



The

RAG

News bulletin from ARAG UK

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Smart thinking brings rapid change

ARAG currently has 25 initiatives to make it a 'smart' insurer. Topping the list is an online training platform and the second is providing trading via a common portal. Both require huge development efforts and indicate the extent of our investment in future systems that deliver technological solutions today.

Improving understanding of the products we bring to market also echoes a regulatory requirement, but we have always felt strongly about offering product training to ensure they are sold correctly. Our new online training platform will allow brokers and solicitors to access quick, straightforward modules to improve their knowledge and expertise on our legal expenses insurance products.

A new common portal will provide our customers with improved information and save them time too. New features include a dashboard teeming with management information, clearly displayed, and with updates that can be directly keyed into the system by brokers and solicitors.

Turning towards product innovation, we noted the strong demand for cyber protection products and will initially be launching a new Home Cyber policy for high net worth individuals, who already have a Family policy with us. The new policy will support customers with assistance services and legal expenses protection.

On the commercial front, ARAG is well aware of rising employment claims and difficult market conditions. However, we are very much open for business with brokers who understand the type of business that we can successfully grow together at a satisfactory level of premium on all sides.

I also want to say a word on Home Emergency. This class of business is increasingly valued and attracts high volumes of accepted claims. It is a tough challenge to match expectations, affordability and excesses with the minimum of small print. As we control costs, getting pricing just right will help deliver an undiminished service and wide cover.

While we invest heavily in IT developments, we have no intention to become an impersonal 'virtual' insurer. In fact, we have just acquired a new building opposite our current one in Whiteladies Road, Bristol, to accommodate future expansion. We hope you can come and visit us there soon.



MD Tony Buss

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Legal helplines buzzing as access to justice is cut

Legal aid is viewed as one of the three pillars of the welfare state vision, introduced in 1949, together with the NHS and social security system. Since then it has helped people face up to their opponents on an equal footing. Now, as Supreme Court Judge Lord Wilson said this summer, the courts are full of litigants who have to represent themselves, often "very ineptly". Speaking in Chicago, he said, "The disadvantaged who need to be acquainted with their human rights and helped to enforce them were unlikely to be able to do so without free legal advice and representation".

This unlikely advertisement for legal protection policies is backed by recent research from ARAG that shows telephone legal advice running at 85% higher volumes than five years ago. "The message is getting through that our policies are great value even when no claim is made", comments Underwriting & Marketing Director David Haynes. "Requests for free legal advice – that might easily cost £150 from a solicitor – are now often being sought by ARAG policyholders on an average of once each, every year". These requests for help come from across the spectrum of policyholders and span all areas of law. In the past 12 months, calls are up on average by 37%.

As Lord Wilson also said, "Even where it is required to continue to provide free legal aid... the UK is dismantling it indirectly by

setting rates of remuneration for the lawyers at levels so uneconomical that, reluctantly, most of them feel unable to do that work. Access to justice is under threat in the UK".

In Bristol there are currently only 65 criminal duty solicitors to service an area in which over 700,000 people live. Neighbouring Somerset is even worse off, with only 46, of whom 61% are over 50 years old. Many areas of England & Wales have no criminal duty solicitors under the age of 35.

They could become an extinct breed within a decade, according to the Law Society, which also reminds us that they have had no fee increase since 1998.

The need for helplines is unequivocal: getting the message to potential customers is paramount.

Full article: <https://www.theguardian.com/law/2018/sep/26/legal-aid-access-to-justice-under-threat-in-uk-says-supreme-court-judge>





“employers under increasing pressure to ensure fair working practices”

Tribunal claims continue to soar

Two key issues continue to dominate the employment market: the spike in claims to tribunals and the prospect of better safeguards for those working in the gig economy. Both put employers under increasing pressure to ensure fair working practices and to protect themselves in case they get it wrong.

Ministry of Justice statistics continue to show this upward trend in employment claims. Figures for April-June, released in September, showed single tribunal claims jump 165% compared to the same quarter in 2017, while the previous quarter's figures jumped 120%, and the quarter before that by some 90%. The notion that fees would not impact on legitimate applications has clearly been dispelled.

Whether enthusiasm for extending workers' rights extends to gig economy workers remains to be seen. It could be tempered by the likelihood that further costly ventures into tribunals will inevitably accrue. There are currently several Private Members Bills concerned with ensuring fairness to workers in this expanding sector. By creating additional legal rights for individuals who work as independent contractors, there is the potential to deliver higher volumes of claims to tribunal doors in the future. One such bill is the Workers (Definitions and Rights) Bill that seeks to amend the definition of 'worker'.



