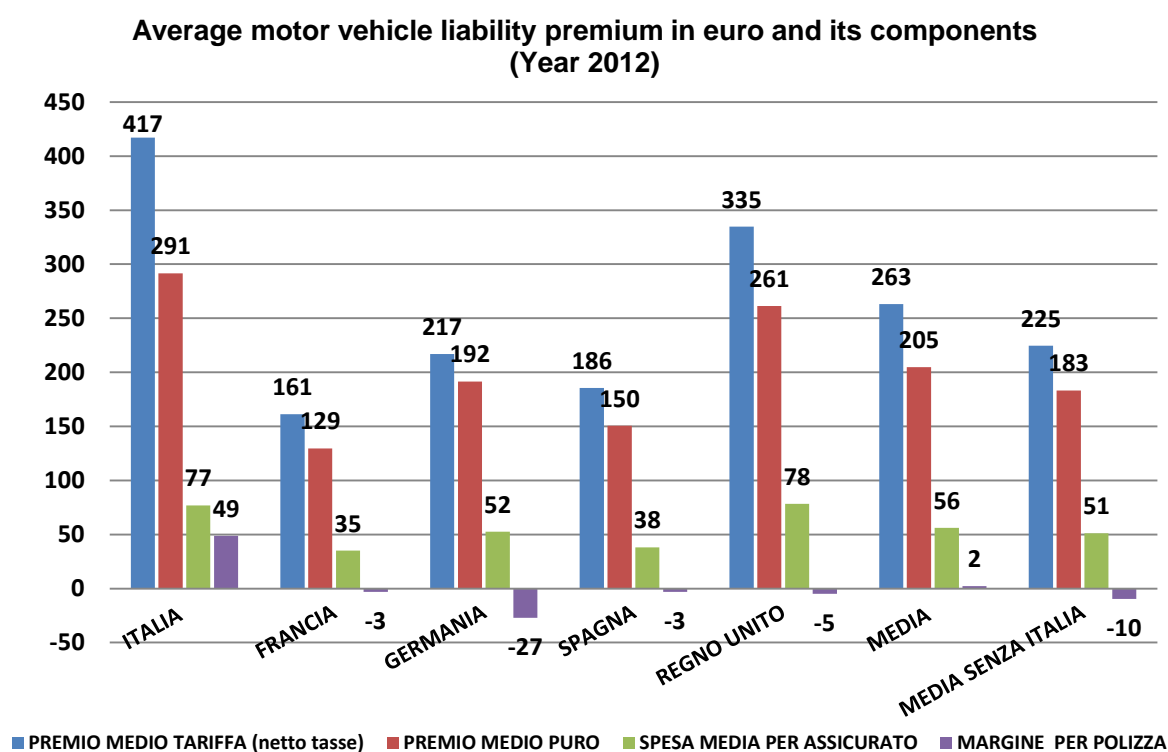
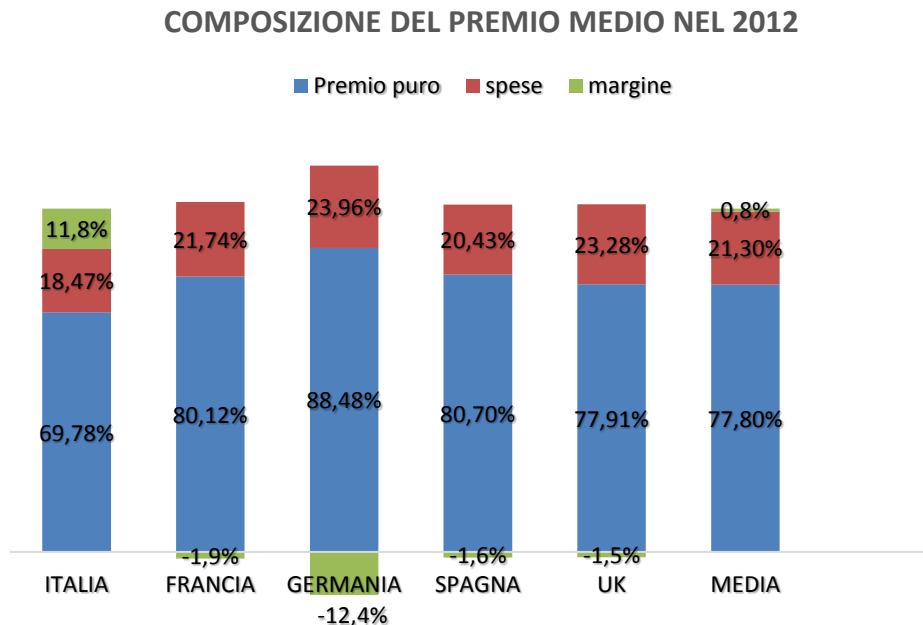


Figure No.7 provides the percentage of each component of the Average Premium in the five countries at the end of 2012.

Figure No. 7



From the figures it can be easily inferred that at the end of 2012:

- the premium rate for motor liability amounts to 417 euros for Italy, and is 154 euros higher (+58%) than the average (263 euros). The pure premium or price paid for the cost of claims (291 euros) is 86 euros higher (+42%) than the average, expenses (acquisition and management costs) (77 euros) are on the whole 37.5% higher than the average (56 euros) while the technical result (net of financial income) per policy, equalling 49 euros, is well above the average (2 euros);
- if we consider the average data excluding Italy, it comes out that the difference in the premium rate paid by Italian policyholders rises to 192 euros (+85.3%) subdivided into 108 euros (+59%) for pure premium, and 26 euros for costs (+50.9%) with a positive difference in the margin of 59 euros;
- the incidence of the cost of claims (pure premium) is 69.8% in Italy, above 80% in France and Spain while German policyholders need around 88 euros out of 100 to meet this cost; the average for 2012 amounts to approx. 78%;
- the incidence of acquisition commissions and administration costs is 18.5% in Italy, and around 20% in Spain, 22% in France and 24% in Germany (21.3% on average);
- the margin is approx. 12% for Italian undertakings while in the other countries is still negative to a variable degree (from -1.5% for Spanish undertakings to -12.4 % for the French ones).

