



# Hire with care...



## HIRING PRIVATE INVESTIGATORS AHEAD OF GOVERNMENT REGULATION

From Hercule Poirot to Magnum, we all have an enduring image of the Private Investigator (PI). Unfortunately, recent events in the UK have soured that vision, providing the insurance industry with a significant reputational risk that needs to be addressed.

As the role of private investigator Glenn Mulcaire is probed in the recent phone hacking court case, last month the head of a PI company was convicted of conspiring to breach the Data Protection Act after he was found guilty of making 2,000 calls to trick groups such as GP surgeries, TV Licensing and utility companies into releasing personal data about people.

Barry Spencer ran ICU Investigations, and among the firm's clients was insurer Allianz. Despite it being stressed in court that the insurer was not aware of how the PI firm was obtaining its information, it cannot have been helpful to the Allianz cause.

The government now has the PI market on its radar and the plan is for the industry to be licensed in order to ensure they carry out their profession ethically and legally. The rules are expected to come in next autumn, but the hard and fast details have yet to be announced.

Hopefully the recent publicity does not decry the very important void that many of our PIs fill these days, conducting investigations that our overburdened Police and government departments have neither the time, assets or will to pursue.

The question is, with so many unregulated PIs working in the UK, how are we, or just who is, going to ensure that they conduct themselves within the bounds of our criminal justice system?

There is no simple answer, but any insurer employing the services of a PI would be wise to consider who is conducting investigations on their behalf. Indeed the issue of reputational damage for insurers who are inadvertently linked with a firm that has stepped over the line of legality is now very real. With new rules set to be brought in next year, the choice of PI firms is now a serious one for underwriters and brokers alike.

Insurers that have not considered due diligence in the past may be keen to do so now. The choice of balancing results and saving money against falling foul of the law should not be a consideration for any underwriter and the biggest danger for them lies in prejudicing their reputation by employing PIs who engage in such sharp practices as hacking, blagging and stealing.

It is the responsibility of underwriters to ensure that agents appointed to act on their behalf are reputable, honest and experienced, and the best way to ensure that these key issues are addressed, as well as conducting due diligence, is to see examples of their previous work and make sure that it is judiciously sound.

Furthermore, make sure PIs are contracted to work within the law and check references from other reputable sources. Once employed, underwriters should make sure that regular liaison and review is conducted with their appointed agents and that they are questioned about the methods they have employed to obtain information that they submit on the underwriters' behalf.

The relationship with PIs should be a close one and underwriters should ask for and demand full disclosure of their operations, ask to see case file diaries, look at schedules of unused

material and question any anomalies that are raised by the handler. You are paying for a service, so do not be afraid to ask questions and expect excellence.

The Security Industry Authority, part of the Home Office, has a major task on its hands in implementing and monitoring the licensing and regulation of Private Investigators, but the system has been tried and tested with security guards, door supervisors and close protection operatives, so it should not be insurmountable. The issues will revolve around when and how to implement licensing, how the training and testing is enforced, and what proof of prior learning will be acceptable to the authority.

In the meantime, while we wait for the government to legislate, hire with care, preferably with a reputable firm with good references such as Armour Intelligence.

By Martyn Bird, Head of Operations

### Key points to consider

- Carry out due diligence on PIs pre-hire
- Contract PIs to work within the law
- Check references from PI clients
- See examples of previous work
- Ask for full disclosure
- Request to see case file diaries
- Review schedules of unused material
- Question any anomalies
- Work with a reputable firm