

PRESS RELEASE



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INTERNATIONAL ASSOCIATION OF LEGAL EXPENSES INSURANCE (RIAD)

HIGH LEVELS OF REGULATION OF THE LEGAL PROFESSION DO NOT IMPROVE ACCESS TO LAW

Antje Fedderke (RIAD): "there is evidence that the costs of hiring a lawyer are high compared to the costs of hiring a non-lawyer legal expert."

The report 'Regulation of the legal profession and access to Law', commissioned by the International Association of Legal Expenses Insurance (RIAD), gives an economic perspective on the regulation of the legal profession and access to law in 12 European countries. The study shows that high regulation is not necessary to achieve sufficient access to law. Secondly, the net benefits of (high) regulation are not clear, while at the same time the results indicate that regulation comes at a cost. Governments should therefore be able to justify the (higher) level of regulation by indicating that the social benefits in terms of better access to law are higher than the social costs of this regulation. These results are strong and robust enough to start a policy discussion.

Governments want to safeguard legal security for all those seeking justice. In order to guarantee this public interest most European governments have given certain exclusive privileges to lawyers, among which a monopoly on the conduct of a case. Much of this (self-)regulation is aimed at preserving the professional quality, but it may also restrict competition. Consequently, the prices paid for legal services provided by lawyers may be too high and this decreases access to law—precisely the opposite of what the governments intended. RIAD has asked SEO Economic Research to conduct a research on the effect of the regulation of legal services and legal professions on access to law in several European countries. The central research question is: **What is the effect of the regulation of the legal profession – predominantly lawyers – on access to law?**

The study shows that it is not clear that more stringent forms of regulations lead to higher benefits in terms of better access to law than costs.

Of course there are benefits of regulation but the costs to society are not often talked about. Regulators simply assume that the social benefits of regulation are higher than the social costs, but they should be able to prove this. It is important that regulators make clear why they choose a certain intensity of regulation and how society as a whole will benefit from this particular regulation. There are large differences in the EU for guaranteeing access to justice. Some countries are heavily regulated while others have far more liberal regimes for the legal profession. But there is no significant difference in access to law.

Some markets even appear to be overregulated and seem to be more in favor of safeguarding the interests of the legal professionals than safeguarding access to law for consumers. In the case of more liberal regulation consumers can use lawyers who are members of the bar but they can also chose non-lawyer legal experts. No proof can be found that in strictly regulated countries lawyers perform better than legal experts who are not a member of the bar. But there is evidence that the costs of hiring a lawyer are high compared to the costs of hiring a non-lawyer legal expert.

From an economic perspective, there seems much to gain for society by opening the national legal markets. The results of the study show that liberalizing the legal profession by allowing certified non-lawyers legal experts to play a much larger role may have a substantial impact by lowering prices in the legal profession.

There should be an open discussion on the costs and benefits of the current levels of regulation of the legal profession instead of continuing working on the basis of assumptions as is the case these days. This report should stimulate an informed dialogue between regulators, legal experts, economists, as well as other social scientist and stakeholders on the regulation of the legal markets in the EU.

RIAD's position in this discussion is that competition from non-lawyer legal experts benefits consumers. Current levels of regulation restrict such external competition.

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RIAD, the association of legal protection insurers and service providers, is committed to promote via its global members easy, affordable and high quality access to justice and the law. RIAD counts 57 members in 18 countries. The RIAD members are specialised in providing insurance and/or services in support of enforcing and defending individual legal rights: they provide their customers with the necessary resources to access high quality and readily available legal advice and services. They also effectively shield customers from financial risks associated with the cost of enlisting legal professionals and accessing the justice system.

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