

Jackson Review/MoJ Reforms: Customer Fact Sheet

Following the Lord Justice Jackson review on civil litigation costs and the Ministry of Justice (MoJ) consultation on civil justice procedure, we are preparing for the reforms, ahead of its proposed implementation in 2012.

What is the main purpose of the reforms?

The main objective of the Jackson review is to address the following points:

- Reforming 'no win, no fee' claims
- Addressing disproportionate legal costs
- Streamlining the injury claims process
- Combating compensation culture
- Tackling referral fees

What are the key elements of the proposals?

- Success fees and ATE fees no longer recoverable from the losing party.
- Qualified one way cost shifting, meaning an individual claimant is not at risk of paying the defendant's costs should the claim fail (with some exceptions).
- Contingency Fees (known as Damages-Based Agreements or DBAs) will be permitted for all claims.
- General Damages – increase of 10% on General Damage awards.
- Part 36 – a defendant who does not better a claimant's Part 36 offer to settle will face paying a penalty in the form of an additional percentage of damages.
- Extending the MOJ portal process to EL and PL and increasing the limits for Motor.

When are these proposals likely to come in?

The proposals have been defined at a high level and further work is being undertaken into the practical implementation of the recommendations.

The recommendations will require different delivery/ implementation mechanisms. Some elements can be made with simple rule changes, whereas other will require new legislation to be passed.

The original proposals target April 2012 but the consensus view amongst public policy stakeholders is that a more realistic date would be October 2012.

What is the impact for you, the customer?

The proposals will have both a financial and operational impact on customers. There is a balanced financial impact with potential savings driven by the removal of certain costs outlined above. However, this will be offset by the increase in general damages. There is also a potential cost-saving related to those claims that can be handled within the MoJ process, assuming the costs' regime going forward is proportionate.

The operational impact of the MoJ process will be significant. Claims will be notified through an electronic portal and the timeframe for accepting claims and making a decision on liability will be reduced.

As a result Customers & Insurers will need to work smarter together to ensure the notification of new claims is more efficient and effective.

Customers will be required to:

- Be proactive in providing all relevant documentation within shorter timescales.
- Provide immediate assistance with liability investigations.
- Support quick decisions on liability.

What is Zurich doing?

Zurich is taking a proactive approach both internally and externally:

- Zurich has responded to the consultation paper supporting the reforms and the MOJ to achieve the overall objective.
- Zurich is taking a leading role within the industry by chairing the ABI Jackson group and working with other stakeholders to drive a solution for all compensators.
- Zurich has a strategic lobbying campaign to engage the key stakeholders in shaping the reforms.
- Zurich has set up an internal project to re-engineer the claims process to align to the MOJ framework and support its customers through the reforms.

As the reforms start to take shape, we will provide further information by way of update and customer support. In the meantime, for further information please contact your Claims Service Manager or Risk & Insurance Consultant.

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