

## Ministry of Justice (MOJ) claims reforms: Update



The Ministry of Justice's (MOJ) new process in respect of the Road Traffic Act personal injury claims occurring in England and Wales came into force on 30 April 2010.

It is anticipated that the new process will provide for early notification of claims, promote early admissions of liability and prompt settlements.

The process is designed to speed up settlement of claims and reduce legal costs. However, to do this it imposes some stringent timescales for various stages of the claim process. If you operate a motor vehicle fleet, Marsh recommends you review your claims management procedures to ensure you can comply with the new rules and obtain full benefit of the lower costs available.

Our claims specialists are available to help you and can deploy our motor claims healthcheck service, which is profiled overleaf.

### Process overview:

- The third party claim notification form is completed by the claimant solicitor and forwarded to the electronic portal.
- A statement of truth is to be signed by the claimant/solicitor.
- The defendant insurer will be required to access the portal to see whether any claim notification forms have been submitted against their clients.
- If liability is split – the claim will not fall under the new process.
- If a decision is not reached within the agreed timeframes or liability is denied the claim will not fall under the new process.

### Scope of new process:

- Value of claim £1,000 – £10,000 (based on general damages and special damages).
- Clear rule for what is included/excluded in process.

Included:

- The accident occurred in England and Wales.
- The accident occurred after the implementation date (30 April 2010).

Excluded:

- Claims under £1,000 PSLA (the PI small claims limit).
- Employers liability and public liability claims.
- Motor Insurers Bureau untraced driver agreement.
- Claims where claimant/defendant is deceased.
- Claims where the defendant is a protected party.
- Uncertain value of claim – reasonable prospects.

### Process - Stage one:

- Claim notification form.
- Admission of liability needed within 15 days' time period.
- Claim can exit due to:
  - Contributory negligence (other than failure to wear a seatbelt).
  - Denial of liability.
  - No response.

## Process - Stage two:

- Claimant solicitor to obtain medical report: rules govern number and process.
- Claimant solicitor to send settlement pack to defendant within 15 days.
- Insurer has 15 days to accept/reject offer.
- If settlement agreed, offer and fixed recoverable costs payable; if not agreed, insurer pays best offer by way of interim payment to claimant.

## Process - Stage three:

- Claimant solicitor prepares Stage 3 settlement pack.
- Email to insurer who has five days to check.
- Application to court to determine quantum.
- Papers to be sent to the court.
- Presumption of paper hearing unless either party opts for an oral hearing.
- Vehicle damage or hire claims need to be brought into proceedings at Stage 3 if they remain unsettled.

## What can you do?

### Impact

In return for immediate reporting, early management of accidents and quick liability decisions there is potential for:

- Significant savings on claimant solicitors costs.
- Overhead savings from a quicker and easier process.

### Marsh recommendations

- Educate drivers to report claims promptly.
- Adopt Bump Cards as part of the driver reporting process.
- Ensure agreed processes are embedded and clearly communicated to drivers/employees.
- Ensure proper validation of claims and fraud identification is in place.
- Re-align working methods/systems to meet strict deadlines.
- Ensure clear timely communication on all liability decisions.
- Identify tactics claimant solicitors may adopt.

## Cost benefit:

As an example, estimated claimant solicitor costs savings per claim are:

- Claim value £4,000 – Saving £528.
- Claim value £7,000 – Saving £1,189.
- Claim value £10,000 – Saving £1,784.

*Source: Axa Corporate Solutions Ministry of Justice Reforms Briefing Document*

Your own internal administration costs may also reduce through process and efficiency improvements.

## How Marsh can help you

Marsh has developed a Motor Claims Healthcheck tool, which can help you comply with the new rules and reduce costs. We can:

- 1) Conduct an initial assessment of your claims experience by auditing the claims data.
- 2) Review your internal processes for notifying claims and pursuing uninsured losses.
- 3) Provide a report with recommendations on process improvements.
- 4) Assist in the implementation of process improvements, training and monitoring success.

For further information and assistance please contact your usual Marsh representative, or e mail national. [enquiries@marsh.com](mailto:enquiries@marsh.com)