

# From cash to repair: the operational reckoning facing Saudi motor insurers

*A white paper on the rising repair burden in Saudi motor claims, driven by a growing comprehensive book and the shift away from cash settlement, the operational strain it places on insurers, and how generative AI, outsourcing, and process redesign change the economics of absorbing it.*

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## Executive summary

Saudi motor insurers face rising managed-repair volume from two directions at once. The **market-driven force** is already in the numbers: comprehensive (own-damage) cover grew from 37% to 49% of motor premium between 2022 and 2025, and every comprehensive policy makes the insurer responsible for repairing its own policyholder's vehicle. The **regulatory force** is the move away from cash settlement: the 2023 amendment to the Unified Compulsory Motor Insurance Policy gave third parties the right to choose repair over cash, and a further step making repair the default is endorsed by the regulator though not yet enacted. Whether or not the zero-cash mandate arrives, the repair burden is increasing.

- **The book is already shifting.** Comprehensive cover reached 49% of premium and 24% of exposure in 2025, up from 37% and 16% in 2022. That growth raises own-damage repair volume regardless of any regulatory change, which is why the burden does not depend on the zero-cash mandate arriving.
- **The burden lands on operations, not underwriting.** A cash payout closes in days with one transaction. A managed repair pulls the insurer into assessment, parts pricing, workshop selection, quality control, and cycle-time accountability on every claim. Settlement that today runs roughly 85% cash converts into repair files an insurer must control.
- **It lands on thin and uneven margins.** Motor profitability across the market is split rather than uniformly negative, with price competition through aggregators having pushed many carriers to or past breakeven before rate discipline began to return. A repair-led model raises measured cost per claim before it lowers it, because the leakage that cash settlement hides, inflated estimates, unnecessary part replacement, and supplements, becomes the insurer's to manage.
- **Most carriers are not built to absorb it.** Sub-scale claims teams, dated policy-administration cores, photo-only assessment, and a shortage of qualified claims staff leave the majority of the market without the operating capacity a repair-default regime demands.
- **Three levers change the math.** Generative AI compresses the assessment-to-authorization work, outsourcing converts a fixed operational build into a variable cost with capacity on day one, and process redesign removes the leakage that makes repair expensive. Used together, they turn a regulatory burden into a cost-containment advantage.

The carriers that treat the shift as an operating-model decision rather than a compliance exercise will set the cost benchmark the rest of the market is measured against. Those that wait for the mandate to arrive will build under time pressure, at higher cost, against a workshop network already contracted to faster movers.



## 1. What is changing, and the situation today

Saudi motor settlement has three reference points that together define the direction of travel.

Reference point	What it establishes	Status
2023 amendment to the Unified Compulsory Motor Insurance Policy	The third party may choose direct cash compensation or have the damaged vehicle repaired. The insurer may propose repair within 15 working days for individuals, 45 for corporate claimants.	In force since January 2023
National Insurance Sector Strategy (NISS)	Motor is one of 11 programs. Its nine initiatives include improving claims management, raising operational efficiency, building a pricing data base, and expanding telematics. Targets include 16 million insured vehicles and 3.6% insurance penetration of GDP by 2030.	Approved by the Council of Ministers, January 2026
Repair-default settlement (the “zero-cash” step)	Repair becomes the standard settlement route rather than an option the claimant elects, on the principle that the at-fault insurer restores the damaged vehicle.	Endorsed by the regulator, not yet enacted; gated on workshop capacity and alignment across multiple government entities

The first two are facts; the third is a well-supported expectation. Repair is already a claimant right, and the strategy already names claims efficiency as a priority, so the only step left is to make repair the default. Carriers and the regulator place that step perhaps a year out, phased in from smaller regions where workshop capacity is easier to guarantee. (Timing is carrier and regulator commentary, unverified against a published instrument.)

