



Ministry of Justice Reforms April 2010

What needs to be done to comply?

Last year the Ministry of Justice (MoJ) revealed the proposals for streamlining the compensation process for low value Road Traffic Accident personal injury claims.

The MoJ recently confirmed the changes will apply to claims resulting from accidents which happen on or after 30th April 2010.

Our Claims Manager, Derek Rigby, has been to a number of Insurer seminars on the subject and here provides a view on how the new guidelines will specifically impact our clients.

The reforms have been put in place to try and ensure that claims are dealt with in a far more timely fashion than they are at present with a result that legal costs are kept to the minimum.

The biggest issue that we face is that a decision on liability needs to be made within 15 days following the notification by the Claimant solicitors.

Many of our clients are aware of the volume of Personal injury claims we receive following "low velocity impacts". The solicitors and Credit Hire companies are expert in processing the claims quickly to give Insurers no time to properly investigate.

There are also the potential fraudulent claims that we receive. The North West (East Lancashire in particular) being the worst area in the country for this type of claim.

How many times have we seen the claim where there is minimal or no contact with the Third Party vehicle and yet we receive claims from a driver and passenger. In some cases from a passenger not in the vehicle!

One Insurer has provided information showing the potential savings if they are notified on day one of the accident rather than 2 or 3 weeks later. In an accident where there is damage to a Third Party vehicle along with an injured driver and passengers a saving of £25,000 is possible following an early notification. This enables the Insurer to take control of the claim managing both the repair and injury (through rehabilitation).

While the examples that have been provided are on a worst case scenario basis they demonstrate what can be achieved.

Derek also says "I was at Aviva in Norwich with my Brokerability colleagues and we discussed the new guidelines. It was clear that without the cooperation of Brokers and their clients Insurers would not be able to meet the new timescales".

"We have advised our fleet clients of the new reforms and the early indications are that we will be able to say to Insurers that Sagars clients are fully supporting the requirements by reporting claims as quickly as possible. This has the additional benefit of reducing claims payments and consequently premiums".

A E Taylor becomes Sagar Insurances

Welcome to the Newsletter to all A E Taylor clients. Following on from the successful acquisition of A E Taylor by Sagar Insurances, a rebranding and integration process took place on 1st April.

Hopefully already familiar with the branding, A E Taylor clients will have a new company name to deal with but the people remain the same – although they may be at a different location! Claims, Personal Lines and Accounts are now part of larger teams based in Accrington. John Hardman and his commercial colleagues continue to work from Rochdale.

Director of Sagar Insurances John Meadows commented "We have taken the opportunity to provide even better service levels by strengthening the expertise in depth by unifying the different technical disciplines now involved with insurance broking".



Pictured above are Mike Herd, Derek Dooley, John Meadows & Mark Stevenson

Derek Dooley is stepping aside from day to day issues, but will continue to have some input into Rochdale clients' arrangements. Derek said "after 30 years broking it is difficult to simply switch off. Having said that, I have every confidence in the management and team at Sagar Insurances – that is why I decided to join forces with a larger organisation and Sagar Insurances fitted the bill"

A safe way to protect yourself

Morrisons PLC is suing former directors of Safeway for many millions of pounds to seek recompense for huge fines imposed on them because Safeway allegedly operated a price rigging circle with other supermarkets before they were bought by Morrisons. This is yet another example of how directors are becoming increasingly vulnerable

as injured parties seek to recover compensation from anyone who can pay. Many businesses still do not insure directors and officers against the growing risks they face and failure to do so can cause ruin for individuals. Premiums are not high and if you are not protected already just give us a ring.

Unlocked and keys left in cars

Most motor insurance policies now exclude cover for theft if the vehicle is left unlocked and unattended or if the keys are left in or on the vehicle. Employers need to make absolutely sure that any vehicle user is aware of the situation and complies with it. It would be highly expensive for the business if a vehicle is stolen and the insurer refuses to pay out.

Although the words are fairly clear, there is some uncertainty over the words and clients often claim that insurers have applied the exclusion unfairly and ask us to challenge the situation on their behalf. The Financial Services Ombudsman is the final arbiter in insurance disputes and often his decisions can be used as

a precedent in our arguments with insurers. The main areas of disputes are

- The vehicle is unattended when it is left momentarily but is still in the driver's sight. This can apply on deliveries etc,
- It is unattended on garage forecourts whilst paying for fuel
- Keys are left in the lock whilst gates etc, are being opened
- Vehicles are being warmed up unattended in cold weather
- Someone rushes back into the house or business premises because something has been forgotten leaving vehicle unlocked

It is impossible to prejudge the situation regarding acceptance of a claim but insurers would take into account

- Where the car was at the time of the incident
- Whether the driver was in a position to deter the theft or make the theft unlikely
- Whether the driver was recklessly disregarding the risk of theft
- Any mitigating factors that caused the driver to leave the car and keys

Whilst we will argue your case as best we can, it is only if special circumstances apply that we can be

successful. It is very important that you make sure all existing and new employees who drive company vehicles are aware of the situation and the message is regularly reinforced.



Do you see yourself as the next Premier League Manager? If so read on.....

Chris Burns is too hot to handle

Athletico Madras win the inaugural Sagar Insurances Fantasy League

It has been a long hard season but we finally have a winner. After 38 league games Chris Burns' Athletico Madras have been crowned Sagar Insurances Fantasy League Champions.

