



All Party Parliamentary Group on **Insurance & Financial Services**

Law Commission urges new deal for consumers

AT A MEETING last month on consumer insurance law, the group heard from the Law Commission about the responses to its first consultation paper on the reform of insurance law. As a result, the Commission said it was proposing to replace the out-dated concept of "utmost good faith" with a new, mandatory regime that was fairer to the "honest and reasonable" consumer.

David Hertzell, the Law Commissioner responsible for the project, told the group there had been a very impressive and thoughtful response from all sectors of the industry: "The 105 responses we received showed a strong desire to reform consumer insurance law, not only among consumer organisations, brokers and lawyers, but also among insurers themselves. Out of 39 insurers and organisations representing insurers, only four argued against statutory reform affecting consumers. Most thought that the current position is unacceptably complex, confusing and inaccessible, with overlapping layers of outdated law, FSA regulation and FOS guidance", Mr

Hertzell told the group.

The Association of British Insurers, one of the four organisations with reservations about the introduction of legislation, said it welcomed the opportunity to work with the Commission as the project developed but still stopped short of backing new laws. For the group, chairman John Greenway supported the Commission: "I am personally not comfortable as a legislator with the idea that it doesn't matter if the law is out of date because we have got good market practice. Also, I have a problem with the current situation which allows insurers to underwrite at claims. I cannot see how that fits with the Treating Customers Fairly regime".

The Commission will publish a final report and draft bill on consumer insurance during 2009 but doesn't expect to produce its parallel report on commercial insurance until 2011.

A summary of the responses and full details of the insurance law review can be found at <http://www.lawcom.gov.uk/insurance-contract.htm>

Crisis hit mortgage market to meet group

REPRESENTATIVES of the mortgage market will be meeting the group on 16 July to explain how the current credit crisis has affected the market and what the implications are likely to be for ordinary householders.

The Council of Mortgage Lenders and the Association of Mortgage Intermediaries will be joined by a recovery specialist from Grant Thornton in Committee Room 17 at 11am. They will give an overview of trends in the market and its future prospects before moving on to look at the challenges facing homeowners,



No takers?: credit crunch hits homes

ers, lenders and brokers while current market conditions prevail.

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Equality debate will provide autumn focus

THE GOVERNMENT's recent proposals for promoting greater equality could have wide ranging implications for insurance and financial services where charging different rates on the basis of age and gender is common practice.

The proposals published by Harriet Harman, minister for women and equality and Leader of the House of Commons, acknowledge that there is often a sound actuarial basis for this but fears are already growing in the insurance industry that new rules will be drawn too tightly. It can be expected to argue that insurers should also be able to take into account a wider range of social factors in setting premium rates.

This debate will form a core theme for the group in the autumn.

- One confirmed date for the autumn is a dinner with the senior management of Lloyds TSB. This will take place on Tuesday 21 October.

Chairman: John Greenway MP

Deputies: Baroness Turner of Camden,

Vince Cable MP, Lord Hunt of Wirral

Hon Secs: Sir John Butterfill MP,

Jim Cousins MP, Edward Leigh MP

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