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CONSUMERS WARNED OF RISK OF EXPLOITATION BY INSURERS

A national campaigning group has warned consumers to beware of the 'wolf in sheep's clothing' following publication of a new insurance guide.

The group, which acts for people injured through no fault of their own, has long been concerned about a growing trend for the insurer of the person who caused the injury to make direct contact with the victim, offering to settle the compensation claim direct. The process is commonly known as 'third party capture'.

"We have sent evidence to the Financial Services Authority to illustrate occasions when insurers have quite clearly attempted to under-settle claims in these circumstances," said Muiris Lyons, president of the Association of Personal Injury Lawyers (APIL). "We have also heard about quite shameful pressure to settle being brought to bear on vulnerable and injured people.

"The insurance industry is now euphemistically calling this 'third party assistance', but what many people won't realise or remember, often because they are shocked and vulnerable at the time, is that insurers' primary duty is to their shareholders, not the injured person. This obviously puts them in direct conflict with the victim."

APIL's concerns are illustrated further in a new Third Party Assistant Claimant Guide from the Association of British Insurers (ABI).

"What the document fails to point out, is that no costs are incurred by the claimant if he is represented by an independent solicitor, that the interest to the insurer in dealing with people in this way is very clear, and that the valuation of an injury claim can, and often is, subject to proper, informed, scrutiny when an claimant is independently represented. But, set against reassurances about the insurers' approach, and alongside warnings that the injured person has to make sure his losses are 'reasonable', it is highly unlikely that the victim will absorb reminders of his right to independent legal advice, let alone act upon them."

One of APIL's key concerns is that most people know nothing about the compensation system which makes it difficult for them to judge whether or not the compensation they are being offered is fair or correct. Another



concern is that part of this approach involves people being 'cold-called' by insurers, by telephone, email or text message, when they are at their most vulnerable.

"The over-riding issue here is independence, and knowledge of how the system operates," said Lyons. "An injured person needs access to independent advice about such key aspects of the case as medical reports, rehabilitation, and the level of compensation to be expected. The guide may well consider this an 'unnecessary' legal cost, but putting peoples' lives back on track after a needless injury is a serious matter and injured people deserve proper, independent support.

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