

Research shows low awareness of before the event legal expenses insurance

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Research published today by Ministry of Justice reveals that less than one in four consumers have heard of either Before the Event (BTE) or After the Event (ATE) legal expenses insurance.

Legal Expenses Insurance (LEI) provides the policyholder with the cost for legal fees in the event that they become involved in litigation. It is a relatively inexpensive mechanism for resolving a range of problems and legal disputes.

The research report produced by FWD reveals that there is a considerable lack of information about the product both in the public domain in general and at the point of sale. Awareness among lower socio-economic groups (C2DE) is particularly low even though this group appears to be more likely to need to use a BTE product.

The report also reveals that despite low awareness overall market penetration of the product has increased to 59% of the population (this compares with 50% penetration revealed by Mintel in their report published in December 2006). The research estimates that 28m adults currently own the product, most as an add on to another insurance policy.

Welcoming the findings, Justice Minister Bridget Prentice said:

The report gives us an insight into the current state of the BTE insurance market. Whilst more and more people now have the product, they don't appear to know how to use it. This is particularly true of the more vulnerable members of society. BTE insurance is important because it provides people with a means of getting advice and assistance when trying to resolve disputes. I would encourage insurance industry bodies and consumer groups to try and deal with this problem

Other findings show:

- Legal Expenses Insurance cover is often fragmented or even duplicated. Due to lack of awareness many consumers are not aware that they have BTE insurance
- The market is likely to expand over the coming years increasing the number of consumers in this position
- The report recommends a number of steps that insurance industry bodies and consumer's groups- such as the Financial Services Authority (FSA) and Association of British Insurers (ABI)- should take forward. These include:
 - Agreeing ways of promoting LEI and providing more information about the product both in general terms and at the point of purchase (including communicating its benefits more widely).
 - Developing ways to encourage policy holders to read their policy documents
 - Changing the name of Legal Expenses Insurance to something consumers are more likely to understand. One suggested alternative is 'legal protection'
- The report also recommends that employers provide LEI to employees
- Additionally, Housing Associations could provide LEI for tenants

Officials at the Ministry of Justice have been discussing these recommendations with the FSA, ABI,

Housing Corporation and employers groups to examine how these recommendations could be taken forward.

Notes to Editors

1. ['The Market for BTE Legal Expenses Insurance: A research report for the Ministry of Justice'](#), by Oona McDonald, Ian Winters and Mike Harmer
2. Until now the only other independent survey of the Legal Expenses Insurance market was published by Mintel in December 2006.
3. BTE insurance products have been available in the UK since 1974. The research report shows that 93% of all households have home buildings insurance in place; 78% have home contents Insurance;
4. The structure of the BTE market in the UK is complex. It is sold in a variety of ways usually as an add on to motor or household insurance. It is also sometimes sold attached to travel insurance.
5. The vast majority of BTE products are sold through intermediaries consisting of national brokers, broker chains and regional brokers.
6. For more information contact Zoë Campbell, Ministry of Justice Press Office, 020 7210 8695