



underworld of insurance, filled with shady characters lining their pockets at insurers' expense. Today, Vision will argue this is far from the truth.

Over recent years, insurers have hurled a flurry of accusations at the credit hire market. The most common include lengthening hire periods, providing excessively expensive cars and delaying paperwork to hike up costs. More serious allegations include collaboration with fraudsters and staging accidents. The ABI's 2004 General Terms of Agreement (GTA), which outlines the framework for the settlement of credit hire claims, has largely failed to resolve disputes between insurers and credit hire operators (CHOs). Some insurers now want government intervention.

The commercial director of Vision and deputy chairman of the National Association of Credit Hire Operators (NACHO), Tony Copeland, has revealed, however, that there are plans for an independent GTA chairman to mediate between conflicting parties. When the third party is appointed, it could be the last chance for an industry-led resolution to a war that has waged since the rise of credit hire more than a decade ago.

Unfair press

Vision is just one of the many operators that sprang up in the 1990s after insurers failed to provide replacement cars or suitable vehicles to non-fault policyholders. With a fleet of 200 cars and 35 staff, Copeland describes the company as a mid-sized presence. He is adamant it is representative of the vast majority of legitimate players that have been tarnished by the actions of a few bad apples. "Some comments are founded," he admits. "But things have been cleaned up over the past three years."

In contrast to Copeland's calm and measured response, operations director Martin Wills takes a more aggrieved stance when it comes to the sector's poor image. "We really do get some bad press. It is very unfair," he says. "Insurers almost insinuate that this is a fraudulent business; that there is something underhand about it." He is exasperated by this refusal to see it as legitimate. "There was a gap in the market ... it is the same with any business."

It has proved a costly gap to fill. The hire market sets insurers back nearly £500m each year and adds an estimated £50 to every motor policy. Throughout the day, Copeland is keen to be seen as the voice of reason. "There are parties on both sides that don't do either any justice," is a typical statement. But he bristles when it comes to the accusation that CHOs are deliberately pushing up costs for their own benefit. He believes many insurers have only themselves to blame by refusing to act within the GTA.

Under the protocol's terms, a credit hire claim should be paid within 28 days. Vision's average settlement period, however, has risen from 62 days in June to 67 in July. Wills adds that in some of the larger companies, the wait can be closer to 300. According to the GTA, insurers are liable for a 7.5% penalty fee after a 30-day delay, which then rises to 15% after 60 days. After 90 days, the CHO can issue court proceedings. Given that penalty payments are the norm rather than the exception, some insurers have accused CHOs of deliberately delaying settlements to cash in on the penalty fees or court settlements

We're the good guys

The relationship between insurers and credit hire operators has always been fiery. The operators' association is determined to sort things out – before the government gets involved

Report by Muireann Bolger. Photos by Yiannis Katsaris

NOBODY CAN ACCUSE credit hire operator Vision of poor hospitality. Arrive by train in Maidenhead, Berkshire to spend a day with the company and you are promptly collected and driven to the office. There, staff with megawatt smiles greet you, offering lashings of coffee and a

huge platter of sandwiches. Later, you might get a spin in a Lamborghini.

But amid the red carpet treatment, there are some anxious looks as the team strives to give a good impression. It is not surprising. The world of credit hire has long been seen as the murky

MARTIN WILLS (LEFT) AND TONY COPELAND



But Copeland argues that such a move defies logic because constantly delaying payments also pushes up the costs for CHOs. "It means we can't put claims to bed as quickly as we would like to. Our claims build up and we have to hire more people; our overheads go up and ultimately profit goes down," he says. Meanwhile, Wills cites a recent credit hire claim that should have cost £7,000 but ended up costing £28,000 after the insurer stalled for 86 days.

Most of the Vision team are office-based, dealing with a constant stream of calls. They say they face a daily battle to access insurers and wrest payments from them. Claims manager Adrian Fry's biggest gripe is when insurers fail to comply with GTA regulations. "They sometimes say 'come on, could you waive the late payment penalty?'"

