

Justice for motorists



We say:

- Car insurers should cut premiums now – or face a windfall tax on their profits
- This broken market should be reformed to protect consumers and stop profiteering
- Accident victims should be free to choose their own lawyer without insurers trying to influence their decision or make money from their choice.



Head of policy at Thompsons Solicitors, Tom Jones, explains more about the lucrative car insurance industry and Britain's so called 'compensation culture' in this brief three-minute video clip.

Contact us

Thompsons Solicitors has been standing up for the injured and mistreated since Harry Thompson founded the firm in 1921. The firm has fought for millions of people, won countless landmark cases and secured key legal reforms.

Thompsons has more experience of winning personal injury and employment claims than any other firm – and uses that experience solely for the injured and mistreated.

Thompsons refuses to represent insurance companies and employers, invests specialist expertise in each and every case and fights for the maximum compensation in the shortest possible time.

Visit us at www.thompsons.law.co.uk

Call us on 0800 0 224 224

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The Thompsons Tracker is all about standing up for consumers and injured people and sets out to expose insurance industry double standards and false claims.

Download this issue at
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DIRECT LINE AND ADMIRAL
HAVE PAID OUT **£1.66 BILLION** IN SHAREHOLDER
DIVIDENDS IN THE LAST THREE YEARS
– THAT'S **£221** FOR EVERY POLICYHOLDER

#CutPremiumsNow

Issue 2

Tracking the insurance industry



Victim of road traffic accident made to feel like a criminal

The insurance industry's campaign to stigmatise people who claim for compensation has now descended into making intimidating statements about fraud to people who have genuinely suffered road accidents.

Thompsons Solicitors made a claim following a road traffic accident on behalf of Jerry Lehane to Eldon Insurance Services (the insurers for the other driver). Rather than respond to Thompsons direct, Eldon sent a three-page letter to Mr Lehane's home address warning – without providing any evidence that it was of any relevance to him – that fraud "can be punishable by a prison sentence and could also prevent you obtaining insurance cover in the future".

The letter also said his data will be passed to the Government, fraud detection bodies and other insurers, and queries whether or not he had instructed Thompsons and how he came to do so.

"The letter to Mr Lehane is worded in an intimidating fashion," said Judith Gledhill, head of personal injury at Thompsons. "It asked questions they should have known the answer to



Thompsons' client Jerry Lehane

and, if they had suspicions about fraud, they should have put that to us as his lawyers.

"It would be bad enough if this was an isolated case, but the letter appears to be standard because in one place the person processing it has left the words 'name of solicitor' in brackets.

"Eldon boast on their website that they are 'the claims experts' who 'minimise the cost of claims' to the insurance industry. It appears one of their tactics may be to try to frighten people by suggesting what they are doing is somehow underhand.

"We have written to Eldon posing a whole series of questions but have so far received only what appears to be another standard letter in reply."

Mr Lehane's claim is for injuries suffered in a road accident in Notting Hill, London, in 2012 and Eldon have already paid for the vehicle damage.

"The letter made me feel like a criminal," Mr Lehane said. "My lawyers had contacted Eldon yet they by-passed them and came straight to me. When I read the letter, I knew it wasn't something I could deal with by myself.

"I had Thompsons there to support me but other people might not know what to do and could feel as if someone was trying to catch them out. The wording was threatening."

Eldon Insurance Services Ltd is a UK-based company but it is part of an Isle of Man-centred group of companies controlled by insurance multi-millionaire Arron Banks.

Eldon was owned by Rock Holdings Group until July 2013 when it was sold to ICS Risk Solutions, but both

companies are based in the Isle of Man and controlled by Mr Banks.

As well as claims handling services, Eldon sells insurance to motorists under three brands: GoSkippy for the private car market, Footprint for van and motorbike insurance and Business Choice Direct for commercial vehicles.

Banks and his companies are big UKIP supporters. Last year, Banks personally gave them £100,000 while Rock Services Ltd, a subsidiary of Rock Holdings, donated £394,254.

"The Banks business empire operates mainly from what are commonly considered to be tax havens, which we know (in our view sadly) is neither unlawful nor unusual," said Judith Gledhill. "But when a company that is ultimately run from outside the UK sends what looks like an intimidating letter to our client who has done nothing wrong, we see it as one more reason for transparency in the captive British car insurance market – so that motorists know who they are dealing with and how they behave."

The tangled web woven around Eldon and the Go Skippy brand



Eldon Insurance Services and the web of companies they are connected with straddle at least three legal jurisdictions, and we found that understanding who owns what is not easy.