The Italian composition of the average premium (net of the contribution to the N.H.S. and of taxes) has been substantially confirmed by the first results of the new IVASS survey on motor liability prices (IPER- cars only: cost of claims 70%, expenses 18%, margin 12%).

4.1 Personal injury: benefits in case of death, major and minor disability

As a result of the free movement of persons and goods within the EU compensation criteria of personal injury should be harmonised. An old resolution (75.7) of the Council of Europe of 14 March 1975 promoting the harmonization of European legislation and case law was also aimed to achieve a uniform legal and economic treatment of personal injury over the territory.

In fact in the introduction to the European disability rating scale⁷ (therefore not compulsory) for the assessment of non-financial injury (or the so-called bodily injury) it is stated that *“The same effects thus have virtually identical repercussions on everyday life: it makes sense to assume that they can be assessed on the same basis. They lend themselves to scale-based assessment.”*

Many years after the above-mentioned resolution only very few EU countries have adopted a standardized system of rules; only Spain, Portugal and Belgium have a Baremo⁸, but the latter two have not been considered in this study due to their small size.

Hence, when comparing benefits in case of personal injury among the five countries in question it must necessarily be stated that the difference in approach of the various legal systems and practices for compensation in use in the various countries makes it extremely difficult to make homogeneous comparisons.

In this regard we note the following:

- the simultaneous presence of compensation systems with fixed criteria (e.g. strictly linked to a table, as in Spain, or partly linked to a table, as in Italy and France), and others (Germany and the United Kingdom) where maximum customisation of the case is sought according to each legal decision;
- the breakdown of damages into "financial" and "non-financial" for which the impact on total compensation varies considerably from country to country;
- the intervention, in case of severe injury, of the national health systems which, depending on the country, provide the future assistance to the injured in terms of benefits in kind with recourse against the party civilly liable and the insurer (Germany, France and partially in the United Kingdom) or without recourse (in Italy, in return for a deduction at source from the motor liability premium);

⁷ European disability rating scale ed. 25 May 2003. CEREDOC (*Confederation Europeenne d'Experts en Evaluation et reparation du Dommage Corporel*)

⁸ the term "Baremo" is used in Spain with the meaning of "scale". It comes from the French "Barème" which is an alteration of the name of the French mathematician Barreme François Bertrand , who created an accounting system generally known as *barème universal*.

- in case of death and severe injury, in Spain, the payment of a public pension out to both the dependent survivors and the relatives of the seriously injured party without any recourse against the insurer or the party civilly liable.

The benefits provided by public systems whose value is difficult to quantify, were not considered in the survey. However their existence must be mentioned in order to better appreciate the differences of the various compensation systems.

The following table shows the distribution of victims of road accidents for which the Police Authority intervened for the year 2012.

Table No. 1

**Victims of road accidents in 2012
(Accidents where the intervention of the Police has been necessary)**

	Deaths**	Deaths per million inhabitants	Injuries	Injuries per million inhabitants
France	3,653	57.6	75,851	1,196.0
Italy	3,653	60.1	264,716	4,355.1
Spain	1,834	39.7	115,890	2,508.6
Germany	3,601	44.0	352,433*	4,306.0*
United Kingdom	1,768	28.1	193,969	3,093.8
European Union (27)	27,724	55.0	n.a.	n.a.

Source: European Transport Safety Council – Annual Report 2012-2013

* figure taken from official sources.

** The absolute data on French and Italian mortality is the same only by chance.

Data show that in Italy the chance of death or injuries in road accidents is higher than that of the other countries surveyed.

It is obvious that such higher claims ratio for injuries is already reflected in the average motor liability premium paid by Italian policyholders. And vice versa for the other countries. Therefore the benefit/price comparison for injuries carried out at the level of the individual policyholder already takes the different situations implicitly into account.

4.1.1. Case-study 1: case of death

Figure No. 8 shows an estimate of the damage in case of death. Figure No. 9 shows the values of the index terms I_j^{Prest} for financial, non-financial and overall damage, I_j^{Pre} for the premium and the summary index, while figure No.10 shows the summary index $I_j^{Prest/Pre}$ for the overall damage only⁹.

⁹ See pages 5 and 6 for the definitions

The case examined refers to a 40-year-old employee with a net annual income of € 42,000, a 39-year-old wife (no income), a 15-year-old child, one parent and a 20-year-old brother, both non-cohabiting.

