

100 Years of Legal Protection Insurance

A Century of Better Access to Law and Justice

In 1917, in response to the increasing numbers of automobiles and subsequent occurrence of road traffic accidents and resulting injuries, the Frenchman, Georges Durand, founded in Le Mans the first insurance which guaranteed indemnity against the costs and risk of litigation: D.A.S. – Défense Automobile et Sportive. This insurance protected chauffeurs of motor-driven vehicles (like cars, cycles, air planes) and sportsmen undertaking particular activities (e.g. playing football, hunting, fishing, gymnasts etc.) from being exposed to costs related to legal proceedings or disputes, i.e. the insurer promised to reimburse legal expenses and provide legal assistance in the event of a dispute. This idea, guaranteeing access to law and justice through mutualizing the risk of litigation, has gained momentum ever since: today, legal protection insurance is present in most European countries and, over the past three decades, has been conquering other continents like the Americas, Africa, Asia, and Australia. The modern form of legal protection insurance, however, is much more extensive than its original as it does not only cover specific activities but it is available to individuals, either in their private life or their professional capacity, and to corporates: it covers all areas of life, from the workplace, household, family, to – last but not least – road traffic accidents.

In a nutshell, legal protection insurers today provide concrete assistance in case of a legal issue, for instance by giving advice, writing to an opponent, negotiating solutions with adverse parties, representing policy holders out-of-court or in-court, recommending an expert or lawyer, or simply by covering legal fees. In this way, legal protection insurers have been, on one side, traditional insurance companies that take on financial risks but, on the other side, they also have become large scale suppliers of legal services.

In some countries, legal protection is rather popular, covering,



Adrienne O'Sullivan, CEO – Ireland, DAS, will share her ideas and highlight the most pressing problems identified during the one-and-a-half-day-event.

for instance, around 40% of households in Germany. It is either bought as a stand-alone cover (in Germany the insurance protects whole families against everyday legal risks) or as add-on to another insurance contract.

Brokers play an important role in many markets in terms of sales but often they also manage and handle claims for policy holders. In Europe, gross premium income amounts to around €8bn per annum, worldwide we account for approx. €10bn, including Canada, Japan, the USA, and South Africa. Legal protection is a niche product, i.e. in none of the countries it presents more than a 5% share in the total non-life premium income. Growth rates vary substantially between the national markets but overall the legal protection market has seen a constant growth over the past couple of years and is yet expected to expand further.

Since 1969, **RIAD, the International Association of Legal Protection Insurance**, has bolstered and contributed to the



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emergence of legal protection insurance. Originally founded to advocate the introduction of the specialisation of legal protection insurance as the obligatory business model in all EU Member States, RIAD now unites, represents, and defends the interests of some 60 legal protection insurers and service providers in this field from different jurisdictions worldwide. In this capacity, the Association has always succeeded to look ahead, make its members understand the signs of the times, and contribute to advancing and developing legal protection insurance further. To this end, RIAD holds annual congresses, workshops, and meetings which centre on topical issues that promise to advance and improve legal protection insurance.

One of the recurring topics of the RIAD events has been improving claims handling and solving customers' disputes more effectively. In this context, the RIAD event 2011 in Verona looked at alternatives for dispute resolution and the Brussels Congress in 2015 focused on how disputes can be solved online. In Verona, members heard from Jean-François Roberge, Professor at the University of Sherbrooke, Québec, how Canada had started to streamline its judicial procedures by making pre-court dispute settlement mandatory and the Brussels Congress showed that online tools like Youstice.com or modria.com help consumers to solve their disputes with sellers quicker, less costly, and more efficiently.

RIAD's main area of concern, however, has always been identifying how the environment in which legal protection insurers operate changes and finding responses to those challenges. Key issues have been new technologies and digitalization as drivers for new ways of providing services (e.g. the Sharing Economy) and changing customer demands and behaviour. Accordingly, at the RIAD Congress 2012 in Prague, Richard Susskind, thought leader for judicial innovation and author of books like 'The End of Lawyers? Rethinking the Nature of Legal Services' and 'The Future of the Professions', gave an eye-opening speech about innovation in legal services and the congress 2016 in Montreal showed that globalization, digitalization, and the sharing economy inevitably leave their mark on legal protection insurance.

The topical question for this year's congress '**Staying ahead of the game in Legal Protection Insurance**' is how insurers can assume these changes to keep up with customer demand and technological innovation? Kristian Myrseth, Professor at



'The rapidly developing field of artificial intelligence has the potential for a paradigm shift in how legal work is done. In this respect, the future is now,' RIAD President Simon Warr of AmTrust leads the discussion in Montreal.

Trinity College Dublin, will illustrate how behavioural economics, especially of generation Y, have shifted and Dr. Gero Matouschek, Partner Strategy&, PwC, will pinpoint insurers' challenges by laying out the existing FinTech and InsurTech landscape. The congress follows a hands-on approach with several workshops showing how unconscious bias prevents change (chaired by Angela Peacock, a global thought leader in diversity and inclusion) and delegates identifying and discussing the issues and key areas which must be under scrutiny if businesses want to keep pace. **Brokers, represented by Paul Kavanagh, Managing Director, McCarthy Insurance Group, are part of the exercise and debates and Adrienne O'Sullivan, CEO – Ireland, DAS, will share her ideas and highlight the most pressing problems identified during the one-and-a-half-day-event. Finally, with his analysis and keen reflections, the moderator, Matt Cooper, Irish Broadcaster and Journalist, will give the Congress a special note and add a cutting-edge to the event. Please come and join us!**



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