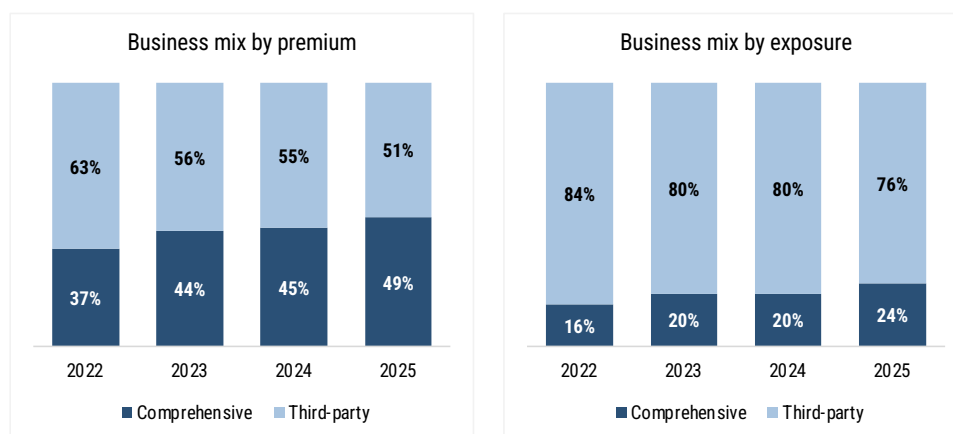
The date is the wrong thing to plan around. Converting the settlement currency from cash to repair changes what an insurer must be able to do, and that capability takes longer to build than any decree's notice period. The book is not waiting for the decree either: it is already shifting toward own-damage cover, which the next section quantifies.

**Why the regulator wants this.** Cash settlement is efficient to pay and hard to govern. It lets claim value leak out of the repair economy, weakens the link between premium and the actual cost of restoring a vehicle, and leaves damaged cars on the road. Repair-led settlement pulls claim spend back into a controllable, inspectable process and supports the road-safety and market-stability aims the NISS sets out. The reform is coherent with the strategy, which is the strongest signal that it is coming.



## 2. The market is already moving toward repairs

The clearest evidence that the repair burden is rising sits in the business mix, not in any degree. Comprehensive cover, which makes the insurer responsible for repairing its own policyholder's vehicle, has grown steadily as a share of the Saudi motor book since 2022.



KSA motor book, comprehensive (CP) vs. third-party (TP) share, 2022–2025. Source: Badri Consultancy, “UAE and Saudi Arabia motor insurance 2026”, June 2026.

Comprehensive premium has climbed from 37% to 49% of the book in three years, approaching half; by policy count the shift runs from 16% to 24%. Comprehensive carries roughly half the premium on a quarter of the policies because each such policy is worth more, and each one is a vehicle the insurer pays to repair when it is damaged, regardless of fault and regardless of any change to third-party settlement rules.

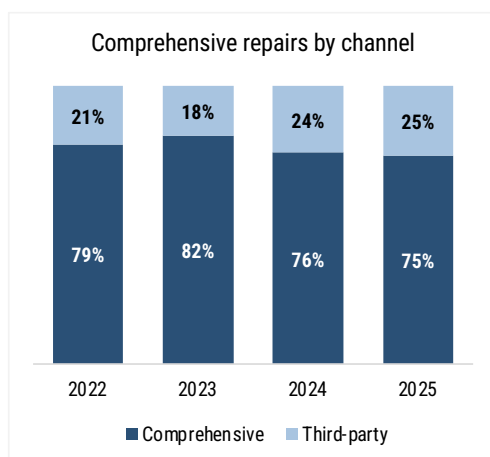
That structural shift meets a settlement market that still runs mostly on cash, which is what leaves the market underprepared.