Figure No. 8

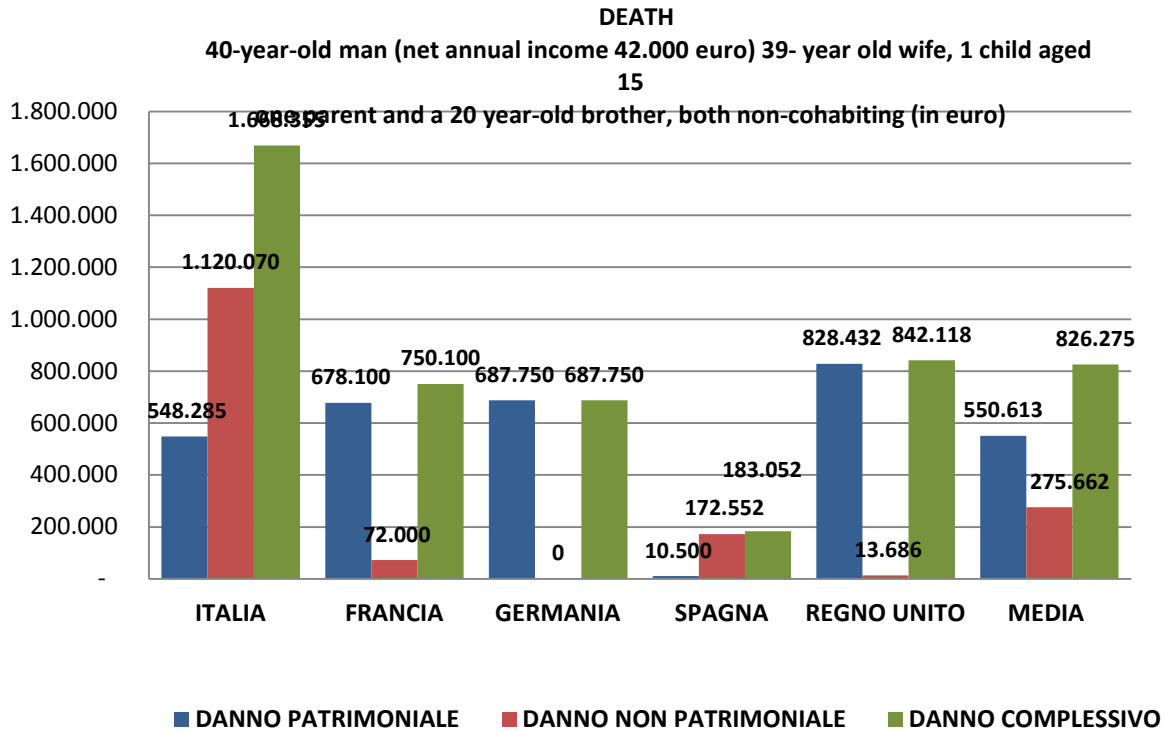


Figure No. 9

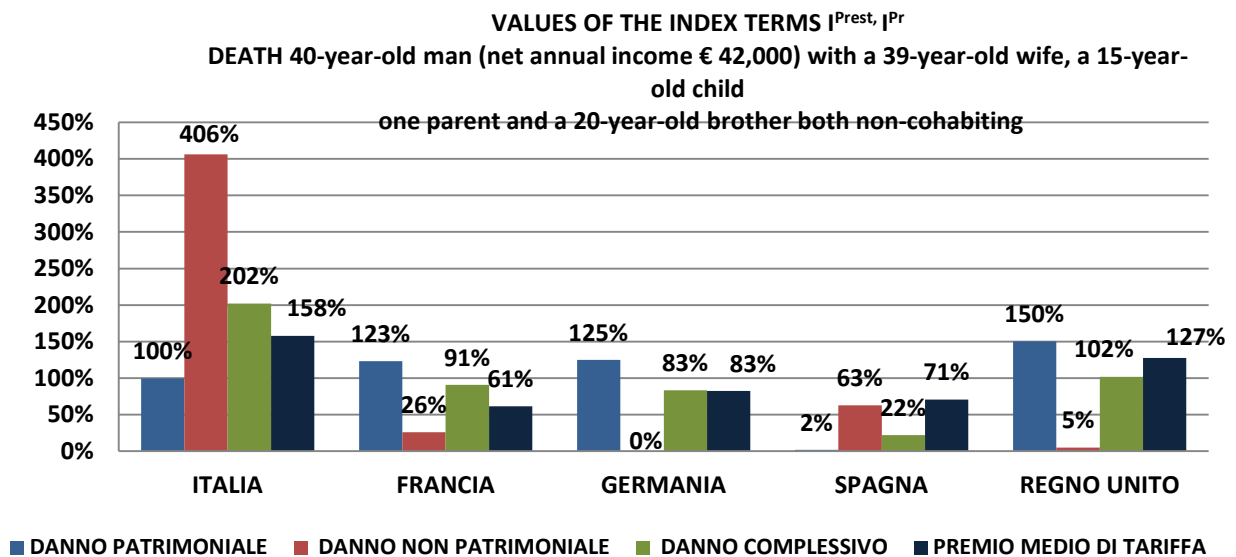
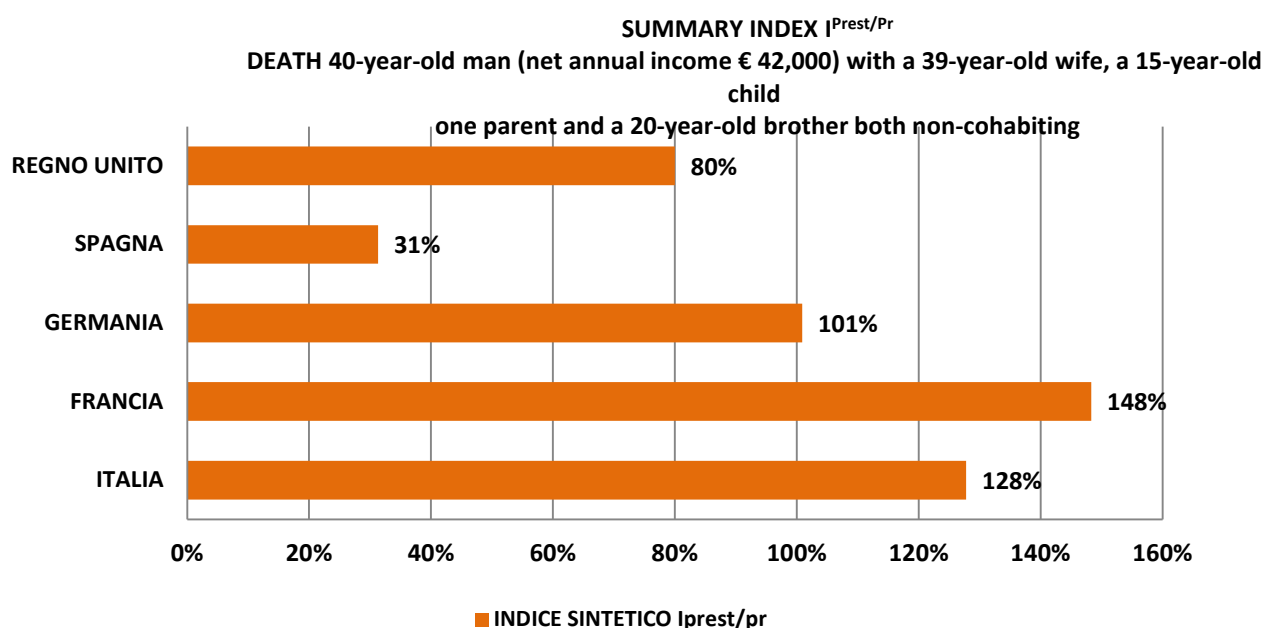


