

Ministry of Justice fast track process

Allianz Insurance plc



The Ministry of Justice (MoJ) is introducing a new insurance claims handling procedure in April 2010, and this places a statutory obligation upon lawyers and insurers to comply. Allianz has produced this newsletter to help its policyholders understand how the new process will operate and what this means in practical terms

The MoJ has decided that low value motor personal injury claims generally take too long to settle and claimant lawyers costs are too high and disproportionate to the level of compensation (Damages)

The following process applies to third party personal injury claims arising from road accidents wef April 30th 2010, in England or Wales, if the estimated value of the claim is between £1,000 (Small Claims Court) and £10,000, excluding vehicle damage and hire. It does not apply if either vehicle is registered outside the UK

Stage 1

- Claimant Lawyer submits claim notification to insurer via a website portal
- Insurer has 15 working days to respond on liability
 - Failure to respond in time or disputing liability – claim leaves the process
 - Liability admitted within 15 days – insurer pays fixed costs of £400 to lawyer and awaits next stage...

It is essential that claims are reported by our customers at the earliest opportunity. For notification of a new claim, contact claims START as follows: Private Motor 0870 6000617. Commercial Motor 0800 587 5858. Motor Trade 0844 412 9996.

Late notification of claims can result in increased claims cost that will directly reflect upon your policy claims experience, and may lead us to refuse to pay the whole or part of your claim

Our claims handlers will need access to information, drivers and witnesses during this stage.

Stage 2

- Lawyer submits medical report and financial losses together with supporting documents and the claimants offer to settle
- Insurer has 15 days to respond
- Settlement agreed – claim concluded and Stage 2 costs payable (£800 plus 12.5% success fee)
- Settlement not reached – proceed to Stage 3

Claimant submitting an offer is a new development, requiring the claimant to clearly state the amount acceptable in settlement (interim payments are also payable at this stage)

Further 20 days "negotiation" period available

Stage 3

- Insurer has 5 days to respond to Stage 3 court pack
- Claim resolved by Judge considering evidence by way of paper or oral hearing

Fixed costs of £250 for paper and £500 for oral hearings

100% success fee payable in the event judgement found in favour of claimant

General points

- Once liability is admitted at Stage 1, it is binding on the insurer throughout the process
- Admitting liability, before the start of the process, is not binding. This arises if a non-injury claim is already progressing to, e.g. vehicle damage or hire
- Admitting liability for the accident does not prevent an insurer from raising fraud issues
- Stage 3 costs are much lower than legal proceedings outside of the process
- If a claim leaves the process, it cannot re-enter under any circumstances
- Overall, it is the intention of Allianz to keep as many third party claims as possible within the process
- As with any new process we are monitoring, reviewing and modifying our processes
- All of our claims handlers will be trained in line with the new process
- Further specific information is available from your claims contact
- As the Motor Insurance Database (MID) will be used to help identify the relevant insurer, it is important to maintain this on an up to date basis