

29 April 2013

## **ELTO responds to regulator's extended transition for ERN capture**

EL insurers and their intermediaries have been given a further 12 months to capture and supply the Employer Reference Number (ERN) at the point of EL policy renewal or inception. The ERN is a unique number issued by HMRC to UK employers and if captured and stored on the Employers' Liability Database (ELD), can be used to quickly and precisely identify the appropriate EL Insurer.

The Financial Conduct Authority (FCA) has confirmed that 1 April 2014 is the new date by which the industry should be fully compliant with the requirements set out in the industry regulator's latest Handbook Notice <http://www.fsa.gov.uk/static/pubs/handbook/hb-notice128.pdf>.

The extension for the supply of the ERN information was proposed in the Regulator's most recent quarterly consultation. The extended transitional provisions maintain earlier requirements and cover both business written directly by the insurer and business written through an intermediary.

Adrian Brown, Provisional Chair of ELTO and UK Chief Executive of RSA said, "Despite the considerable effort and cost incurred to date by insurers, the industry still faces a real challenge to capture the ERN. The proportion currently being captured and reflected on the records in the EL Database remain disappointingly low. We are continuing to work cooperatively with Government and the Regulator in order to make this meaningful and provide the aid to tracing insurers in the future that it was designed to be."

To ensure that a search using ELTO produces a relevant result for a claimant or their representative, the ERN has been identified as the best long term solution for claimants to use. The industry has maintained that it needs a mechanism to obtain the ERN from the HMRC, or where it has been captured from the business at the point of renewal or purchase to validate it against official records. The ways in which to do this are being actively investigated with HMRC.

Brown concludes, "The industry, the Regulator and Government are at a watershed. Without the ability to link to HMRC records, insurers face the very real prospect of being non-compliant with the Regulator at the end of this transitional period. To avoid widespread failure, EL insurers may be forced to refuse cover after April 2014. Against the backdrop of a looming deadline, real progress needs to be made to achieve this within the following months and the challenge to deliver this should not be underestimated."

Currently 75% of enquiries being made using the ELTO service result in a policy record being located. The number of EL policy records (including new, renewed and historic) stored on the ELD are nearing 10 million.

There are 1,700 claimant solicitors registered to use the ELTO service and this is expected to rise with the introduction of the Ministry of Justice's new pre-action protocol for EL claims in July this year. Since the service was launched in April 2011, the number of monthly enquiries has more than doubled.

## **ENDS**

### **For further information**

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### **About ELTO**

The Employers' Liability Tracing Office (ELTO) is a not-for-profit organisation and has been set up to provide claimants and their representatives with quick and easy access to a central database of Employers' Liability (EL) policies through an online enquiry facility, helping them to find their employer's EL insurer. The purpose of ELTO is to help claimants trace and identify the insurer to enable them to pursue compensation directly with them. ELTO is not a compensatory body.

ELTO has replaced the previous voluntary Employers' Liability Code of Practice (ELCOP) tracing service, which was in place since 1999 and helped around many thousands of claimants trace the EL insurer to pursue a claim.

The EL database (ELD) launched in April 2011 and contains all new and renewed EL insurance policies, policies from before April 2011 which have new claims made against them and policies that have been and will continue to be identified through the tracing service. The ELD will also capture additional information such as Employer Reference Numbers (ERNs) for employers, which should make search results more thorough.