- **Cash still dominates settlement.** Around 85% of motor claims settle in cash, with managed repair at 15–20%. (carrier-stated, mid-2026; industry estimate)
- **Claimants monetize the payout.** A common pattern is to repair for 50–70% of the indemnity and keep the balance, because an accident-recorded vehicle loses around half its resale value. The cash option is, for many claimants, a cash-out. (carrier-stated)
- **Margins are thin and uneven.** Motor profitability across the market is split rather than uniformly negative, but price competition through aggregators pushed many carriers' motor results to or past breakeven through 2024 and early 2025 before rate discipline began to return. (Industry estimate)
- **Assessment is photo-first and fast.** Most assessments run on photographs submitted through the national accident service, with claim cycles of two to three working days. Speed is real; control over repair cost and quality is thin.



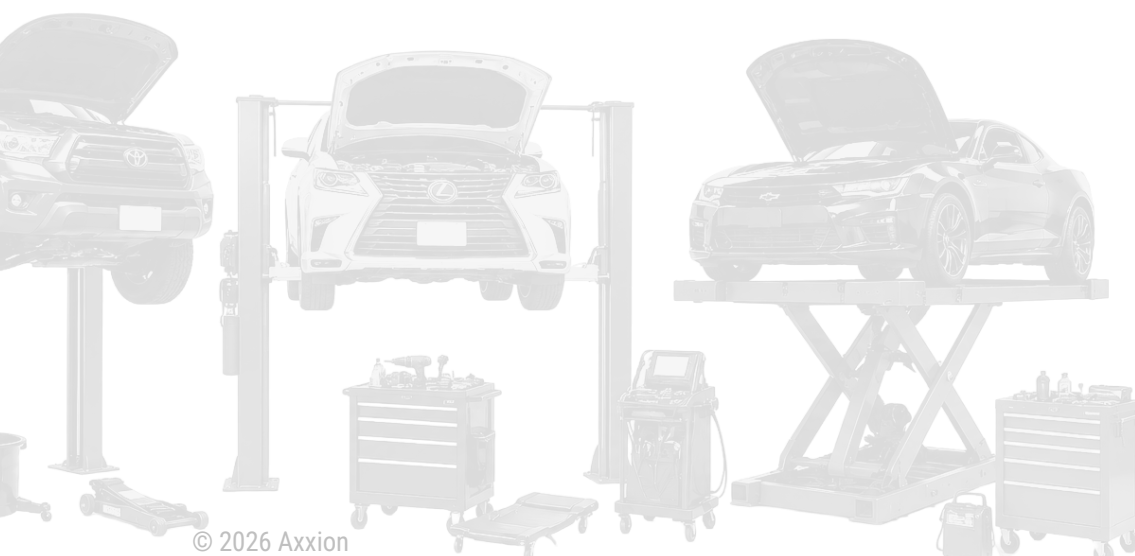
**The two forces point the same way.** A growing comprehensive book raises own-damage repair volume on its own, and a shift away from cash settlement converts third-party payouts into managed repairs on top of it. An insurer that handles managed repair for 15–20% of claims today is heading toward a book where repair becomes the main event, whether the regulator moves first or the product mix does.

The repairs the market already runs concentrate in its most expensive channel. Three-quarters of KSA comprehensive repairs go through agency (authorized-dealer) workshops, the highest-cost route, with little movement toward independent alternatives across four years. A growing comprehensive book therefore funnels rising repair spend into the costliest channel by default, which is precisely the cost an insurer with no estimate-control or network-governance capability cannot contain.



**Why the channel matters.** Agency repairs carry higher labor rates and OEM parts pricing than vetted independent workshops. A book that is three-quarters agency-repaired and growing concentrates cost exactly where estimate challenge, parts validation, and network steering have the most room to work.

KSA motor book, comprehensive (CP) vs. third-party (TP) share, 2022–2025. Source: Badri Consultancy, “UAE and Saudi Arabia motor insurance 2026”, June 2026.





