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Rebalancing the Pendulum of Justice

Having enjoyed a benign regulatory environment in recent years, the insurance industry may now face a more challenging political landscape with a new Government. During the election campaign, calls for a regulatory probe into the insurance industry did not go well, one that aims to determine whether there are any unfair practices leading to the soaring costs for customers.

Premium increases may be largely related to increased vehicle repair costs, but it was entirely foreseeable that repair costs would increase with more expensive and technologically complex vehicles. The sector now needs to take responsibility for its actions. Cast iron promises that insurers would return £35 to every consumer have not been delivered. Subsequent admissions that premiums will increase by less than they would otherwise simply do not cut it.

Fundamentally, it was wrong to make unfulfillable promises to the Government and Parliament in order to gain a financial advantage in the claims process. A review of premiums is overdue, and the Government should work with the FCA to explore all available options - including forms of price capping - to ensure that motor insurance remains affordable for consumers, with annualised savings returned to policy holders.

Predictably, after a sustained period of mega-increases in premiums, uninsured driving has rapidly increased. The sector needs to acknowledge and address the fact that there is a direct causal link between premium affordability and uninsured driving. Given that premiums are not going to fall, and the problem may yet get worse, it is incumbent upon all interested parties to work together and find solutions.

Having actively campaigned for a fast, frictionless process for motor accident claims that inevitably leads to lower levels of fraud checks, the industry now needs to take action and come forward with changes to their system to address the potential for greater undetected fraud.

In a system that should favour neither claimant or defendant, the pendulum in recent years has swung too obviously in favour of defendants. A change in attitude towards the legal system, access to justice and legal rights is sorely needed. The pendulum of justice is overdue a re-balance.

