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Diversification of claimant PI firms ‘a concern’

SRA promises thematic review of personal injury sector as MRO ‘shell’ companies are barred by MoJ

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The personal injury sector is ‘generally working well’ post-LASPO, but concerns remain about the diversification of claimant firms into new injury types and the ‘prevalence’ of dishonest or frivolous claims, according to the findings of a Solicitors Regulation Authority survey.

The online [survey](#) involved more than 250 firms, and interviews with regulatory and representative bodies, trade associations, insurers, and the judiciary. Despite the introduction of LASPO having the significant impact on the sector with the banning payment of referral fees, the survey suggests the market has adapted positively to change.



Overall there is a perception that there are fewer frivolous cases and that the relationship between solicitors, insurers, and medical reporting organisations has improved since the introduction of [MedCo](#).

However, only 4 per cent of respondents believed the quality of medical reports had improved, with many feeling they had deteriorated. Around 12 per cent felt frivolous cases were still ‘prevalent’.

With restrictions on low-value payouts, several respondents, including the Forum of Insurance Lawyers, raised concerns about the lack of knowledge within those law firms looking diversify away from road traffic claims and into clinical negligence, occupational disease, and noise-induced hearing loss work.

Crispin Passmore, the SRA’s executive director of policy, promised an in-depth review to fully understand the ‘nature, extent, and impact’ of the reported concerns. ‘We can then take appropriate steps to help manage any risks and raise standards,’ he added. ‘People still have concerns about some poor practice.’

[FOIL welcomed the regulator’s review, with its president, Duncan Rutter](#), saying the group had ‘long had concerns at the negative impact that change can have in the bringing of claims’.

Although the report indicates that stakeholders believe the number of [fraudulent claims](#) is decreasing, the issue of [dishonest claims](#) is still a major issue for FOIL members.

'Alongside the work of organisations such as MedCo, the SRA has a vital role to play in enforcing standards and maintaining professionalism within the legal profession,' said Ritter.

In a separate development for the sector, the Ministry of Justice is to close loopholes which have led to abuse of the system for sourcing medical reports in soft tissue injury insurance claims

Under the new qualifying criteria for MedCo, 'shell' companies set up to gather instructions and direct them to a parent organisation will be barred. Medical reporting organisations wishing to register with MedCo will have to show that they are 'properly constituted businesses with satisfactory systems and sufficient resources in place to operate the minimum required standards'.

Nigel Teasdale, FOIL's vice president and its representative on the MedCo Board, said: 'It is important that abuses which undermine the system are tackled as they arise. FOIL sees the changes to the qualifying criteria and the declaration of financial links as significant steps in MedCo's development.

'Hopefully this will enable MedCo to focus its resources on improving the quality of the medical reports themselves.'

John van der Luit-Drummond is deputy editor at Solicitors Journal

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