### 3. The burdens insurers are facing

Neither force changes motor claim frequency much; both change what the insurer must *do* with each claim. A third-party cash payout becomes a managed third-party repair, and a rising share of the book is own-damage the insurer repairs directly. The work that cash settlement let the insurer skip becomes mandatory, and it lands across six areas at once.

<b>Burden</b>	<b>Under cash settlement</b>	<b>Under repair-default settlement</b>
Damage assessment	One valuation to set a payout figure	Detailed estimate the insurer must validate, line by line, against parts and labor
Parts and pricing	Not the insurer's concern once paid	New vs. used vs. aftermarket decisions, price validation, and supplement control on every file
Workshop network	None required	A governed, capacity-planned network with rates, standards, and turnaround commitments
Quality and rework	None	Pre-delivery inspection, ADAS recalibration verification, and liability for repair quality
Cycle time	Days to pay	Days to weeks to repair, with the insurer accountable for the customer's vehicle downtime
Fraud and leakage	Crude, at the valuation stage	Estimate inflation, phantom damage, and supplement abuse move inside the repair process

#### **The cost curve gets worse before it gets better**

The counterintuitive risk is that measured claims cost rises when an insurer first takes on managed repair. Cash settlement hides leakage by paying a capped number and ignoring what happens next.

Managed repair exposes the full cost of a vehicle returned to standard, including the inflated estimates, unnecessary replacements, and supplements that a controlled process is supposed to strip out but an immature one does not. An insurer that switches to repair without the capability to govern it inherits the gross cost and none of the savings. Estimate review in comparable markets routinely flags a meaningful share of repair estimates as priced above defensible levels, which is the size of the prize, and the size of the exposure if the capability is missing.

#### **The regulator keeps the customer with the insurer**

One structural point sharpens the burden. The Saudi regulator's position is that the insurer, not a repair manager or network operator, owns the customer relationship, the claim decision, and the turnaround performance. The insurer cannot discharge the obligation by handing the customer to a workshop chain. It can delegate the work, but it keeps the accountability, which means any operating answer has to give the insurer visibility and control over the work it delegates.



**The combined effect:** a repair-default mandate, arriving on top of a book already weighting toward own-damage, converts a payments function into a production operation. It asks an insurer that today writes checks against photographs to run assessment, procurement, network management, quality control, and customer service across a steadily rising share of its motor book, while remaining accountable for every outcome, in a market where motor profitability is already fragile.

#### 4. Why current operating models cannot absorb it

The Saudi market concentrates at the very top and thins fast below it, and the operating gap maps onto that structure. The two largest insurers alone carry roughly 4.3 million vehicles, the scale that makes an in-house claims and repair operation worth building. Almost every carrier below those two lacks that volume, which is where a repair-led model breaks.

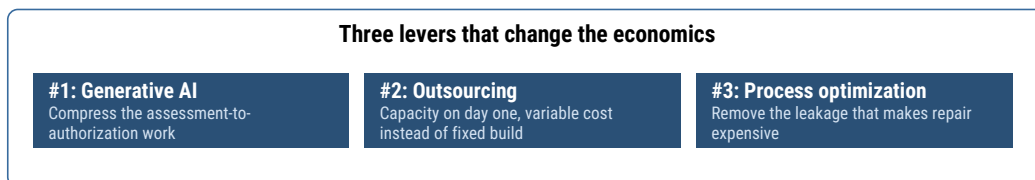
- **Sub-scale claims teams.** Mid-size and smaller carriers have no economic case for a full in-house claims operation, so they handle volume manually and carry fraud and leakage exposure estimated at SAR 5–6 million a year each (carrier-stated). A repair-default regime asks exactly these carriers to stand up the capability they could never justify building.
- **Dated policy-administration cores.** Much of the market runs on legacy systems a decade or more old, surrounded by bolt-on tools, and reluctant to attempt a wholesale replacement. A two-to-three-year core migration is not a credible answer to a reform arriving inside that window.
- **Photo-only assessment.** Assessment built around submitted photographs is reliable for cosmetic damage and weak on mechanical and structural damage, which is precisely where repair cost and quality risk concentrate.
- **A talent shortage.** Qualified, experienced motor-claims staff are scarce, and the skill a repair-led model needs, estimate challenge, parts validation, repair-quality judgment, is the scarcest of all.
- **No workshop governance layer.** Carriers that have never directed repair have no network, no rate book, no quality standard, and no capacity plan. The regulator considers the market not yet ready for the mandate for this reason.