Their main public face in the car insurance market is the Go Skippy brand, which describes itself as a "fresh, independent insurance broker" that "searches available insurers – including our own in-house company – to find you the best deal to suit your needs and pocket".

Go Skippy's website gives its head office address as Lysander House in Catbrain Lane, Bristol. This is also the registered office of Eldon Insurance Services and another company called Rock Services.

In its letter to Thompsons client Jerry Lehane, Eldon said it was acting on behalf of Southern Rock Insurance Company Ltd. Southern Rock is based in Gibraltar and acts as an underwriter to Go Skippy.

Last year, the Insurance Fraud Bureau (IFB) announced that Southern Rock Insurance, which it described as "the largest personal lines motor insurer not already working with IFB", had joined the industry's "collective fight against fraud".

It said: "Having Southern Rock on board enhances both the information at our fingertips and the scale of our collaborative efforts to combat fraud".

Southern Rock Insurance being based overseas isn't unlawful but it is financially attractive – in Gibraltar, tax on profit is only 10% rather than the 21% currently levied in the UK.

Southern Rock Insurance and Eldon are connected to each other through the Go Skippy brand and their sale of various services to each other but both companies are also part of a business empire driven from another tax haven, the Isle of Man, by Arnon Banks, the multi-millionaire UKIP donor.

According to Experian reports, the shareholders in Southern Rock Insurance are Banks, Rock Holdings and Southern Rock Holdings (and Southern Rock Holdings is 100% owned by Rock Holdings).

Meanwhile, Eldon's accounts for the year to 31 December 2013 say it was owned by Rock Holdings until July 2013 when it was sold to a company called ICS Rick Solutions.

Auditors BDO have said, however, that this did not result in any change in overall control because... both ICS and Rock Holdings (which are both registered in the Isle of Man) are controlled by Banks.

The financial details of this empire were, we found, difficult to discern. Credit agency reports say Southern Rock Insurance wrote premiums worth £74.8m in 2013, while Southern Rock Holdings has total assets of £25.1m.

UK-registered Eldon had a turnover in 2013 of £12.8m but 90% of this – £11.4m – was paid over in a 'related party' transaction to Rock Services which is a wholly owned subsidiary of Rock Holdings.

The 2013 accounts of Rock Services, which is also UK registered, show this payment as part of a much larger £42.75m turnover but from which it appears Rock Services made a profit of only £30,000 and paid a mere £2,000 in corporation tax.

A clue as to why this might be the case is given in the company's 'strategic report', which says Rock Services is 'a recharge company' for Rock Holdings, which is subject to the Isle of Man's zero corporation tax rate.

Despite its paltry profits in 2013, Rock Services was by the final quarter of 2014 able to find £394,254 for a donation to UKIP.

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Government and insurance industry climb-down on insurance fraud claims

The Government and the insurance industry have retreated from their claims about the level of motor insurance fraud in a response to a House of Commons Transport Select Committee report.

The Government had parroted figures released from industry body, the Association of British Insurers (ABI), which stated that there were as many as 59,900 'dishonest' motor claims in 2013 with a value of £811 million. The ABI had also claimed that fraud adds on average an extra £50 to every household's annual insurance bill.

The all-party committee challenged the validity of the ABI statistics, and called on the government to ensure the data being used to support key policy decisions that favoured insurers at the expense of injured claimants were based on solid foundations.

In their responses to the committee's report, the Government and ABI have since back-tracked from their original unqualified assertions about the level of fraud in the industry.

Having previously categorically stated the data was 'proof' of fraud they have both now admitted their figures do not provide "anything more than an indication" of the level of fraud.

The ABI said it even included cases where a 'handler' who suspected fraud had asked for further information and the claimant had either failed to provide it, withdrawn their claim or accepted a reduced settlement.



Dividend bonanza for Admiral and Direct Line shareholders highlights myth of fraud crisis

Britain's two leading car insurers have announced yet more bumper pay-outs to shareholders after continuing their profits bonanza in 2014.

Annual results released by Direct Line and Admiral, which between them write one in four motor insurance policies in the UK, show both recording big profits last year – despite the insurance industry's claim to be a victim of fraud costing anything between £811m and £2bn.

Direct Line, which was spun out of taxpayer owned RBS in 2012, plans to pay an 8.8p per share final dividend after seeing its operating profit for the year rise 14% to £497m.

The final dividend takes Direct Line's total pay-out to shareholders for 2014 to 27.2p – 32% more than the 20.6p paid for 2013.