For its part the Government is considering responses to four consultations that ran over the summer in response to the Matthew Taylor Review of Modern Working Practices. Areas covered by the consultations include employment status, increasing transparency in the labour market, agency workers and enforcement of employment rights.

It is entirely possible that the noise around

potential enhancements to employment rights may yet prove to be no more than good intentions.

There could also be a drip-feed of minor improvements – but nothing is imminent. With the consultations now closed, the appetite to move things forward may diminish under a weightier political climate but with such uncertainty, employers must safeguard their interests.

Online platform delays whiplash reforms

No issue of the RAG would be complete without reference to the whiplash reforms proposed in the Civil Liabilities Bill. We had intended to reveal ARAG's changes to policies here, but the government announced in July that reforms had been put back one year, until April 2020.

The delay in implementation has been brought about by the realisation that more time is needed to develop and test a claims platform for individuals to file their small claims online. The plan now is that the platform will be ready for testing from October 2019. Funded by insurers themselves, the idea is that it would then be ready to go live in April 2020.

Significant reforms in the Bill include a ban on offers to settle claims before medical evidence has been obtained by defendant insurers. This practice, in the past, has led to insurers paying-off low value claims rather than incur the expense of investigating them properly. Proposals also introduce a fixed tariff of damage for soft tissue motor personal injury claims with a recovery period of up to two years.

The Bill raced through its committee stage in September with concessions exempting vulnerable road users including pedestrians, cyclists and motorcyclists from the high £5000 small claims court limit for motor injury claims. The likelihood is that the new non-motor injury limit may apply instead: at £2000, even this is double the current England & Wales rate.

An amendment was also put forward to hold insurers to their promise to pass on savings to consumers. There has understandably been considerable cynicism that they would do so, particularly as claims volumes have been dropping anyway. Portal statistics for the first six months of this year show a fall in RTA claims volumes of 4.2%, with a 12% reduction for the whole of 2017 compared with 2016. The stated purpose of the Bill had always been to save £35 on the price of the average motor insurance premium although it is widely expected that legal expenses insurance premiums will rise by up to £10.

The Bill now needs to have its report stage and third reading.



"The sharing economy creates adverse legal risks in some areas"

Future-proofing LEI

Gig economy

We are very fortunate at ARAG UK to benefit from an international pool of innovation through sharing with our international colleagues and we recently took part in a study to explore the design of products for the gig economy, facilitated by ARAG's international product team.

Our first opportunity to apply learnings from the study arose when we were asked by Acorn Insurance to design Family Legal Solutions and Home Emergency Assistance products for hosting services promoted through accommodation-sharing platforms such as Airbnb. Using the Family Legal Solutions and Home Emergency Solutions products as building blocks, we modified product features and limitations to ensure that the cover operates as intended. For example, we are covering disputes between the insured host and their guests over the terms of the hosting agreement and for property dilapidations. Tax investigations cover will also be covered even though the insured has engaged in a venture for gain. The sharing economy creates adverse legal risks in some areas and it was necessary to recognise these

and put safeguards in place to ensure that the policy does not expose the insurer to unintended risks.

Digitisation

The increase in digitalised interaction provides great opportunities to develop how we present products, to adapt coverage and to initiate new thinking around what is fit for the future. Product development at ARAG is flexible. We are enthusiastic about new ideas and working with business partners to build forward-looking products. Please speak to your Account Manager to discuss further.





New office acquired to house our expanding teams!

Staff in Bristol are excited to soon be moving into our newly acquired building, directly opposite the current head office on Whiteladies Road, which will help with our continuing expansion.

This summer we have added two new account managers to our Before-the-Event (BTE) sales team. Paul Harvey takes on responsibility for building ARAG's strong relationships with brokers and other insurance intermediaries in the North of England, Scotland and Northern Ireland. We have also employed Chris Clacy to build on our partnerships in the South East of England.

We were also delighted to appoint Chris Morter to the important role of BTE Underwriting Manager. He is a Chartered Insurer and President of the Insurance Institute of Bristol. In his new role, Chris manages the underwriting of all of ARAG's Before-the-Event legal expenses and assistance services business.

There have also been several new starters in our Compliance, Product Development and Claims departments who are looking forward to seeing the additional new office space in the new year, pictures of the transformed space to come soon!

Changes to Houses of Multiple Occupation (HMOs)

The basic position

The law that applies to local authority licensing of HMOs was changed in October of this year, the changes affected landlords of smaller HMOs, and the ability of those landlords to seek possession of their property.

What changed?