The build-it-yourself route compounds these into a single number: time. Defining, building, migrating, and testing an internal claims and repair operation runs to years and tens of millions of riyals, and produces capacity that arrives after the reform rather than before it. For most of the market, an internal build cannot answer the burden inside the timeframe at all.



## 5. Three levers that change the economics

The burden is large but not novel. Markets that already settle through managed repair run on three levers, each attacking a different part of the cost curve, and together they decide whether repair costs more than cash or less.



### 5.1 Generative AI: compress the assessment-to-authorization work

The most labor-intensive part of a repair claim is everything between the damage report and the authorization to repair: reading the estimate, mapping free-text line items to real parts, checking prices, spotting inflation, and deciding what to approve. This is where generative AI changes the unit cost of a claim rather than shaving a few minutes off a step.

- **Estimate normalization.** Generative models map differently formatted estimates from surveyors, workshops, and agencies onto a common structure, and classify each line as new, used, or aftermarket, so the insurer compares like with like instead of re-keying.
- **Estimate challenge.** Models surface the lines priced above benchmark and the replacements that should be repairs, turning a manual negotiation into an exception review. A reviewer sees only the disputed items, not the whole estimate.
- **Document and FNOL processing.** Optical and language models read accident reports, recovery files, and supporting documents in minutes and extract validated fields, with forgery and inconsistency flags, removing the data-entry load that caps how many claims a handler can run.
- **Fraud and leakage scoring.** Hundreds of indicators run at first notification, scoring each claim for the patterns, phantom damage, repeat parties, estimate inflation, that a human handler under time pressure misses.

Generative AI lets a small, expert team govern a large book by spending its time only on the claims that need judgment. In a market with a structural shortage of qualified claims staff, that is the difference between absorbing the reform and being overwhelmed by it.

**Effect: handler productivity and early leakage capture.** One expert reviewer governs several times the claims a manual handler can clear, because the model does the reading and surfaces only the exceptions; recovery files that took hours resolve in minutes; and overpriced or fraudulent estimates are caught before payment instead of after. Measured in claims per handler, assessment-to-authorization time, and leakage caught pre-settlement. Indicative: estimate challenge flags around 30% of estimates as priced above defensible levels. (Operator experience, comparable GCC markets; requires per-insurer validation.)



## 5.2 Outsourcing: capacity on day one, variable cost instead of fixed build

The second lever addresses time and capital directly. Outsourcing the claims and repair operation to a third-party administrator converts a multi-year internal build into a service that has the capability already running.

- **Capacity exists before the mandate.** A specialist administrator brings the network, the assessment capability, the cost-containment process, and the systems as a service. The insurer buys readiness rather than building it under deadline.
- **Fixed cost becomes variable.** Instead of funding a standing operation sized for peak, the insurer pays per claim or against a loss-ratio outcome, which suits exactly the sub-scale carriers that cannot justify a permanent build.
- **The commercial model can carry the risk.** A loss-ratio gain-share, where the administrator commits to reducing the carrier's combined ratio and shares the saving, aligns the operator's incentive with the insurer's economics and is better suited to the Saudi market than a flat per-claim fee.
- **Independence protects cost containment.** An administrator that does not own the workshops, and benchmarks across multiple insurers, has neither the incentive to inflate repair cost nor the blind spot of a single-carrier view. That independence is what makes the cost-containment claim credible.