Figure No. 10



The results show:

- in case of death, the "non-financial" type of damage (which also includes the moral damage) prevails on the total compensation without any relationship with the victim's income in Italy (and Spain), while in Germany and the United Kingdom the "financial" type of damage is prevalent. On the other hand in those countries the significance of the "non-financial" damage is negligible in case of death (13,886 euros in the UK to be shared between all beneficiaries) or even non-existent (Germany)¹⁰;
- in Italy, Germany, France and the United Kingdom financial damage is assessed with similar techniques, which are however more stringent in the latter three States, where frequently updated mortality tables are used¹¹. On the other hand Spain is the only country in which a legal table (*Baremo*) has been in place for several years for financial damage: it provides for single specific compensation items which vary according to the income;
- from a quantitative point of view the case of Italy should be pointed out, where the non-financial damage has a value of more than 4 times the average; such value derives from the application (predominant on the Italian territory) of the tables of the District Court of Milan, which became the reference after the Court of Cassation's judgement of 2011. As a result, although the financial damage settled in Italy is below the European average, the overall damage is still twice as high. A system of several tables for bodily injury is actually in force in France as well; they are worked out by the major courts, but their values are much lower than Italian ones. On the opposite side there are Germany and the UK, where overall compensations reflect the specific characteristics of treatment of bodily injury;

¹⁰ The lack of consideration for this kind of damage has been, and is, the subject of much discussion and proposed legislation by lawyers and consumer associations both in the UK and Germany.

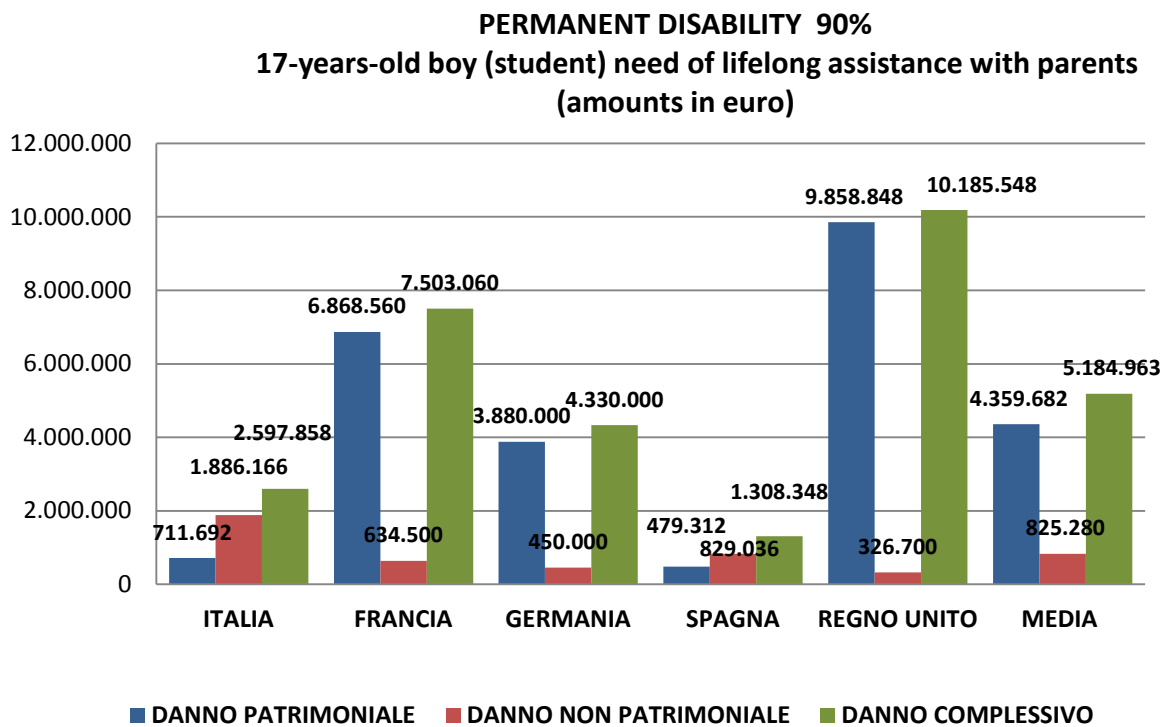
¹¹ for financial damage the actuarial tables of Royal Decree No. 1403 of 9/10/1922 are still in force in Italy; they provide for a 4.5% rate and a life expectancy 25 years shorter than the present one. To adapt them to 2013, when actually applying such tables the Courts do not apply the difference between "working" and "physical" life (Civil Cassation, Sect.III, judgement of 2.03.2004). In this study said actuarial tables, when used, have been applied while taking into account such correction.

