

MOJ Reforms

Broker fact sheet No. 1

Following the Lord Justice Jackson review of civil litigation costs and the Ministry of Justice (MoJ) consultation on civil justice procedure, we are preparing for the reforms, ahead of their proposed implementation in April 2013. It is our intention to provide updates on various key component topics of the MOJ Reforms up until the implementation in April 2013.

What are the key elements of the proposals?

- The proposals apply to **Employers' Liability** (accident and disease) and **Public Liability** (accident) claims, valued at between £1,000 - £25,000 and where the accident or letter of claim (disease) is on or after 1 April 2013. The proposals don't include claims for PL disease, abuse, mesothelioma and clinical negligence, as well as claims where the defendant is an individual or where there is more than one defendant.
- The timescales that are applied to investigate these claims (referred to as Stage 1) will significantly reduce from the current 90 days to 30 working days for EL and 40 working days for PL. The deadline to negotiate settlement of the claim (referred to as Stage 2) will be within 35 working days; there is currently no time limit to settle a claim.
- Claims will be submitted via an electronic portal which will function almost identically to the current RTA portal with fixed claimant solicitor fees applicable for portal cases. Any cases that don't get submitted using the portal will also attract fixed staged claimant solicitor fees.
- For all EL claims, earnings information must be disclosed within 20 working days from acceptance of liability.

In scope

- EL and PL accident claims on or after 1 April 2013.
- Injury claims with a damages value between £1,000 and £25,000.
- Single defendant disease claims, where no letter of claim has been sent to the defendant before 1 April 2013.

Out of scope

- Contributory Negligence cases.
- Fraud.

When are these proposals going to come in?

- The proposals are due to go live on 1 April 2013 although this is being reviewed. There is also uncertainty on this go live date as the new rules are due to be approved in February 2013. Despite this speculation, our intention is to be ready for 1 April 2013.

What's the impact on customers?

- The proposals could have a financial and operational impact on customers. There will be a significant operational impact with the MoJ process: claims will be notified through an electronic portal and there will be reduced timescales on decision making (as mentioned above). As claims could come direct to us via the portal, customers may not be the first to be aware that a claim has been made against their policy.
- In some instances, claimants might not be able to identify Zurich as your insurer. If this happens, you may receive the Claims Notification Form (CNF) at your registered address. In light of this, you will need to send the CNF to us, as your insurer, and you will need to contact the claimant the next day to confirm that you've received their notification and sent the CNF to your insurer.
- If these timescales are not met, the claim will be removed from the process, which could incur a significant impact on costs. To avoid unnecessary costs: it's important for policyholders, brokers and insurers work smarter together to make sure the notification of new claims is consistent, efficient and effective.

- Customers will also be required to:
 - Be proactive in providing all relevant documentation to support the defence of a claim within shorter timescales
 - Provide immediate assistance with liability investigations
 - Support quick decisions on liability
 - Provide immediate assistance by supplying wages information on all EL claims.
- There is a balanced financial impact with potential savings driven by removing certain costs. However, this will be offset by the increase in general damages.
- There is also a potential cost saving related to those claims that can be handled within the MoJ process, assuming the costs' regime going forward is proportionate. Please refer to Appendix 1 to read a summary of the likely financial impact.

Zurich's progress so far...

- Zurich is taking a proactive approach both internally and externally by:
 - Responding to the consultation paper, supporting the reforms and the MoJ to achieve the overall objective
 - Taking a lead role within the industry by chairing the ABI Jackson group and working with other stakeholders to drive a solution for all compensators
 - Running a strategic lobbying campaign to engage key stakeholders in shaping the reforms
 - Setting up an internal project to re-engineer the claims process so it aligns to the MoJ framework and supports customers through the reforms.
- We'll be issuing communication updates on various topics to help inform and assist you with these major changes between January and April 2013.

Coming soon in future editions...

- What does your customer need to do? What does it mean for you?
- Part 36 and the impact on costs.
- The economic balance when considering contributory negligence.
- What is Zurich doing to prepare for these changes?
- Focusing (in more detail) on stages 1, 2 and 3 of the process and its implications.

Questions and feedback

If you have any questions or would like to provide any feedback about the MoJ reforms, please send them via email to: mojhelpline@uk.zurich.com. We'll respond to emails sent to this mailbox until the end of June to support the transition to the new process.

Appendix 1

The Changing World of Personal Injury Claims

How the Industry reforms will be implemented:

December 2012 Update



Jackson Review – Final Report 2010

