

FAO: Inquiry Manager

Private motor insurance market investigation
Competition Commission
Victoria House
Southampton Row
LONDON
WC1B 4AD

11th October 2012

Dear Sirs,

Private Motor Insurance Market- Competition Commission Investigation

Financial and Legal insurance Company Limited (FLI) has been established for over 15 years. We insure a range of legal expenses insurance products and post accident services through the insurance broker market.

FLI welcomes the Competition Commission investigation into the private motor market. We sincerely hope that the investigation focuses primarily on the customer by ensuring that at all times the customer is treated fairly and is not prejudiced , in any way, by the actions of a third party insurer when a non fault accident occurs.

Our views have always been that when a customer has been wronged it is incumbent on the causing party to put the wronged party back in position they were in before - at no loss or prejudice to that wronged customer. To do otherwise will simply deny access to justice to all, which is a basic human right enshrined in legal principles.

Having read the press articles linked to the investigation our concern is that, unless the principles outlined above are at the forefront of the Competition Commission investigation, there is a significant risk that the investigation may

1. Focus on reducing motor insurance premiums when those motor insurers, through their cyclical underwriting practices, engage in chasing market share, incurring substantial losses then playing catch up by increasing motor premiums to unacceptable levels to the detriment of customers.
2. Provide a platform for motor insurers to reduce costs to the benefit of shareholders by denying the rightful access to justice that customers deserve.

3. Encourage the practice of third party capture of claims where the motor insurer is clearly conflicted and will always put the shareholder first – not the injured party.
4. Third party capture practices without wronged parties having the support of legal expenses insurance products expose the wronged person to the mercy of the large insurer with their plethora of solicitors and legal advisers
5. Will not promote access to justice.

In our view the investigation should take account of the benefits to both consumers and insurers that companies such as ours offer. There appears to be too much focus upon a small number of high profile cases where bad practice has been identified. Whereas in the vast majority of cases our industry is

- Delivering a high level of customer service and cost effective practices to non fault drivers at a time of need.
- Playing an important role in controlling claim costs.
- Providing the correct level of recompense to a party injured through no fault of their own.
- Promoting access to justice.
- Identifying and reducing fraud through effective processes and practices.

The overwhelming majority of our customers have bought Before the Event (BTE) legal expenses insurance cover to protect them at a vulnerable time and to ensure that they have access to justice that they rightly deserve. The cover provided includes assistance to the policyholder at the time of an accident, pursues loss of their excess, compensation for damage to their vehicle and the necessary and associated repair and hire costs. Our BTE policy ensures that Customers are put in the position they were in before the accident.

If the Competition Commission allows the practice of third party capture to continue then those large motor insurers, with their army of lawyers, will exploit innocent third parties and not provide access to justice. Motor insurers have no insurance contract with the third party and therefore .as such, they are not direct customers of the motor insurer and will not receive the treatment they are entitled to as the motor insurer will continually seek to pay less with no proper access to justice.

There is sufficient evidence on insurer's websites and through the FOS to demonstrate the shortcomings in how a lot of large insurers fail repeatedly to treat customers fairly.

To reach meaningful conclusions against the background of rightful access to justice, we hope that the investigation also focuses on a comparison of injured parties dealt with

1. through a legal expenses insurer
2. by third party claims capture

Finally, we strongly disagree with the suggestion made by the OFT that that the current system does not allow the at fault drivers' insurer to control costs effectively. Our costs are not only controlled by ourselves but are also the subject of intense scrutiny by third party insurers for the benefit of all. Repair and hire costs are carefully managed as it is clearly not

in our interests to incur costs which we know cannot be recovered or to allow lengthy disputes over the amount involved to lead to a delay in settlement.

I would also appreciate your confirmation that FLI views will continually be sought during this investigation.

If we can be of any assistance please let us know.

Kind regards.

Yours faithfully,

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