The regulator's insistence that the insurer keeps the customer is not an obstacle to this model; it is a design specification for it. The right outsourcing arrangement runs the work behind a white-label experience, gives the insurer full visibility into every repair cost, labor hour, and part price, and leaves the claim decision and customer ownership with the carrier. The carrier delegates the execution and keeps the control.

**Effect: speed to capability and a variable cost base.** The operation runs in weeks against a two-to-three-year, SAR-tens-of-millions internal build; fixed operating cost converts to a per-claim or loss-ratio charge; and under gain-share the partner is paid out of the combined-ratio improvement it delivers. Measured in months-to-readiness, capital avoided, and combined-ratio points recovered.

**The argument comes from inside the regulator.** The case for outsourcing motor claims in Saudi Arabia has been made from within the regulatory apparatus on shareholder-value grounds: a carrier's capital is better spent on distribution, product, and retention than on sub-scale claims infrastructure, and motor is a claims game more than an underwriting game, so the carriers that lack claims scale should buy it. The reform turns that argument from a strategic preference into an operational necessity.



### 5.3 Process optimization: remove the leakage that makes repair expensive

Technology and outsourcing only pay off on top of a process designed to contain cost. The third lever is the operating design itself, the staged pipeline and the control gates that decide whether managed repair costs more than cash or less.

- **Triage and straight-through processing.** Routing simple claims down a fast, low-touch path reserves expert attention for the complex ones, which is how a small team holds a large book without a cost explosion.
- **Authority and supplement control.** Defined approval thresholds and a governed supplement process stop the mid-repair cost creep that quietly inflates managed-repair claims.
- **Parts procurement discipline.** Validated new, used, and aftermarket sourcing, with bulk pre-procurement on high-frequency models, attacks the largest controllable line in a repair bill.
- **Quality gates that prevent rework.** Pre-delivery inspection and recalibration verification are cheaper than the comebacks, complaints, and re-repairs they prevent, and they protect the insurer that now carries repair-quality liability.
- **A single data record per claim.** Capturing every cost, rate, and decision in one structured record turns the repair operation into a source of pricing and burning-cost data, which feeds underwriting and closes the loop the NISS asks insurers to close.

Process design is where the three levers meet. Generative AI accelerates the steps, outsourcing supplies the capacity to run them, and the process determines whether the result is cost containment or cost inflation. None of the three works alone.

**Effect: repair cost per claim and turnaround.** Parts discipline, agency-channel steering, supplement control, and QC gates attack the controllable lines in every repair bill and the rework that follows poor ones. Measured in repair cost per claim, cycle-time days, supplement rate, and rework rate. Indicative: a repair-cost reduction in the order of 20% where the controls are applied in full. (Operator experience, comparable GCC markets; requires actuarial validation.)



## 5.4 Why only one kind of operator can deliver all three

This is where the argument resolves. The levers compound only when one operator runs all three together, and the Saudi market narrows the field that can to a single profile. Each condition below is structural, and each rules out a class of provider that supplies one lever but not the set.

1. **Independence from any workshop network.** An operator that owns the repair shops cannot credibly contain or benchmark repair cost, because its margin sits in the repair it is meant to challenge. Cost containment requires neutrality between the insurer and the workshop, which excludes network owners and repair-fulfilment groups.
2. **Cross-insurer benchmarking.** Estimate challenge and fraud scoring are only as sharp as the data behind them, which means a book aggregated and anonymized across carriers rather than a single insurer's history. That excludes in-house operations and carrier-owned platforms, whose data stops at their own portfolio.
3. **No mandated proprietary system.** Carriers running decade-old cores will not replace them, so the operator has to sit on top of what exists rather than force a migration. Earlier motor-TPA attempts in the region failed by pushing their own platform, which excludes software-led entrants whose model is a system sale.
4. **Customer and control left with the insurer.** The regulator requires the carrier to own the customer and the claim decision, so the operator must run behind a white-label experience. That excludes any player whose model is to take the policyholder relationship.
5. **All three levers under one operator, at regional scale.** Generative AI without the process and the network is a demonstration; outsourced labor without the AI and the controls only relocates the cost. The value sits with an operator that owns assessment, network, AI, and process together, and runs them across Saudi's three regions from day one rather than after the mandate.

