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FOIL WELCOMES ACTION TO TACKLE ABUSE OF MEDCO

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Moves by the Ministry of Justice (MOJ) to close loopholes which have led to abuse of the system for sourcing medical reports in soft tissue injury insurance claims have been welcomed by the Forum of Insurance Lawyers (FOIL).

The MOJ yesterday announced new qualifying criteria for MedCo, the independent system introduced to rationalise the provision of medical reports in low value personal injury road traffic accident claims. The new provisions aim to tackle the problem of 'shell' companies, which undermine 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.

Nigel Teasdale, FOIL's Vice President and its representative on the MedCo Board, said:

"FOIL welcomed the changes to the MedCo framework announced earlier this year, which addressed several of the issues it had raised in its consultation response to the MOJ. It is pleased to see the reforms now being implemented.

"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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