- with respect to the "benefit- price" comparison, the summary index shows, in this case examined, that Italian policyholders "receive" on average 28% more than what they pay in terms of premium; it is less than France (48% more) but more than the policyholders of the other countries. Among the latter, German policyholders break even, while the Spaniards have the lowest values.¹²

4.1.2. Case study 2: severe injury, need of lifelong assistance from third parties

The case presented in the three following figures regards the survival of a severely impaired 17-year-old boy (90% P.D.), who depends on third parties for assistance. Figures 11 and 12 show, respectively, the absolute values of the damage estimates and the values I_j^{Prest} of the index terms for financial, non-financial and overall damage, I_j^{Pr} for the premium, while figure No. 13 shows the summary index $I_j^{Prest/Pr}$ for the overall damage only.

Figure No. 11



¹² As already mentioned the Spanish public system pays a pension to those entitled, but it is not counted in this study.

Figure No. 12

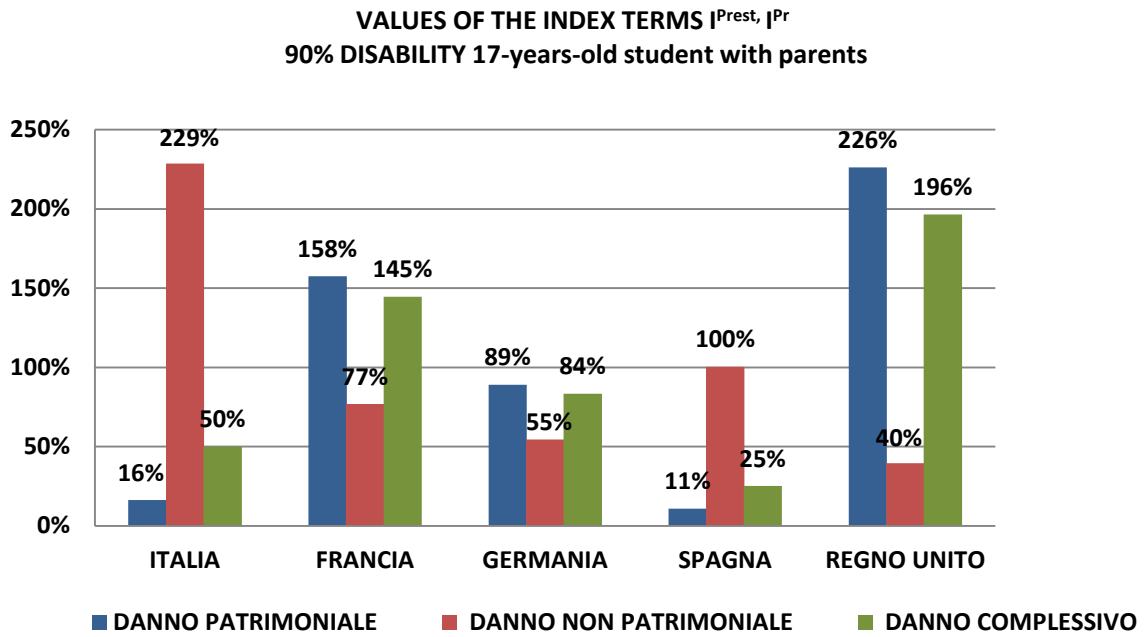
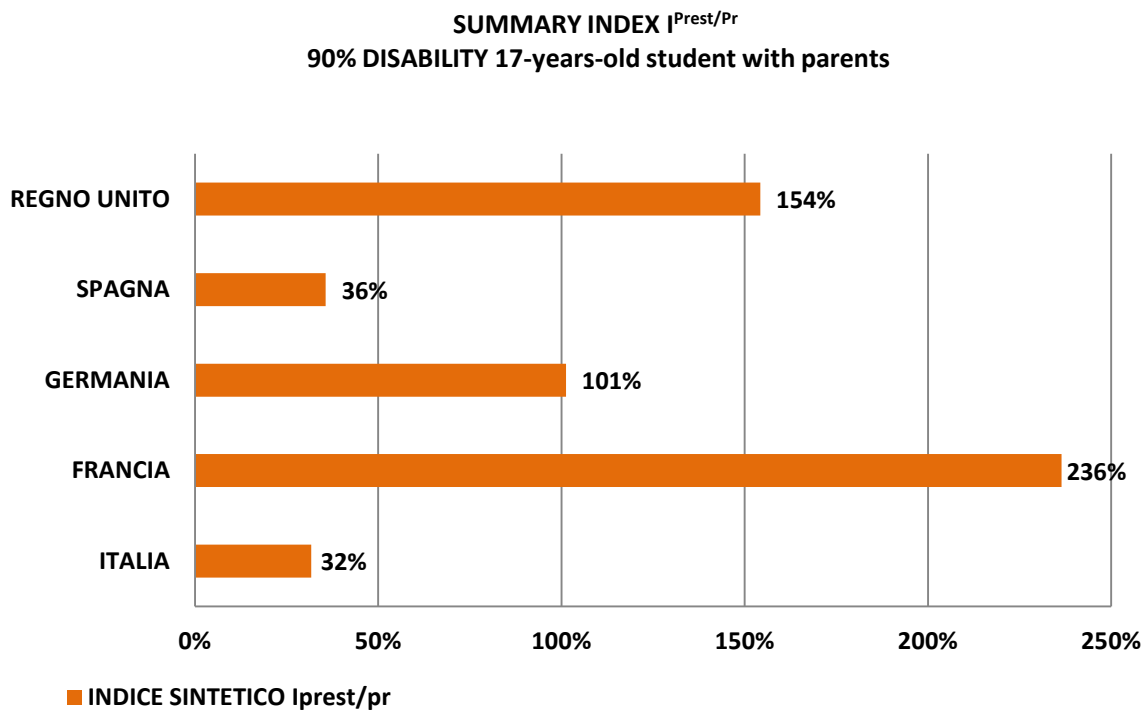


