

Admiral Group Response to Provisional Decision on Remedies

We would like to give a response to your Provisional Decision on Remedies which was published on the 12th June 2014. We've already been consulted as part of the ABI process for designing an industry response to the Remedies, so we'd prefer to highlight an area of particular interest as opposed to giving a detailed response to every aspect of it.

The area of particular interest to us is *Separation of Liability and Cost Control (theory of harm 1)* with our focus being on paragraph 2.78 in which you've considered an approach which links the cost of replacement vehicles with the speed of a liability decision. The proposal is for a low rate cap to apply in those cases where insurers accept liability within three days of being notified of a hire claim. Whilst several questions remain unanswered, pending we presume your further publications, the over-riding principle of this is something we wholeheartedly agree with. Three days may be seen by some as bold and challenging, but we believe this to be not just realistic, but necessary. Any dilution of this point such that the period elongates from three days would represent a more disappointing outcome.

Liability decisions are capable of being made more quickly than ever before. The use of technology together with the speed with which direct capture of claimants, both fault and non-fault, means compensators are well equipped to make speedy decisions. These decisions are often required within moments of the accident happening and insurance companies may often measure their FNOL and direct capture in minutes and hours rather than days and weeks. Your remedy gives insurers sufficient time to make a qualitative decision in most circumstances. It's also worth pointing out that insurers will often have more than three days as your remedy is designed to run from hire notification as opposed to first notification of loss. Whilst hire notification itself requires more definition, we would be supportive of a mandated portal to further enhance the chances of a slick and uniform process of notification and response.

There's a very small parallel to be drawn with the Ministry of Justice RTA Claims Portal for dealing with low value personal injury claims in which we have 15 days in which to make a liability decision. The mobility domain, however, is distinguishable in two key ways:

- The financial amount at stake is often less
- The liability decision isn't binding on any other part of the claim

We thus think the parallel is tenuous at best, but in any case three days remains wholly proportionate when you consider the safeguards given. We are hopeful the Enforcement Order gives further clarity to one of those safeguards, namely the ability to withdraw an admission of liability at a later date. The inference of 2.78(c) is that the liability decision is not meant to be binding on any other aspect of the claim and in effect acts solely as an agreement to pay hire charges. This has the dual benefit of giving hirers some certainty and insurers the confidence and encouragement to make that decision within the three days. It is important the wording around this point is clear so as to give those benefits. Any wording which leaves room to insinuate the early agreement to pay hire charges be interpreted as some form of binding liability admission across the claim must be avoided so as to avoid the unintended consequence of an increase in speculative bodily injury claims.

An elongation to five days, for example, achieves little and doesn't dramatically change the landscape for insurers. The liability decision is made much earlier in any case, so it serves only to delay matters and increase inefficiency and cost. We hope you remain firm in maintaining this most fundamental recommendation at three days so as to give your remedies a better chance of making the impacts you're aiming for.