

## Ministry of Justice - Fast Track Insurance Claims Process

The Ministry of Justice (MoJ) has announced the introduction of a new Fast Track process for road traffic personal injury incidents where the amount claimed is between £1,000 and £10,000. This applies to accidents occurring on or after 30 April 2010 in England and Wales.

The new Fast Track process is intended to enable the speedy settlement of low value road traffic injury claims and reduce legal costs.

***It is now vital that insurers receive prompt notification of road accidents to ensure they meet the terms of the new Fast Track process.***

### What effect will this have?

It is estimated that this process will affect 85% of motor personal injury claims, mainly whiplash incidents, greatly affecting the way insurers handle a large proportion of claims. Claims information will now be shared electronically enabling liability decisions to be made **within 15 days**, as opposed to the current 90 day process. The reforms also mean that legal costs will be fixed and recoverable on a staged basis.

It is essential that claims are reported at the earliest opportunity. Please refer to your policy booklet and/or helpcard for the relevant telephone number to call to notify your claim direct to your insurer. (Please call us if you are uncertain of the number.) Late notification of claims can result in increased claims costs and may result in insurers refusing to pay all or part of a claim. This can also impact on future renewal premiums.

### Your help is required

Insurers aim to identify potential liability claims early in anticipation that a third party injury claim is likely to be received via the MoJ process. It will not be possible to approach every claim in the same way but, wherever possible, insurers need your co-operation with the following:

1. If liability appears straightforward, then insurers can proceed and admit liability.
2. If further enquiries are needed, then insurers will contact you and drivers directly and will need quick responses
3. If you wish us to be involved with these enquiries, then you will need to inform us by phone or email, comfortably within the time scale facing you (insurers will let you know in each case).
4. Insurers may go ahead in some cases and concede liability within 15 days without further contact if they have not had a response to their enquiries.
5. Where insurers have been unable to obtain a report from you they will sometimes admit liability. At the same time, they will confirm the position to us.
6. Where insurers need to reserve their position for issues such as non-disclosure, they will sometimes proceed, as it will be in everyone's interest to keep the third party claim within the MoJ process.
7. In most instances the Motor Insurance Database (MID) will be used to identify the relevant insurer. It is therefore crucial that vehicle additions and deletions are notified immediately and kept up to date.

## The Process

Here are the three stages of the new Fast Track process:

### Stage 1

- Insurer receives notification and needs urgent access to information, drivers and witnesses.
- 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 a dispute on liability – claim leaves the process
- Liability admitted within 15 days – insurer pays fixed costs of £400 to lawyer and awaits next stage.

### Stage 2

- Lawyer submits medical report and financial losses together with supporting documents and an offer to settle which clearly states the amount claimed (interim payments are also payable at this stage)
- Insurer has 15 days to respond
- If settlement agreed – claim concluded and Stage 2 costs payable (£800 plus 12.5% success fee)
- If settlement not reached – proceed to Stage 3
- 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

Overall, because of the expected cost and time savings insurers will try to keep as many claims as possible within the process. There are a few issues to beware:

- 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 can arise, for example, where an injury claim is added to an ongoing damage claim.
- Admitting liability for the accident does not prevent an insurer from raising fraud issues
- If a claim leaves the process, it cannot re-enter under any circumstances
- 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