In total cash terms, Direct Line shareholders will get £407m, allowing chief executive Paul Geddes to boast: "I am delighted to report we have met or exceeded all (the targets set in 2012). After paying the regular and special dividends for 2014, we will also have returned a total of £836 million to shareholders since we began life as a public company."

The results statement said Direct Line's profits had been boosted by 'favourable experience on bodily injury claims across recent accident years' as well as the Government's

Legal Aid, Sentencing and Punishment of Offenders Act.

Admiral, meanwhile, delivered a profit from the UK car insurance market of £398m and announced a 49p final dividend worth £135m to shareholders. The company said this brings the total pay-out to shareholders in the ten years since Admiral went public to £1.75 billion.

Tom Jones, head of policy at Thompsons Solicitors, said the figures were yet more evidence that the scare stories about the scale and cost of fraud put out by insurers were misleading.

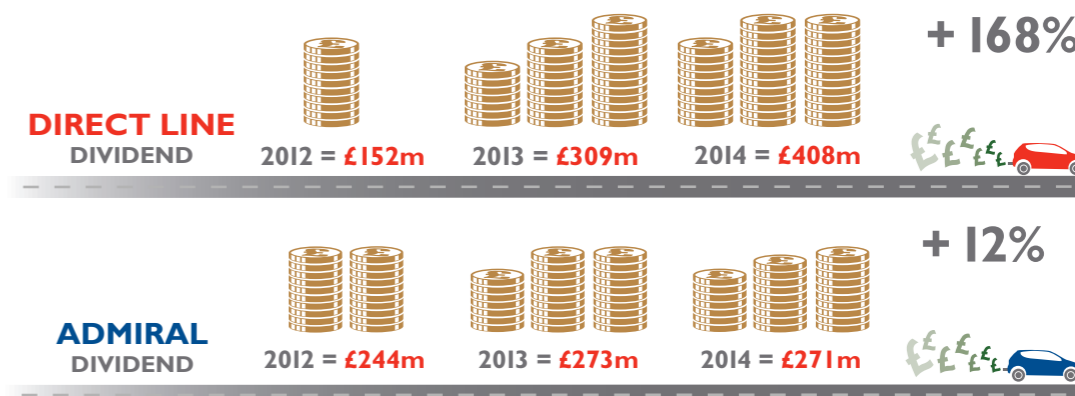
"The endless claims of fraud, from whiplash to 'cash for crash', and the huge £ multimillion sums attributed

to it have been exaggerated to get reforms that help insurers make ever-larger profits and to make motorists think that premiums have to stay high.

"Direct Line and Admiral deserve some credit for operating publicly so that those who want to read the small print in their accounts can discover the truth.

"That's not the case with Aviva and AXA, both of whom still refuse to publish separate trading figures for the captive UK car insurance market.

"This is a compulsory purchase and reform is urgently needed to make the market transparent."



Thompsons calls for reforms to protect motorists

Thompsons has condemned the government's new 'fraud taskforce' as yet another insurer-dominated vehicle for boosting profits at the expense of motorists and is calling for real reform to make the industry more transparent.

The taskforce states its objective as being 'to be able to send out a message that the UK has a thriving insurance industry' and hardly surprisingly its interim report accepts without question the insurance industry's various and varied claims about fraud.

It argues car insurers contribute £25 billion to the UK economy when, in

fact, these are actually the premiums they collect from motorists in a captive market and the profits often go abroad.

Thompsons, meanwhile, is campaigning for reform of the car insurance market to ensure greater transparency and to protect consumers.

The car insurers are, in theory, accountable to seven regulators but not one of them has been willing or able to compel them to declare how much revenue and profit they make from this compulsory purchase.

Direct Line and Admiral do provide separate trading figures for car

insurance, but AXA and AVIVA have refused to publish them and others, such as Southern Rock, are based in low-tax jurisdictions with minimal reporting requirements.

"Transparency is the key to consumer protection," said Tom Jones.

"We believe that one regulator; the Financial Conduct Authority should be given lead responsibility for the car insurance market and have the powers and resources to be able to properly protect consumers and demand transparency. At present it's a one-way street with insurers making demands of policy-makers and little or no real accountability.

“No independent evidence has ever been produced to show the scale of fraud, all the figures come from the industry itself and yet on the back of those self-serving statistics there has already been radical restrictions on access to justice for injured people under the Tory Lib Dem government and more will almost certainly be recommended by this taskforce. Policy is being made based on scare stories not facts – that's why we need transparency.”