



Summary Position October 2012

Representing the following Specialist Credit Hire Organisations:

Cab Aid
Central Accident Management Services
Central Cab Care
Chief Vehicle Rentals
DWA Claims
Just Hire Solutions
Magna Accident Services
Platinum Assist
Proximo
Sovereign Automotive
Unitown Hire

Prepared by
Stephen Perry
HP (Credit Hire) Consultants Ltd
Meadowview
Bramley Road
Hook
RG27 0DG

Contents

	Page
1. Summary.....	3
2. History	4
Introduction	
Current position	
3. ABI GTA.....	5
History	
Current Position	
4. Private Motor Insurance.....	6
The LCHO's Concerns	
5. LCHO's Responses.....	7
Site Visits	
Discussions	
Further Information	

1. Summary

The Licensed & Commercial Hire Operators have already submitted a brief report to the OFT in July 2012.

The LCHO represents hire companies that supply specialist replacement vehicles to claimants who have been involved in a non-fault accident. These vehicles include, but are not limited to, Licensed Plated Taxi and Private Hire vehicles, Pick up, Vans, Lorries, Bus, Coach, and many other "non-standard" vehicles.

Our aim is to ensure that the CC understand the impact that any decision they make would have for commercial claimants. Whilst most publicity, and indeed court rulings involve standard vehicles, it has to be realised that had these cases involved commercial vehicles many of the arguments would not have been relevant.

2. History

Introduction

Credit Hire started twenty years ago and was borne from the lack of assistance given to innocent victims of non-fault accidents. They were expected to pay for all their costs and then try to recover them from the at fault insurer.

Many Claimants found funding these losses very difficult and even more difficult to recover. It was always problematic to claim from insurers with the claimant often required to provide detailed and intrusive evidence to prove need.

Claimants were also left out of pocket for many months when the accident was not their fault.

Hire companies, along with solicitors, decided to challenge this concept and gave claimants hire vehicles on credit, recovering the costs from the at fault insurer.

Current position

Many legal challenges followed, the ramifications and legal implications significant. "Credit hire", therefore, became a well-established part of any RTA claim.

It was only 15 years ago when several companies realised that some "niche" claimants were not represented and they started to provide specialist vehicles. Established hire companies tried to supply vehicles they thought were suitable without ensuring they met the requirements of the claimant company. This is particularly relevant to the provision of licensed public and private hire vehicles. The lack of suitable replacement vehicles can be very costly in the short and long term for any business.

What was important with the provision of specialist vehicles was the justification of "need". Whilst the majority of claimants could be flexible with the type of vehicle supplied, the claimants in the commercial world could not be purely because the vehicle damaged has been specially purchased to do a "Job". The vehicle being supplied must fit the requirements so that the vehicle can be used and business maintained.

3. ABI GTA

History

In 2000 the ABI GTA was established, the aim being to stop legal battles and to deliver common ground on rates and procedures. We are confident that the CC will be very aware how this works, and its overall objectives.

Most members of the LCHO are ABI GTA 1st Tier suppliers, those who are not follow the protocol in any event.

Current Position

The GTA has adapted over time and although it has some failings it has done very well to implement protocols to best ensure fair process across the whole market.

Under the GTA, notification of any hire is made usually at day 1 and the claim journey is monitored according to set processes with rates, for standard vehicles in any event, agreed. The total claim costs and process should, therefore, be mitigated and straightforward.

4. Private Motor Insurances

The LCHO's Concerns

1. Under the terms of reference provided, it clearly defines "private motor insurance". This appears to specifically exclude provision of "commercial" or "business" use. To exclude any part of the industry without very clear guidelines why, may leave the results unclear for many.

2.

The message given by the OFT and the ABI appears to be that insurers have little or no control over the hire periods. Considering 75% of business is transacted under the ABI GTA, we find this hard to believe and it is not what our members report to us.

It does appear from our members that many insurers do not respond to communications and this appears to extend hire periods. Indeed, a number of insurers do not take any calls from third parties or their representatives.

If the insurers had the resources to deal with third party claims and dealt with these claimants fairly, most costs would reduce quickly. For many years insurers have had the opportunities to "intervene" (supplying the victim with a vehicle) and they have repeatedly failed to provide a suitable vehicle promptly.

They also fail to fully compensate the third party adequately. A significant concern when an insurer intervenes is that claimants are not informed of their full rights. It is expected that insurers will provide the minimum service possible to lower their costs, and although this sounds sensible it fails the consumer by not providing the full assistance they are entitled to. Credit Hire Organisations ensure claimants know their rights, and provide a service following procedures set by the ABI GTA.

3.

One option muted is insurers providing replacement vehicles as part of the policy. Whilst this appears to be a solution, we feel it will leave more questions than answers and is likely to cause a further increase in premiums rather than control or reduce them.

If insurers supply within their current budgets, hire periods would be restricted irrespective of the repair/replacement period and it is unlikely that exact needs will be met.

Insurers are more likely to pass the cost of hire on to policyholders.

If we consider a non fault claimant being a private hire driver whose vehicle is licensed with Rushcliffe Borough Council, if they are not provided with a suitable, licensed vehicle how are they supposed to maintain a living?

Furthermore it is not just a claimant needing to continue to meet their day to day financial needs, it is also that they need to protect the loss of business that would be suffered should a suitable vehicle not be provided. Furthermore the business lost to competitors whilst immobile may not be recovered in the future, making the loss unquantifiable with obvious detrimental ramifications.

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5. LCHO's Responses

Site Visits

Members of the LCHO would welcome a visit to one of their offices; the visit may assist members of the commission to understand the needs of commercial hire organisations.

Discussions

The LCHO would happily meet with the commission to discuss and explain the thoughts surrounding this and its previous submissions in more detail.

Further Information

Finally, if the commission require any further assistance the LCHO and its members would freely offer any information requested.