After a close run in Chris beat off fierce competition from Brit's Keith Winder and Sagar's own Sharon Abbott and Paul Barrington to clinch the title. When asked about his victory Chris commented "I was confident that with my superior football knowledge and tactical awareness I had a good chance of winning the league. Remember cream always rises to the top in the end."

Sagar Insurances Fantasy League founder Paul Barrington realised last year that by using the online facility that the 'Premier League' offer he would be able create a friendly, competitive arena to unite staff, key

insurance companies and clients alike.

Following the success of the 09/10 Fantasy League we would now like to open it to everybody. So if you fancy yourself as the next Fabio Capello or José Mourinho send an email to pbarrington@sagarinsurances.co.uk to register your interest for the next season. You will be sent simple joining instructions a few weeks before the start of the 10/11 season.



Accidents can come back to haunt you

One of the outcomes of the recession is the increased level of fraudulent claims against employers and other business providers. Launching a claim for injury or damage can often seem an easy way of making money for cash strapped individuals. They are constantly being bombarded by advertisements from accident compensation companies telling them how easy it is to make money at no risk and little hassle.

All too simply, that niggling back pain which can easily be forgotten when there is plenty of work can become a real earner when work is not so plentiful. Employers especially in the building trades are increasingly being sued by ex employees that suddenly are unable to work because of an old injury. The same situation applies to local authorities, shopping centre owners and any business that owns or occupies an area where the public has access and slips and trips can occur. Some desperate people feign injuries or even injure themselves deliberately to obtain compensation.

Insurers are well aware of this recession related phenomenon and are well trained to manage such claimants. However, it is important that businesses safeguard themselves as much as possible by having a well documented system to record everything that happens. Every incident however trivial should

be recorded in an accident record book and where possible witnesses names taken and recorded. You should take pictures of the site of any accident if you can. The more details taken at the time about the circumstances the better. Records should be kept as long as possible as claims can be made up to three years later. If you have any suspicion the incident could lead to a claim, let us know immediately. The insurance industry has a number of databases that can be searched to check personal information and identify fraudsters. The sooner this is done the better.

Fraudulent claims can cost you dearly. They are time consuming and can lead to higher premiums and in some cases difficulty in getting cover. It is better to be prepared than try and reconstruct an event sometime later.



Thank goodness this is not America

Courts in the USA are much more likely to award damages than a UK court and this is the reason that any client who exports to the USA has to pay higher premiums.

Below are some examples of awards which by our standards are surprising

- **KR of Texas was awarded \$80,000 by a jury after breaking her ankle tripping over a toddler who was running inside a furniture store. The store owners were understandably surprised by the verdict, considering the running toddler was her own son.**
- **CT of California won \$74,000 plus medical expenses when his neighbour ran over his hand with a Honda Accord. CT apparently didn't notice there was someone at the wheel of the car when he was trying to steal his neighbour's hubcaps**
- **TD of Pennsylvania, was leaving a house he had just burgled, by way of the garage. Unfortunately for TD, the automatic garage door opener malfunctioned and he could not get it to open. Worse, he couldn't re-enter the house because the door connecting the garage to the house locked when he pulled it shut. Forced to sit for eight days on a case of Pepsi and a large bag of dry dog food, he sued the homeowner's insurance company claiming undue mental anguish. Amazingly, the jury said the insurance company must pay TD \$500,000**
- **JW of Arkansas was awarded \$14,500 plus medical expenses after being bitten on the butt by his next door neighbour's beagle - even though the beagle was on a chain in its owner's fenced yard. JW did not get as much as he asked. The jury believed the beagle might have been provoked**

at the time because JW had climbed over the fence into the yard and repeatedly shot the dog with a pellet gun

- **AC of Pennsylvania received \$113,500 from a Philadelphia restaurant after she slipped on a spilled soft drink and broke her tailbone. The reason the soft drink was on the floor: AC had thrown it at her boyfriend 30 seconds earlier during an argument.**
- **KW of Delaware sued the owner of a night club because she fell from the bathroom window to the floor, knocking out her two front teeth. Even though KW was trying to sneak through the ladies room window to avoid paying the \$3.50 cover charge, the jury said the night club had to pay her \$12,000, plus dental expenses.**
- **The best one is MG of Oklahoma who purchased a new 32-foot Winnebago motor home. On her first trip home from a football game, having driven onto the freeway, she set the cruise control at 70 mph and calmly left the driver's seat to go to the back of the Winnebago to make herself a sandwich. Not surprisingly, the motor home left the freeway, crashed and overturned. MG sued Winnebago for not putting in the owner's manual that she couldn't actually leave the driver's seat while the cruise control was set. The Oklahoma jury awarded her \$1,750,000 plus a new motor home. Winnebago actually changed their manuals as a result of this suit.** These awards make our courts appear very reasonable.



Insurer surveys and resulting requirements

The dreaded insurer survey Insurers normally survey when they acquire a new case or at regular intervals (2 to 3 years) if they already hold the business.

In the past Insurers were lax in chasing up if their requirements had been carried out, and were also inclined to give clients more time to complete the work required

During the past 18 months with the increase in claims, and especially fires caused by electrical faults, (having an up to date IEE Certificate is now a must) this has now changed with insurers chasing hard to make sure the

work is done on time. If not they either reduce or automatically withdraw cover. This can obviously cause problems on the settlement of claims.

By carrying out the insurer requirements promptly you are ensuring you reduce risk, provide a safer work place, and prevent terms being imposed on your insurance cover.

Insurer requirements are always open to discussion with us. Please speak to your contacts at Sagar Insurances if you require further clarification of any requirement.