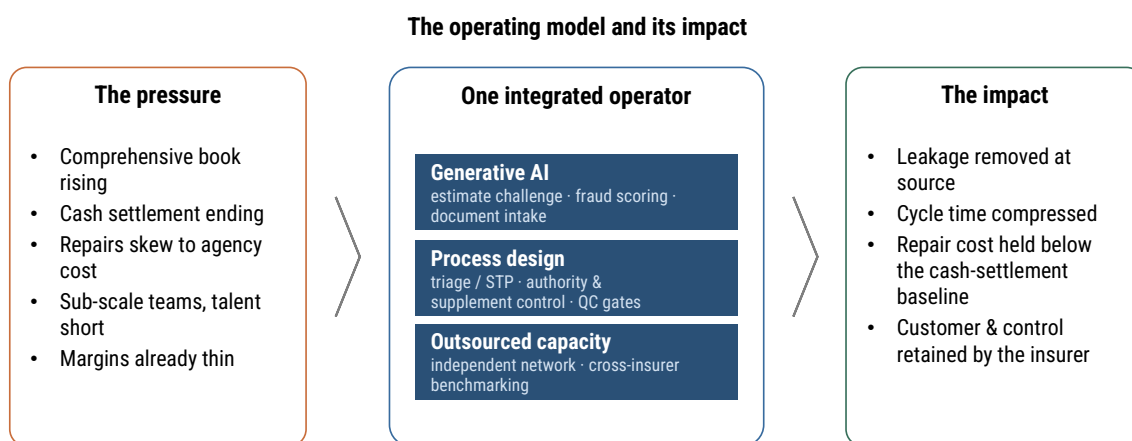
Most providers in the market meet two or three of these conditions. The combination is what the reform demands, and the operator that holds all of it converts the regulatory and structural pressure into a cost advantage the carrier cannot build alone or buy in pieces.

**The advantage is in clearing all five at once.** An operator that is independent of the workshops, benchmarks across insurers, imposes no system on the carrier, leaves the customer with the insurer, and runs AI, network, and process together at regional scale is the only structure that turns the reform from a cost into a margin. Each condition on its own is common in the market; all five in one operator is rare, and the carrier that secures it first sets the cost benchmark every competitor is then measured against.



## 6. What a prepared operating model looks like

Putting the levers together gives a model that an insurer can deploy ahead of the mandate rather than scramble for after it. The same operator turns the three pressures into a contained cost and a retained customer, which is the impact a carrier buys when it cannot build the capability itself.



Illustrative. The cost-containment outcome requires actuarial validation per insurer.

The build-versus-buy mix shifts with scale, but the shape of the answer holds across carrier sizes, and one element of it holds for every size.

Capability	Mega insurers	Large to medium insurers	Small insurers
Assessment & estimate control	In-house teams, sharpened by the partner's generative-AI estimate challenge and cross-insurer fraud data a single book cannot produce	AI-led estimate control with the partner's expert overlay	Fully delegated to the partner
Workshop network	Own network, priced and audited against the partner's independent cross-insurer cost benchmark	Access to the partner's managed independent network	Partner's network end-to-end
Claims operation	Retained and optimized, with the partner's process and AI layered on top	Hybrid: retain control, outsource execution to the partner	Outsourced end-to-end, customer ownership retained
Commercial model	Capability and data subscription	Per-claim or loss-ratio gain-share	Loss-ratio gain-share
Time to readiness	Months, on the existing base	Weeks to months	Effectively immediate



The constant across every column is the independent, cross-insurer benchmarking and estimate challenge that no carrier generates from its own data, whatever its scale. The smallest insurers buy the whole operation; the largest buy the one layer their size cannot manufacture. Both need the same partner, for different reasons.

