

Cabinet

file

MANAGEMENT IN CONFIDENCE

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10 DOWNING STREET

From the Private Secretary

20 January 1982

Claims Commission Study:
Ministerial Responsibility

Thank you for your letter of 12 January about the upshot of the Rayner Scrutiny of the work of the Claims Commission.

The Prime Minister has noted with interest your conclusion that there may be financial advantage in transferring to commercial insurance claims within the United Kingdom in the areas of motor accident and employer's liability.

I am sending a copy of this letter to Terry Mathews (Chief Secretary's Office), Nicholas McInnes (Department of Trade) and David Wright (Cabinet Office).

M. G. SCHOLAR

N.H.R. Evans, Esq.,
Ministry of Defence.

MANAGEMENT IN CONFIDENCE

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Treasury Chambers, Parliament Street, SW1P 3AG

Michael Scholar Esq
10 Downing Street
London SW1

19 January 1982

Dear Michael,

CLAIMS COMMISSION STUDY: MINISTERIAL RESPONSIBILITY

As I told you on the telephone, the Treasury has no objection to the specific proposal in Nick Evans' letter of 12 January to you.

On the question of insurance versus "own risk", the Treasury does of course welcome any change which can be shown to secure economies in cost in the long run. We are aware of this proposal, and have had preliminary discussions about it with the Ministry of Defence. More information is required and, so far as we are aware, the Ministry are at present seeking this from the insurance companies. When all the facts are available, Treasury Ministers will be consulted, but until that time I cannot say that the change has Treasury approval.

*Yours sincerely
Terry Mathews*

T F MATHEWS

Private Secretary

CF pl get me x

MANAGEMENT IN CONFIDENCE

Prime Minister

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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

To note

MUS 15/1

Telephone 01-~~900 7022~~ 218 2111/3

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12th January 1982

Dear Michael,

CLAIMS COMMISSION STUDY: MINISTERIAL RESPONSIBILITY

I am writing to inform you of an interesting situation that has arisen in the context of paragraph 74 of "Questions of Procedure for Ministers (C(P)(79)1)", which deals with the position of Ministers who are "names" at Lloyds.

A Rayner Scrutiny conducted in this Department in early 1980 examined the work of the Claims Commission, which acts as the MOD's "insurance company" and processes common-law claims to the value of about £11M per year both for this Ministry and other Government Departments. The Study Report, endorsed by Ministers in July 1980, recommended that a detailed costing exercise should be undertaken to compare the full costs of the present system with competitive quotations from the insurance industry for the bulk of the Commission's work in the areas of motor accident and employer's liability claims.

This exercise has now been completed. It suggests that there would be financial advantage in transferring to commercial insurance claims in these two categories arising within the United Kingdom. Subject therefore to the completion of final consultations we expect shortly to be considering a proposal that negotiations with the insurance industry should take place early next year with the aim of awarding a contract to a selected broker or brokers as from 1st April 1982.

Mr Wiggin, to whom as Under Secretary of State for the Armed Forces, Claims Commission matters would normally fall in the general division of departmental responsibilities, has felt that it would not be right for him, since he is a member of Lloyds, to become involved with this exercise; and similar considerations preclude Mr Blaker from taking back this part of the responsibilities that he has delegated to Mr Wiggin. My Secretary of State has therefore agreed, exceptionally, that Mr Pattie should, with immediate effect, assume responsibility for all Claims Commission matters. This will

Michael Scholar Esq

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mean that Mr Blaker and Mr Wiggin will have no part in the decision whether or not to go for commercial handling of claims.

I am copying this letter to Nicholas McInnes (Trade) and David Wright (Cabinet Office).

Yours sincerely

Nich Evans

(N H R EVANS)