

31 January 2003

Mr Mark Baldwin  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Dear Mr Baldwin

**HM Treasury consultation on regulating insurance mediation**

The Association of Personal Injury Lawyers (APIL) was formed 12 years ago to represent the interests of those injured or bereaved through negligence. The association's membership comprises around 5000 solicitors, barristers, legal executives and academics with an interest in personal injury law.

Many of APIL's members represent both injured victims and the bereaved in their claims for compensation and usually do so on a conditional fee basis. This means that if the client wins the case, the costs of the action are recovered from the losing party. If the client loses, however, whilst he does not have to pay the costs of his own legal representatives, he will become liable for the costs of the winning party. As a result, personal injury practitioners advise and arrange after-the-event legal expenses insurance for their clients to ensure that they are protected against this risk. It is our understanding that this aspect of a personal injury practitioner's activity will be subject to regulation, pursuant to the Insurance Mediation Directive.

In consulting on the implementation of this Directive, HM Treasury asks whether the Part XX regime of the Financial Services and Markets Act 2000 in respect of designated professional bodies, including the Law Society, should apply to insurance mediation activities. Insofar as this relates to the insurance mediation activities of personal injury practitioners, APIL believes that it should. We do not believe that this would lead to any consumer detriment. Whilst advising and arranging after-the-event insurance for a client is incidental to the main professional activity of a personal injury practitioner, it is still an integral part of the legal services offered and provided. For this reason, it seems more appropriate for the insurance mediation activities of personal injury practitioners to be regulated directly by the Law Society, as a designated professional body, rather than by the Financial Services Authority (FSA).

We understand that the FSA intends to consult on the arrangements for regulation in respect of designated professional bodies shortly and we look forward to seeing its proposals. We also intend to seek a meeting with the Law Society to discuss the activities of personal injury practitioners in more detail and with a view to ensuring that their clients are effectively protected.

I hope the above is helpful but if you have any queries in relation to our position or would like any further information, please do not hesitate to contact Annette Morris, APIL's policy research officer, at the above address.

Yours sincerely

Annette Morris  
Policy Research Officer