

6 February 2010

Third year study on the impact of claims management regulation

Introduction

The MoJ commissions annual studies on the impact of regulation. Two studies, together with and initial impact study conducted three months after the introduction of regulation, have been completed. Each has concentrated on reducing malpractice. The Department has now commissioned Boleat consulting to do a third year study which will also cover the impact of regulation on access to justice. .

The Objectives of Claims Management Regulation

Claims management regulation aims to provide better safeguards for consumers of claims management services. This involves tackling malpractice, but also seeks to make it easier for those people who have a genuine claim to pursue that claim, thereby improving access to justice. (It is worth noting here the perhaps contrary argument relating to the existence of an undesirable compensation culture to which claims management companies are alleged to have contributed.)

The project

The project has two distinct parts. The first follows the pattern of previous impact reports and seeks to identify the extent to which malpractice has been reduced and the wider impact of regulation on the claims management market. The consultant will review the conclusions of the initial baseline line and the three impact reports that have been undertaken, analyse progress made on the items identified for future work and analyse how new issues have been handled so as to produce an overall assessment of the impact of regulation in reducing malpractice after three years.

This part of the project will largely comprise desk based research together with interviews with the Head of Claims Management Regulation, the Monitoring and Compliance Unit, the relevant representative bodies and other relevant stakeholders.

The second part seeks to assess the impact of claims management companies generally, and of claims management regulation specifically, on the number of people making compensation claims in relation to the number who are entitled to claim, through a theoretical analysis, study of the available data and input from relevant experts. This part of the study concentrates on personal injury with a more limited analysis of financial services claims.

The personal injury analysis project is being undertaken in five phases:

1. Preparation of a background paper, briefly setting out theoretical issues and analysing the available data.
2. Using the background paper as a starting point, enhancing the analysis through discussions with the relevant stakeholders, including -

The Ministry of Justice, including the Monitoring and Compliance Unit.

The Association of British Insurers.

The Compensation Recovery Unit.

The Department for Transport (which has produced a detailed analysis on the divergence between the reported number of motor vehicle accidents and the number of personal injuries arising from motor accidents).

FOIL, APIL and MASS.
3. Drafting a revised paper taking account of these discussions.
4. A half-day workshop, scheduled for the morning on 26 March, involving all of the interested parties, to discuss key issues emerging from the research.
5. Preparation of a final report.

The financial services component is more limited, comprising an analysis of the available literature, in particular reports of the Financial Services Ombudsman, and discussion with the Ombudsman, banks, insurance companies and claims management companies.

The consultant

Mark Boleat holds a BA degree in Economics and an MA in Contemporary European Studies. He is a Fellow of the Chartered Institute of Bankers.

He was Director General of the Building Societies Association from 1986 to 1993 and also of the Council of Mortgage Lenders from 1989 to 1993. He then moved to the Association of British Insurers where he was Director General from 1993 to 1999. He currently holds a portfolio of positions. He is a non-executive director of Travelers Insurance Company, a member of the Regulatory Policy Committee, a member of the Court of Common Council of the City of London (where he is Chairman of the Markets Committee and Deputy Chairman of the Policy and Resources Committee) and Chairman of The Green Corridor and the Association of Labour Providers. Mark Boleat has run Boleat Consulting since 1999, undertaking a variety of projects for government agencies, regulatory bodies and trade associations. He was Head of Claims Management Regulation between August 2006 and August 2007, and prior to and subsequent to this has undertaken a number of projects for the Department on claims management.