But given that budgets are so tight at present, should there be room for compromise? Fry doesn't see it that way. "It is not us being pigheaded. We very much believe in the GTA. But the more people step away from it, the more diluted it becomes." Collections supervisor Fiona Long alleges that insurers often attempt to escape the penalty fee by blaming the postal system for the delay of cheques, or simply ignore calls in the hope the claim will disappear.

On the offensive

The aggressive approach of some insurers emerges as a sore point. Fry becomes angry when he refers to a claim where the insurer intervened directly with a client, asking why she needed a car when she was claiming for a personal injury. Surely that is a fair point? "It is a fair question to ask, but it is a question they should be asking us," he says. "The customer can be too unwell to attend work but still needs to drop the kids to school and do the family shopping. Just because you need to pursue a PI claim does not mean you are unable to drive."

He adds that when the claims handler was taken to task for trying to convince the client to use the insurer's solicitor instead of the one appointed by Vision, he became abusive. "The inference was that we were all up to no good," Fry says.

Both Fry and Long readily admit that a number of credit hire companies have given the sector a

bad name. "But it is wrong that we are all tarred with the same brush," Long says.

They agree the delay of payments is mostly down to insurers' lack of resources rather than a conspiracy to evade payments, something they say often results in insurers farming out claims to solicitors ignorant of GTA terms. The result? More delays and ever-higher costs. But Fry concedes that some insurers have got their act together. "Some work effectively, especially if they have credit hire departments," he says "There is always going to be a bit of us and them, but if they spent

We very much believe in the GTA. But the more people step away from it, the more diluted it becomes'

more time training their staff and having better resources in-house, I think it would help towards a better relationship."

Copeland and Wills complain that insurers are reluctant to communicate, especially when it comes to fraud. They claim this is one of the biggest problems facing the hire market. "We don't want to do business and not get paid for it," Copeland says. "We want to work with insurers on this."

Wills believes insurers immediately suspect CHOs of being involved. "The insurers share information with each other but then won't share it with us; they treat us as though we are in on it."

And when it comes to referral fees, they are even more impatient. Like most market players, Vision can pay between £150 to several hundreds of pounds for a referral. But this can leap to thousands when it comes to the hire of a prestige vehicle. Copeland admits the system has got out of hand, but adds that insurers have played their part by engaging in third-party capture and referring non-fault claimants to a CHO of their own choosing. "Who would have thought 10 years ago that insurers would be feeding thousands and thousands of claims to credit hire operators?" he asks.

But insurers are now taking steps to move away from the vicious cycle they helped fuel. AA/Saga is setting up its own credit hire company to clamp down on hire costs. If it is a success, others will follow, potentially threatening CHOs.

Should Vision be worried? Copeland argues that insurers will struggle to achieve any more savings than they do now with third-party capture, while Wills points out that insurers have made similar forays before – such as setting up repair shops – without gaining a foothold.

'Miles ahead' on service

Moreover, Fry says it will take insurers a while to match the expertise of CHOs. "We are so well established in managing accidents that we are miles ahead of the insurance companies in term of service levels."

So with this sorry tale of disputes and reprisals, it is hardly surprising there are cries for the government to step in. Some insurers say that an overhaul along similar lines to the Ministry of Justice's review of the personal injury claims process is needed. Copeland, however, remains confident that the appointment of an independent chairman will wave the white flag.

"I don't see why we should not be able to fix the majority of the problems," he says. "I don't see how government intervention would change things." He adds that government-imposed compliance could push up cost for both insurers and CHOs, a burden both parties can ill afford.

The appointment will be announced within the next six months, but for Wills it cannot come a moment too soon.

"I wish insurers could have a good guy, bad guy list," he says, "It sounds corny but we really are one of the good guys." IT

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