Figure No. 13



In this case, the data show:

- despite the major compensation for bodily injury, in the Italian and Spanish systems the total compensation is less than the average and considerably lower than that of the other countries. In this case, in fact, the element for evaluation that determines the differences is the financial damage (actual loss), which is made up essentially of the *costs of future assistance and adaptation of housing*. Thus, although the Italian non-financial damage is more than twice the average, the financial damage is often settled as a *lump sum* since, as noted above, healthcare services are provided by the National Health Service¹³ without any recourse against the person responsible and the insurer. In fact such situation creates uncertainty about the global sufficiency of such settlement from the moment of the exhaustion of public health care until the end of life of the seriously injured person;
- By contrast, as already specified, in France, Germany and the UK (partly) financial damage is high because the health care system provides the benefits and then seeks reimbursement from the insurer. In this case it is particularly evident that considering or comparing the various types of damage separately can lead to misleading conclusions;
- as to benefits-premiums, for Italian policyholders the value of the summary index for the total damage is significantly lower than 100% (32%; 36% for the Spaniards): In fact, in this case, the French and English policyholders would receive more, with index values equal to more than twice for the first ones, and to +55% for the second ones; the Germans would break even.

4.1.3. Case study 3 : severe injury with 25% P.D.

The following two figures (fig.14 and 15) show, respectively, the absolute estimates in the case of a 17-year-old having a severe injury with a permanent disability of 25% and the related indexes I_j^{Prest} , I_j^{Pr} , $I_j^{Prest/Pr}$.

Financial compensation was not considered in this case, for it is less important than in the previous cases for both the vast range of medical cases for this type of injury and for the lower impact of the damage deriving from *loss of earnings*.

The comparison therefore was limited to the three countries that have at least reference tables (Italy, France and Spain).

¹³ Please note that at present the contribution to the National Health Service flows into the total revenue of the same NHS and there is no specific technical budget (Premiums; claims, technical provisions etc.) from which the sufficiency of the benefits provided can be verified. In case the contribution is insufficient, in fact, the increased cost of this "health insurance" in respect of motor liability would fall on Italy's general taxation.

Figure No.14

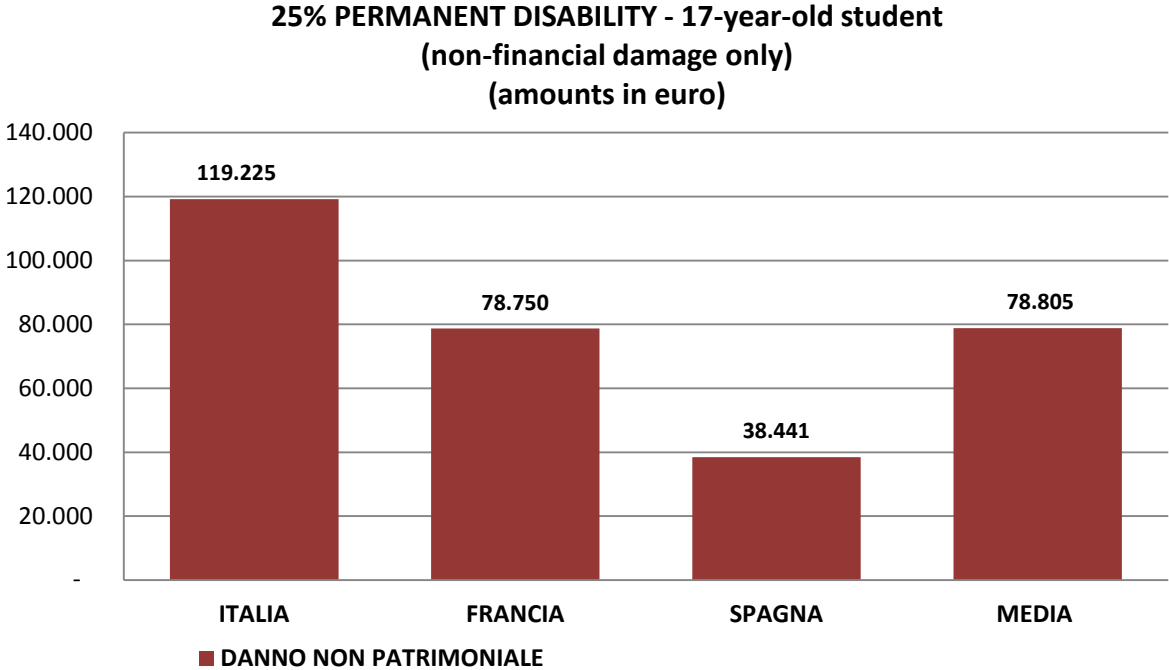
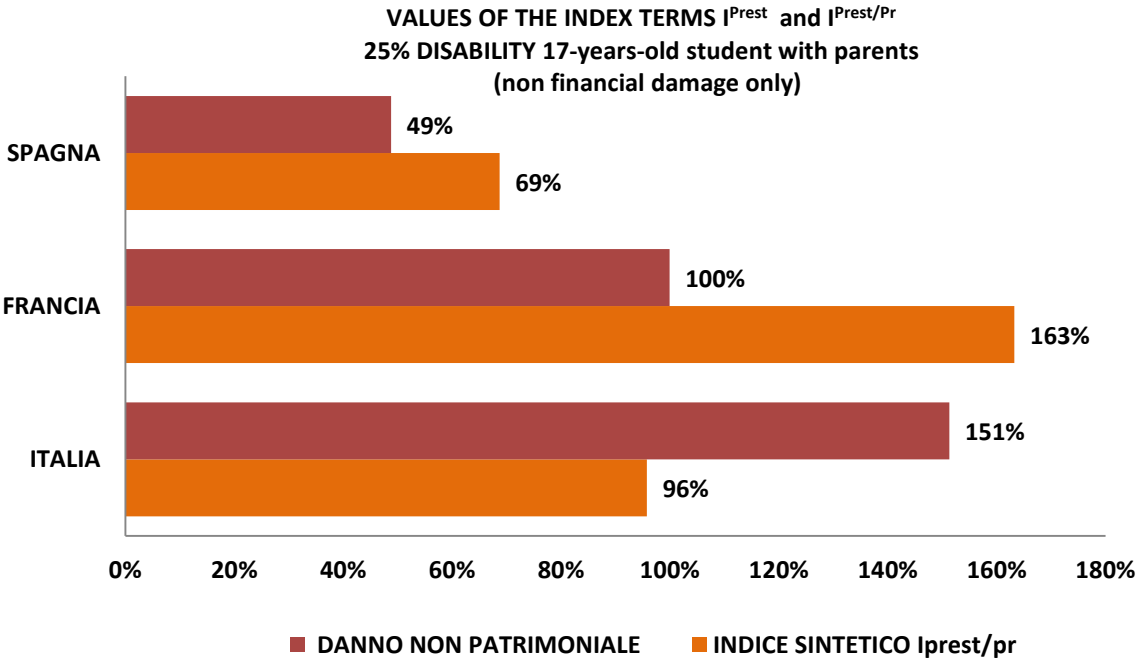


