



## All Party Parliamentary Group on Insurance & Financial Services

# Motor insurance costs and referral fees top the agenda

A BUSY AUTUMN programme has seen the continuing increase in the cost of motor insurance and the closely related problems of referral fees and whiplash claims top the group's agenda.

These topics will be pursued at a series of meetings planned for the New Year with the aim being to produce a report on the group's findings towards the end of the spring Parliamentary session.

Referral fees have been widely debated in the wake of the proposal by former Justice Secretary Jack Straw to ban them. This stance has gained support among MPs and the All Party Group has been trying to promote a constructive and informed debate around the issue with a

series of meetings at which a wide range of views have been heard. These meetings have also looked at the huge growth in whiplash claims (also the subject of some controversial proposals from Mr Straw) and motor insurance fraud, with the group concluding that it needs to canvass a wider range of opinion before reaching any conclusions.

The group is hoping to meet Mr Straw and also hear from other parties – both industry and consumer – as it strives to formulate a view of what needs to be done.

• *If your company or organisation would like to contribute to these debates please contact Jonathan Swift (details below).*

## Ombudsman sets out scale of PPI challenge

NATALIE CEENEY, chief ombudsman, reassured MPs that the Financial Ombudsman Service's processes were fair and fit for purpose even if its resources were stretched by the huge volume of complaints when she met the group at the end of November.

Ms Ceeney said that FOS expected to resolve 200,000 complaints this year but that new complaints were expected to reach around one million, mainly driven by the 3000% increase in complaints about the mis-selling of payment protection insurance (PPI).

The prime responsibility for the resolution of the PPI scandal lies with the firms, said Ms Ceeney, with most of them expecting that it will take another two to three years to work through the complaints and review their back books of business in conjunction with the Financial Services Authority. Only after that will the volume that require adjudication by FOS become clear. The FOS will be issuing guidance soon on what it considers to be fair compensation for mis-sold PPI policies, partially to head-off many potential referrals to itself.

## Group continues to attract MPs from all parties

THE GROUP HAS HAD an influx of new members since the summer as its agenda has got to grips with the issues most concerning MPs.

The topics that have attracted new members include the cost of motor insurance and the future of referral fees, the insurance industry's response to the riots and the urgent need for reform of the Fi-

nancial Services Compensation Scheme.

Its membership now almost 60, drawn from all major parties and both Houses of Parliament. Among the new recruits are Conservative MPs Sarah Wollaston and Alun Cairns, Steve McCabe and Nia Griffith from the Labour benches and SDLP MPs Mark Durkan and Margaret Ritchie who represent Northern Irish seats.

## News Bulletin

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## Evans hails decision to re-start FSCS review

JONATHAN EVANS, chairman of the All Party Group, hailed the decision to re-view the scope and operation of the Financial Services Compensation Scheme.

He was speaking at the annual Institute of Insurance Brokers Parliamentary reception, the first to be held jointly with the British Insurance Brokers Association since the two organisations merged last month, a move that he said was long overdue.



Evans: FSCS review is campaign success

"In July we were told by the FSA that there were no plans to re-start the stalled inquiry in the FSCS but by the autumn it had been re-opened. That was the result of the powerful campaign run by the broker trade bodies working in conjunction with the All Party Group. It demonstrates what can be achieved when there is a strong single voice speaking on behalf of the broker market".

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**Deputy Chairmen:** Andy Love MP, Lord Hunt of Wirral, Lord Newby

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