

# **What impact will the ban have on motor insurance claims and insurance?**

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# Why has the Government decided to ban referral fees?

- High overall cost of civil litigation
- Rising motor insurance premiums
- Increasing number of claims
- The perception of a “compensation culture” – which encourages people to make claims or create fictitious injuries.

# What arrangements will contravene the ban in LASPO?

- Is there a referral?
- Is there a payment?
- Is the payment for a referral?

First 2 questions are relatively straightforward as both as defined in the Act but the third is more difficult to establish.

# Effect on Motor Insurance claims/insurance?

- None – if you can get around the ban by ABS?
- Consolidation – only big players will survive who can be an ABS
- Less Freedom of choice of solicitor
- More conflict – “Big business –v- client care”
- Will motor premiums go down?
- Direct Insurers ok?
- Brokers?

# Can you “get round” the ban?

- SRA say OFR will allow them to look at the substance of “an arrangement” rather than just its form
- SRA will focus on those arrangements that pose a risk to the public interest – how?
- Will businesses use ABSs in order to circumvent the ban?

# What effect will ban have on CMCs?

- They rely on referral income to survive
- They face a challenging future post LASPO
- How will solicitors who are heavily dependent on CMC referrals survive post ban?
- Will we see a steep increase in financial failure of small firms post ban?

# Regulation

- A number of different regulators will be responsible for enforcing the ban
- Will they all take a consistent approach?
- For protection of accident victims – we need transparency of process and clarity from the Regulators
- Need effective regulation and enforcement to ensure referral fees not forced “underground” again

# The Future – what MASS recommends?

- Transparency – an open and honest system
- Clarity – for businesses and accident victims
- Choice – proper consumer choice of insurer and legal representation
- Can we achieve that? We don't know yet.
- Level playing field for everybody.