Figure No.15



According to the figures:

- non-financial damage in Italy is about 50% higher than the average of the three countries. However we observe that the average values used in France and in the Spanish Baremo are far below those used in Italy for this type of injury (10-100% of P.D.; for such disabilities the issuance of a single table in implementation of art. 138 of the Insurance Code is pending);
- in the benefits-premiums comparison Italians are close to parity, while the French would be in first place (+ 63%), and the Spaniards largely below (69%).

4.1.4. Case study 4 : minor injuries with 5% P.D.

Finally, with the case of a forty-year-old man we wanted to estimate the benefit in case of minor injuries (in Italy defined as those between 1 and 9 PD points for which a single table has been in place for several years). As before, reference was made only to non-financial damage.

The following figures (figures 16 and 17) show, respectively, the absolute amounts and values of the indexes I_j^{Prest} , I_j^{Pr} , $I_j^{Prest/Pr}$.

Figure No.16

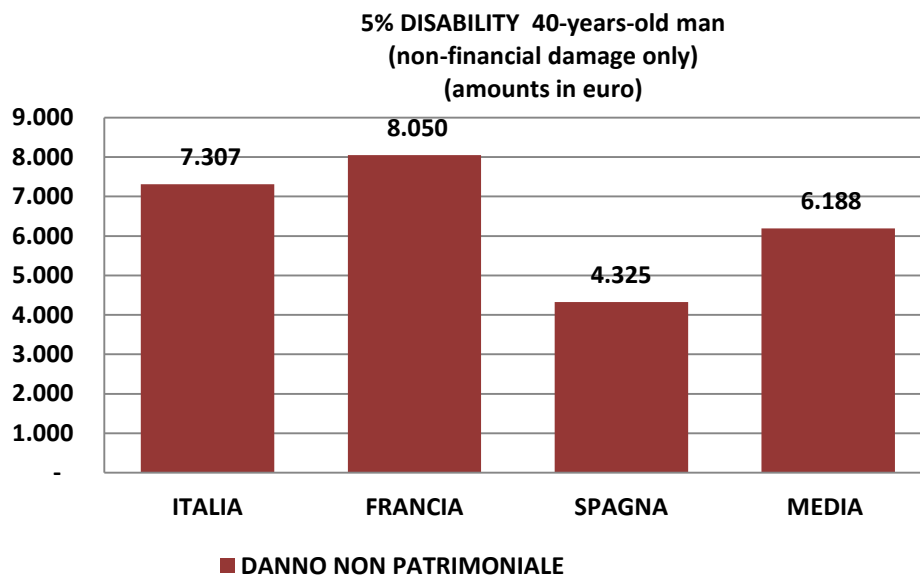
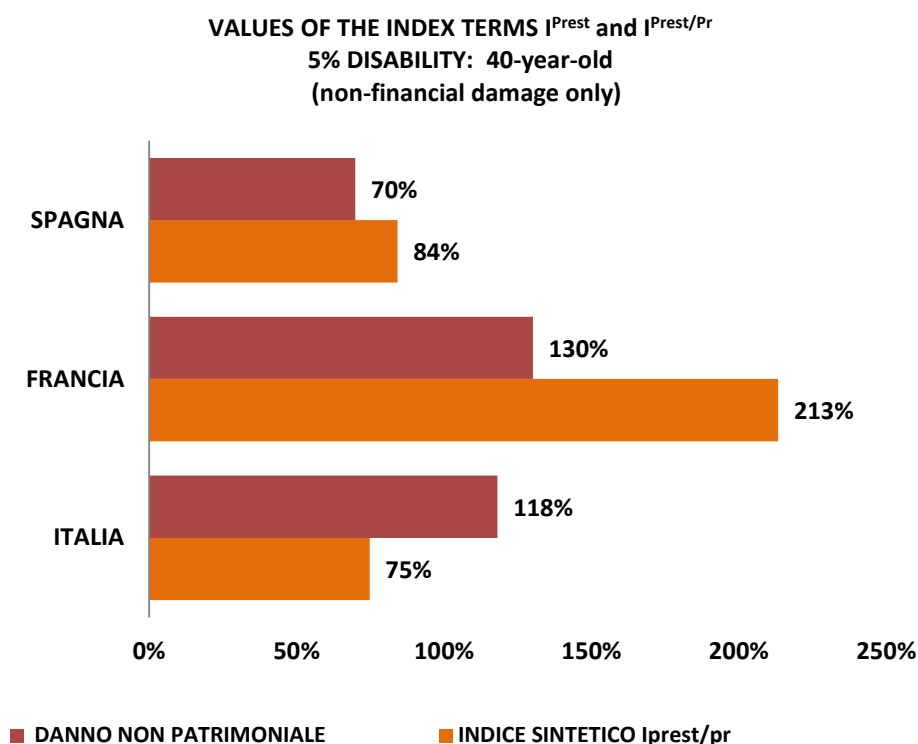


