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FOIL welcomes action to tackle shell company problems within Medco



BY MAREK HANDZEL ON OCTOBER 27, 2016

NEWS, REGULATION

New qualifying criteria for MedCo, announced by the Ministry of Justice (Moj), in an attempt to tackle abuse of the medical reporting portal, have been welcomed by the Forum of Insurance Lawyers (FOIL).

The Moj is keen to deal with the problem of shell companies that have been set up by Tier 1 medical reporting agencies. The agencies have said they have been forced into the move by the Government in order to keep their clients happy, but the Moj has taken the view that the practice undermines the MedCo principle of random allocation of experts.

Under the new qualifying criteria those 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." Shell companies set up to gather instructions and direct them to a parent organisation will be barred.

The MoJ has also recommended that the financial links declaration, which prevents law firms from having a stake in medical reporting agencies, should be re-signed by authorised users of MedCo every 12 months.

Nigel Teasdale, FOIL's vice president and its representative on the MedCo board, said: "The introduction of MedCo is an on-going process and 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.

"It is clear that MedCo is changing behaviours and it is important that the regime continues to develop. FOIL welcomed the MOJ's commitment earlier this year to keep the framework under review and, in particular, hopes in due course to see formal regulation of MROs as part of the regime."

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