The sequencing matters as much as the design. Workshop capacity is the constraint the regulator is waiting on, which means network access is the scarce resource. The carriers that secure governed capacity early set their cost base before demand peaks; the ones that wait for the mandate contract for repair capacity in a market where the faster movers already hold it. The reform rewards preparation with a structural cost advantage and penalizes delay with a structural disadvantage, and the gap between the two compounds.

## 7. Implications and the decision in front of carriers

The rise in managed repair is best read as an operating-model decision, reinforced by a market trend that owes nothing to regulation. The compliance question, can the carrier settle by repair when required, is trivial. The economic question, can the carrier settle by repair without destroying its loss ratio, is the one that decides which insurers come through the transition stronger.

- **For the market.** Both forces reward operational capability over pricing aggression. A growing comprehensive book and a repair-default regime pull claim spend back into a controllable process, favoring carriers that can govern repair cost and pressuring those competing only on premium, which accelerates the consolidation thin margins already imply.
- **For the individual insurer.** The choice is to build, buy, or partner for the capability, and for most of the market the timeframe rules out building. The decision is which functions to retain and which to delegate, under a model that keeps the customer and the control with the carrier.
- **For the regulator's own aims.** The reform only delivers its road-safety and market-stability goals if the market has the operating capacity to execute repair at scale. The faster credible capacity becomes available, the sooner the mandate can move from gated to live, which aligns the regulator's timeline with the availability of exactly the operating models this paper describes.

Two forces are raising the repair burden, and only one of them is gated. The comprehensive shift is already in the numbers and continues regardless of regulation; the zero-cash mandate is coming on the regulator's evidence and the strategy's logic, gated only by readiness. Readiness is buildable now, ahead of both, through generative AI that compresses the work, outsourcing that supplies the capacity, and process design that contains the cost. The insurers that assemble that capability before the curve forces them to will define the cost benchmark. The rest will be measured against it.



## About Axxion

Axxion Claims Settlement Services L.L.C. is the UAE's first dedicated motor third-party administrator. From Dubai, Axxion manages the full motor claims lifecycle for insurance partners: first notification of loss, surveying, repair coordination, quality control, recovery, and settlement. The company serves UAE insurers across both large and small-to-medium carriers and is preparing to extend into Saudi Arabia and the wider GCC.

**Compliance by design.** Axxion was built to operate inside a tightening regulatory environment. The Central Bank of the UAE absorbed insurance regulation in 2020 and consolidated the framework under Federal Decree-Law No. 6 of 2025, which brings TPAs and loss adjusters explicitly inside the CBUAE perimeter. Every claim Axxion handles passes through formal compliance gates covering UAE PDPL data protection, policyholder-consent requirements, settlement-authority bands, sanctions screening, and audit-trail completeness. Compliance is not an overlay; it is the operating substrate.

**The Axxion Intelligent Operating System (AIOS).** The Claims OS that Axxion presents to insurer partners runs on the AIOS, a unified operating layer orchestrating a seven-stage claims pipeline across surveying, estimation, repair coordination, quality control, recovery, settlement, and reporting. The AIOS integrates human operators with structured AI-assisted decision points at every stage. Insurers receive cleaner data, faster cycle times, lower per-claim cost, and a complete audit trail, without giving up control over their portfolio.

Axxion is led by Managing Director and Co-Founder [Frederik Bisbjerg](#). Frederik has spent over two decades in international insurance in operating and transformation roles, with a particular focus on motor claims, distribution, and AI-enabled insurance models. He has been a public voice on insurance modernization in the GCC and writes regularly on the operational shifts reshaping motor underwriting. Axxion is the operating expression of his thesis: that disciplined claims operations, built on AI-enabled but human-led decisioning, will define the next decade of competitive advantage in motor insurance.

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