Figure No.17



According to the figures:

- Italian compensations are 18% above the average while the French ones 30%. The values of the Spanish Baremo are very low (-30% on the average). In this case the new Italian tables for minor-injuries are below the French and above the Spanish ones (very low);
- the "benefits-premiums" comparison shows a value of the summary index of less than 100 (75%) for Italian policyholders – lower than France and Spain. That fact highlights even more the effect of the introduction in Italy of the single table for disability up to 9%.

Table No. 2 summarises the case studies examined (summary index):

Table No. 2

Summary table of the index $I_j^{Prest/Pr}$

	<i>France</i>	<i>Italy</i>	<i>Spain</i>	<i>Germany</i>	<i>United Kingdom</i>
Case 1 (death)	148%	128%	31%	101%	80%
Case 2 (PD 90%)	236%	32%	36%	101%	154%
Case 3 (PD 25%)	163%	96%	69%	--	--
Case 4 (PD 5%)	213%	75%	84%	--	--

5. Conclusions

The results of the survey on motor liability premiums and benefits for personal injury in the five major countries of the European Union (Italy, France, Spain, Germany and the UK) show that there are heterogeneous insurance markets and systems of compensation for personal injury.

As to motor liability premiums, Italian policyholders pay an average premium rate - net of taxes and contributions - (for cars, motorcycles and mopeds), which is much higher than the European average. The most recent situation available for the survey (2012) shows, however, a difference in the Italian average premium rate with the average of the five countries; such difference is even higher than that found for the years 2008-2012 (€ 154, equal to +58%) against a decrease in the cost of claims of € 38 (pure premium from 329 to 291) and an increase of three euros for the costs for commissions and operating expenses (from 74 to 77). The net positive difference between premium rate and costs of claims and operating expenses is absorbed by the technical margin (€ 49 per policy, net of financial income).

At the end of 2012 the structure of the Italian average premium rate is made up of the cost of claims by 69.8%, of expenses by 18.4% and of the technical margin by 11.8%. The incidences found in the other countries were, respectively, higher for the cost of claims and expenses and lower for the technical margin; this is probably due also to the greater development of the other non life classes than in Italy, which allows foreign undertakings to distribute the loading for expenses and the technical margins more efficiently.

These differences, as evidenced by official data, are even greater if we exclude Italy from the European average.

If we consider, as observed in other studies aimed to focus on the structural causes of the higher price of Italian motor liability insurance compared to the other European countries, that the average costs of material damage to vehicles are substantially in line among the different markets, the survey on the compensation systems for personal injury has revealed marked differences between the five countries observed, which are still far from being harmonised – as membership of the European Union would require.

Given that the probability of becoming victims in road accidents in Italy in 2012 is the highest ever among the five countries observed (respectively 60.1 deaths and 4,355 injured per 1 million inhabitants), the study showed that in case of death Italian policyholders (and a wide range of family members) receive the highest non-financial compensation (the so-called "bodily injury") in Europe.

By contrast, in case of serious injury (*Case Study 2: 90% PD*) despite a remarkable non-financial compensation, Italians usually get a lower overall compensation (sum of financial and non-financial damage) than in other countries, except Spain where the values of the financial damage envisaged by the Baremo are much lower. However we note that the presence of benefits at the expense of the National Health Service with exclusion of recourse against the insurer in exchange for a withdrawal from the motor liability premium, means that the financial damage is often settled at a flat rate without carefully investigating the real situation of the injured as, for example, in Germany, France and the United Kingdom. The consequence is that in Italy it is the family which often bears the special needs of the injured party.

In case of severe injury with 25% PD, the survey showed that the Italian policyholder obtains the best non-financial compensation among the tabular ones examined (Spain and France). Finally, for minor injuries with 5% PD, the single table in force in Italy has reduced the value of the compensation below the level in France, while in Spain the (compulsory) Baremo values are very low.

Given these differences in treatment, the summary index showed, however, that Italian policyholders "seemingly receive" more than what they pay in terms of average premium rate in cases of death and severe injury (with 25% PD) and less in case of severe injury (90% PD) and minor injury (5%).

The results of the survey prompt a few comments on the single Italian Table (still to be defined) for PD from 10 to 100 points, which is currently blocked in the Parliament. In this regard, with a view to re-balancing benefits and prices, it would be desirable to have a reduction or realignment of non-financial compensation for death to the average European values (with special provisions safeguarding serious family cases), and at the same time provide adequate safeguards for cases of extremely serious injuries.

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