

Support emerges for RAF's Modise to stay on

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THERE has been widespread criticism of the legal community's calls for the head of Jacob Modise, CEO of the Road Accident Fund (RAF), and for the reversal of the changes he made to the claims settlement mechanism.

One change entails paying compensation directly to victims and medical emergency providers, cutting lawyers out of the loop. Others include a cap on claimable loss of earnings and a no-fault rule, which prevents lawyers from dragging out claims in courts.

In August last year, the Cape High Court ruled in favour of the Law Society of SA and ordered that all changes made to the RAF Act of 1996, which came into law in August, be put on hold pending the completion of a law review process. The society also recently launched proceedings in the Pretoria High Court to have amendments to the RAF Act declared unconstitutional and unlawful.

Last week the Johannesburg Attorneys Association called for Modise's resignation and for a commission of inquiry into the management of the fund, which reportedly has a R40bn deficit.

But Eugene Beck, CEO of RoadCover, a membership-based service that processes claims against the RAF, has come to the defence of Modise's leadership.

"Most lawyers representing claimants from the RAF enter into risk agreements which are contingency fee arrangements, with the knowledge that they will receive a percentage of the final settlement," Beck says. "Inevitably, some of these lawyers push for the highest possible payout, which forces the RAF to defend these claims in court, thereby clogging up the system and leading to lengthy delays in settlements."

Thami Bolani of the National Consumer Forum says Modise's changes "would benefit victims" as claims take much longer to settle than they should.

Dave Gardener of the South African Private Ambulance Emergency Services Association says the changes are a big improvement, although some issues need to be ironed out.

"Our average bill is R1 500. This used to inflate to about R7 500 by the time the lawyers had finished charging the RAF," he says.

Gardener says as far as he can ascertain, at least 40% of claims are paid to the legal fraternity.

The RAF has long been technically insolvent.

Modise became CEO in June 2005 and has had some success in instituting reforms. He says personal accident injury lawyers earn R2,5bn a year from the RAF, and has made no bones about the fact he would like to curb this expense.