

TO: ALL CILA MEMBERS

June, 2004

ABI/CILA PROTOCOL

I am delighted to be able to confirm that work on the “ABI/CILA Protocol for Loss Adjusters under FSA Regulation” is now complete.

Please find enclosed:

- A copy of the Protocol
- A joint press release on behalf of the ABI and the CILA
- Comment from our President, Andy King

Early feedback had been extremely positive with comments asking why the Protocol does not go further. The simple answer to this is that the Protocol seeks to set minimum standards to meet the requirements of Regulation. Good practice extending beyond the requirements of Regulation are for agreement with Principals by way of their individual Service Level Agreements.

Claims handling is a regulated activity but the legislation specifically excludes:

- (a) expert appraisal
- (b) loss adjusting on behalf of an insurer and
- (c) managing claims on behalf of an insurer

The enclosed Protocol only addresses activities under (b) above, what could perhaps be termed traditional loss adjusting. The Protocol does not, therefore, encompass the activities of those involved in claims presentation, who need to register with the FSA prior to the 13th July, 2004. Nor does the Protocol cover the total outsourcing of claims by an insurer where the requirements on the outsource provider will be more extensive than those in the Protocol and will need to be tailored to the specifics of the outsource contract.

Regulatory requirements may change as the rules bed in. The Protocol represents the joint interpretation by the CILA and the ABI, on behalf of their members, of the rules as they have been set out by the FSA.

Harry Roberts
Chairman, Synergy Committee

Encs.