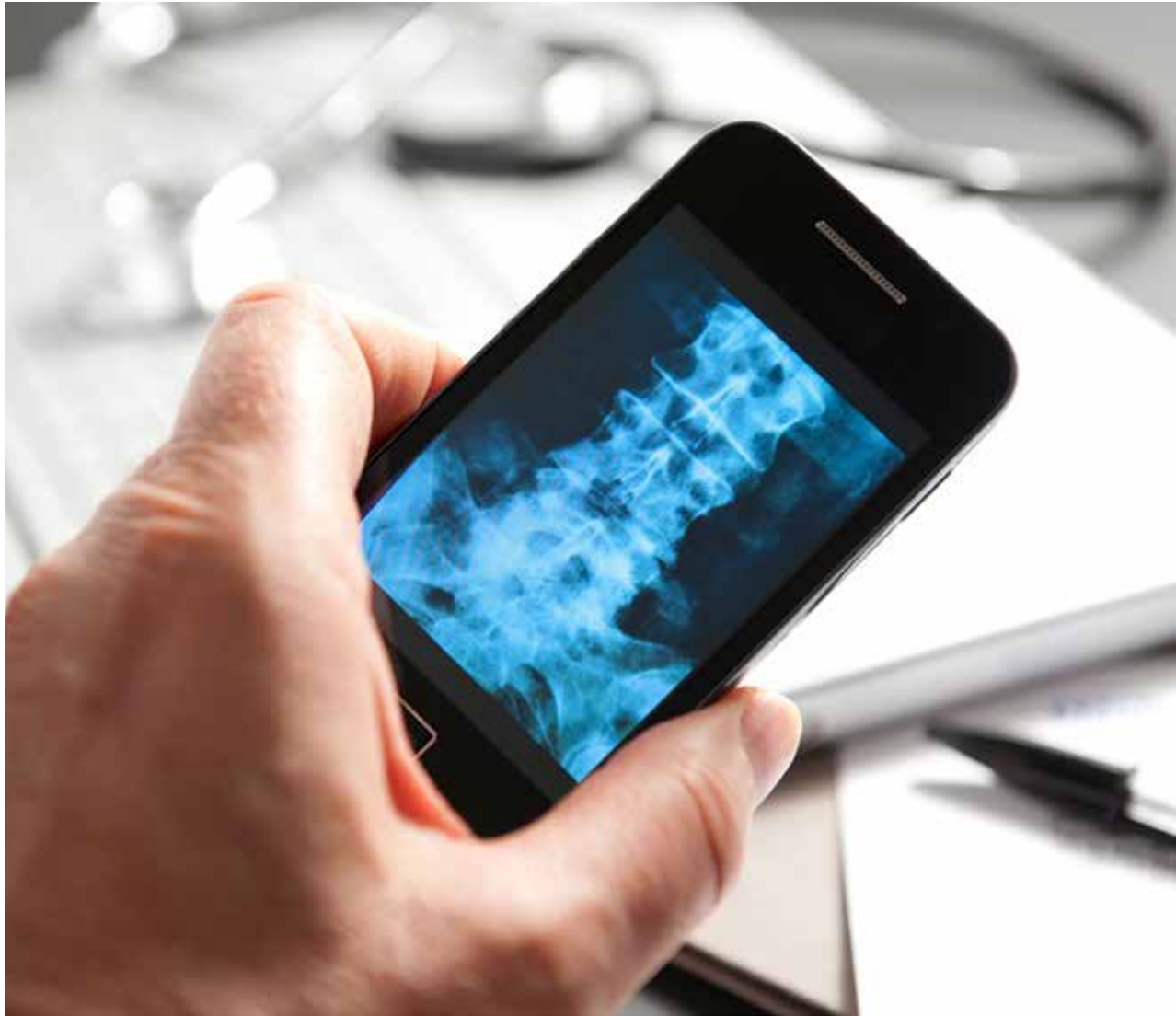


Dealing with whiplash claims



Reforms to the way in which whiplash claims are handled are being introduced as part of the government's plans to reduce motor insurance premiums by cracking down on the UK's compensation culture. These claims cost insurers more than £2bn a year, adding around £90 to the average motor insurance premium.

Speed of notification is key. Please ensure claims are reported to us as quickly as possible.

The first stage of the government's whiplash reform programme was introduced on 1st October 2014 and builds on reforms to the civil litigation funding and costs, introduced through the Legal Aid, Sentencing and Punishment of Offenders Act 2012.

Central to this first stage is the introduction of fixed fees for medical reports in whiplash claims. As a result, while charges could be as much as £700 for a report, there is now a fixed recoverable cost of £180 for a medical report for soft tissue injuries, including whiplash. This recoverable cost is fixed regardless of the medical expert's discipline and it is assumed that, in most claims of this type, only one medical report will be required.

However, where a claimant can justify a second medical report, a further schedule of fixed recoverable costs comes into play, dependent on the medical expert's discipline. For example, a GP or physiotherapist report is £180 while a report from a consultant orthopaedic surgeon would cost £420.

In addition, a number of other changes were introduced including the discouragement of pre-medical offers and preventing treating experts from providing medico-legal examinations (medical report produced by Dr in support of a claim) other than in exceptional circumstances.

The second stage, which is expected in 2015, focuses on the independence and accreditation of medical experts who are able to produce reports for RTA soft tissue injury claims within the portal claims process.

To ensure the independence of medical evidence relied upon in support of whiplash claims, the government has decided to introduce a new system of allocating medical reports which will remove the possibility of a financial link between the expert and the claimant solicitor. This will be in the form of a new IT hub, MedCo, which the Association of British Insurers has agreed to fund and build.

The government is also keen to ensure that all medical reports meet minimum quality standards. To achieve this a new accreditation requirement will be introduced for all experts wishing to produce reports for portal soft tissue injury cases.

Allianz is working with the government and other stakeholders to determine appropriate accreditation criteria. As it is expected that this won't go live until MedCo is up and running, experts who register with MedCo will be given a time period in which to gain accreditation.

Data sharing is another important part of the second stage of the reforms and it is proposed that an IT platform is developed that will enable claimant representatives to obtain data on a client's personal injury claims over the previous five years. It will also record data on multiple searches, which could also be an indication of fraudulent behaviour.

Impact of the reforms

These changes go a long way to reforming the whiplash compensation process. Although there are concerns that the introduction of fixed fees for medical reports has made secondary reports more commonplace, this is likely to be resolved, and the system of fixed fees will lead to reduced costs and greater encouragement for claimants to use the most appropriate and proportionate expert for the value of the claim.

There is also much to be applauded in the government's move to ensure the experts producing reports are both independent and suitably qualified to do so. True independence is key to improving outcomes in the current process. Similarly data sharing will help to reduce fraudulent claims by identifying those claimants who seek to hide their claims history. But, as fraudsters evolve their methods and schemes we will continue to use other detection methods alongside data sharing to identify these criminals.



At Allianz, we will continue to work with all stakeholders to assist the implementation of stage two and will bring you details of any changes that affect you.



For more information on the government's whiplash consultation, visit the Ministry of Justice's consultation into reducing the number and cost of claims at <https://consult.justice.gov.uk/digital-communications/reducing-number-cost-whiplash>