Draft Regulations laid before Parliament under section 15(10) of the Compensation Act 2006 for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2008 No.

CONSUMER PROTECTION, ENGLAND AND WALES

The Compensation (Claims Management Services) (Amendment) Regulations 2008

Made - - - - ***

Coming into force in accordance with Regulation 1

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 8(8), 9 and 15 of, and the Schedule to, the Compensation Act 2006(**1**).

A draft of these Regulations was laid before Parliament in accordance with section 15(10) of that Act and approved by a resolution of each House of Parliament.

Citation and commencement

1.—(1) These Regulations may be cited as the Compensation (Claims Management Services) (Amendment) Regulations 2008.

(2) Except as provided by paragraph (3), these Regulations come into force on 1st July 2008.

(3) Regulations 4 to 7 come into force on 1st August 2008.

Amendments to the Compensation (Claims Management Services) Regulations 2006

2. The Compensation (Claims Management Services) Regulations(**2**)are amended as follows.

3. For regulation 21 (Directions about indemnity insurance) substitute—

"**Definitions for this Part**

21. In this Part—

(**1**) 2006 c. 29; section 8(5) and paragraph 14 of the Schedule to the Compensation Act 2006, were amended by the Legal Services Act 2007 (c.29), section 187 and Schedule 19, paragraphs 1, 6(1) and (2) and 11(1) and (6).

(**2**) S.I. 2006/3322.

"employee" means an individual who is employed or appointed by an authorised person in connection with that person's business, whether under a contract of service or for services or otherwise; or whose services, under an arrangement between the authorised person and a third party, are placed at the disposal and under the control of the authorised person;

"insurance undertaking" means an undertaking, whether or not an insurer, which carries on insurance business which is the business of effecting or carrying out contracts of insurance;

"Zone A country" means—

(a) any EEA State;

(b) a country which is a full member of the Organisation for Economic Co-operation and Development; or

(c) a country which is contained on a list published by the International Monetary Fund as being a country which has concluded special lending arrangements with the International Monetary Fund associated with the International Monetary Fund's General Arrangements to Borrow;

except any country which is contained on a list published by the Regulator as being a country which has rescheduled its external sovereign debt.

Requirement to have professional indemnity insurance for persons who provide representation

21A.—(1) This Part applies only to authorised persons who provide regulated claims management services within the meaning of Article 4(2)(e) of the Compensation (Regulated Claims Management Services) Order 2006(**3**).

(2) An authorised person who provides regulated claims management services in relation to claims prescribed by Article 4(3)(a) of the Compensation (Regulated Claims Management Services) Order 2006 must take out and maintain professional indemnity insurance, in accordance with this Part.

(3) That person must take out and maintain professional indemnity insurance from an insurance undertaking authorised to transact professional indemnity insurance in–

(a) a Zone A country;

(b) the Channel Islands, Gibraltar, Bermuda or the Isle of Man.

Minimum terms of professional indemnity insurance

21B.—(1) The contract of professional indemnity insurance must—

(a) comply with the requirements in paragraphs (2) to (5);

(b) provide cover where an authorised person or an employee —

(i) represents a client in the course of providing or purporting to provide regulated claims management services; and

(ii) may be liable for their actions.

(2) The minimum level of indemnity in the contract of professional indemnity insurance must be–

(a) £250,000 for a single claim; and

(b) £500,000 for aggregated claims.

(**3**) S.I.2006/3319.