The 2004 Housing Act imposed licensing on property housing five or more unrelated occupants in two households over three or more stories where the dwellings are not self-contained. Typical accommodation includes large property that is converted into bedsits and student "cluster" flats that have shared facilities. There are 60,000 such properties in England and Wales. In addition, local authorities have the power to introduce rules for further local licensing schemes.

From October this year, new mandatory licensing rules were applied to house-shares of two storeys or less which have five or more unrelated occupiers in two or more households. Different sources suggest that there are 160,000 or 175,000 such properties. Whichever of these estimates is correct, the expansion of the mandatory licensing regime is significant. The image of a three-bed semi that has been divided into ground and first floor flats springs to mind. Additionally, purpose-built flats where there are up to two flats in the block and one or both of the flats are occupied by five or more

persons in two or more separate households will be brought into scope. This brought certain flats above shops on high streets within mandatory licensing as well as small blocks of flats which are not connected to commercial premises.

The new rules extending mandatory licensing came into force in October 2018, but it is a phased introduction with phase one lasting six months. During this time local authorities will publicise the new licensing regime, process applications and issue licences. Landlords will not be prosecuted during phase one for failure to license a licensable HMO and will not be exposed to rent repayment orders.

However, landlords will be expected to apply for a licence during the six-month grace period. Landlords will not be able to serve valid section 21 notices seeking possession until an application for a licence has been made.



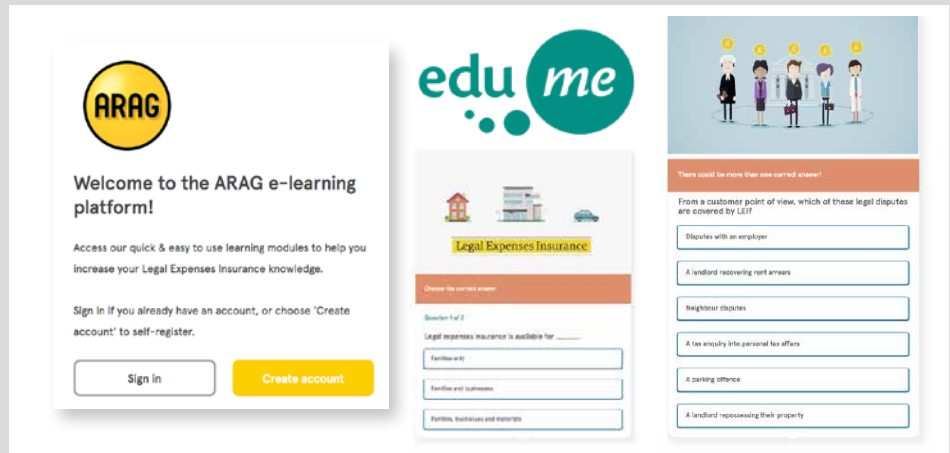
OUR ACHIEVEMENTS

Become a LEI expert with EduMe online training

If you've ever read previous issues of The RAG then you'll know that we have some serious brains at ARAG. Experts in the fields of insurance and legal expenses in particular. We are now able to help our customers improve their own knowledge and expertise via our new online training platform.

Accessible online or via the EduMe app, our platform is simple and easy to use with a fantastic design courtesy of our partners at EduMe.

The registration process couldn't be simpler, all you need to do is go to the link below, enter your email, create a



password and you're ready to go. Currently we have three live modules. An introduction to our specialist subject Legal Expenses Insurance and then a more detailed look at our Essential Business Legal cover, which was relaunched earlier in the year with a raft of new features, so even if you feel like you know our products like the back of your hand there might be something

new to learn. We've also got a new Family cover module ready for you to test your knowledge and aid your understanding. Need to meet a set number of continued professional development hours? This training may count towards it. To find out if it does speak to your supervisor.

Get started at <http://bit.ly/2CFVLWk>



Dr Faßbender visit to Bristol

We were delighted to be visited in Bristol by Dr Paul-Otto Faßbender, Chairman & majority shareholder of the ARAG Group, on the 27th September.

It was a fantastic day with interesting insights shared, captivating presentations and an entertaining question and answer session with staff from around the business. Topics covered included Big Data, Artificial Intelligence and the future of work.



In the picture you can see our MD, Tony Buss, presenting Dr Faßbender with gifts of a history book of Bristol and a pair of Concorde cufflinks, which he was delighted with due to his interest in aviation, he even has his own private pilot's licence.

Events CALENDAR 2019

27th February

Meet the MGA Market, Bristol

6th - 9th March

NAGS Conference, Scotland

29th April

CII Dinner, Bristol

15th - 16th May

BIBA, Manchester



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