

Italian motor insurance

## Claim and misfortune

ROME

**Italian drivers count the cost of driving badly**

**A**S A business model, insuring Italian drivers is right up there with betting on English World Cup victories. Hope can get the better of experience. About one Italian car in 12 is involved in a claim each year, compared with one in 23 in France, which has similar numbers of people and cars. Whereas fewer than 200,000 Frenchmen claim injury in accidents every year, some 1m Italians do.

The result is sky-high premiums. At an average of €407 (\$515), Italians pay well over twice as much for their annual car insurance as French drivers. Premiums increased by 18% in Italy between 2002 and 2009, against an average of 7% in Europe. Even so the business lost money last year. Italy's car insurers lost almost €8 on every €100 of third-party insurance sold; claims settlement absorbed €14.9 billion.

Fraud plays a part. The Italian insurers' association (ANIA) admits that its figures, which show fraudulence in

about 2% of claims in Italy—half as bad as in France—are just not credible. The figure for the provinces of Naples and Caserta, at around 12%, is probably nearer the mark. That helps explain why one in six cars in Naples was apparently involved in an accident last year.

Rather than jacking up premiums year after year, ANIA wants deeper change. Doctors and courts that look sympathetically on the exaggerated claims of accident victims contribute to the damage to insurers' accounts; so too do laws that consider minor conditions as permanent injuries. Insurers also want cities and towns to look after their roads better: Rome is notorious for its pot-holes and invisible pedestrian crossings, for instance. And they are calling for more effective policing, pointing to how tightening up in France has had a dramatic effect on drivers' behaviour. That might make Italian motorists less accident-prone and their insurers more profitable.