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The cost of motor insurance: reaction to Government response to House of Commons Transport Committee

The suggestion that legislation going through Parliament to restrict 'no win no fee' will result in a drop in car insurance premiums is pure fantasy, said the Association of Personal Injury Lawyers (APIL).

"The Legal Aid, Sentencing and Punishment of Offenders Bill (LASPOB) is a trojan horse which will penalise a small proportion of people with complex or catastrophic claims by taking money from their damages," said APIL's chief executive Deborah Evans.

"It will have little effect on straightforward lower value road traffic cases, which make up three quarters of all personal injury claims and which are already subject to a new electronic system in which legal costs are fixed by agreement between the parties, including insurers and personal injury lawyers.

"We fully support the transport committee's call for the insurance industry to take a lead on tackling insurance fraud and one way to do that for insurers to report any suspicions of fraud to claimant lawyers immediately they arise," she went on.

"Lawyers are on the front line in the fight against fraud. Fraud is crime, and lawyers cannot help to fight it with their hands tied behind their backs."

And APIL welcomed the Office of Fair Trading's call for evidence on the issue. "This should provide an impartial view as to the reason behind rising premiums," said Mrs Evans.

"Whilst insurers are keen to put the blame at the door of those legitimately pursuing personal injury claims we believe there to be many wider factors - for example the premiums paid to price comparison websites, and the inability to generate returns from investment of capital on the international money markets due to low interest rates.

The OFT should look for the real data behind the spin."

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