

Appendix 1 Results for Multivariate Analyses

Table 1: Probit regression on mediation choice (ARMS data only)

Depvar=mediation	Coef.	Std. Err.	t
PI claim	-0.82008	0.237386	-3.45
Negligence claim	-0.20475	0.278049	-0.74
Contract claim	0.226384	0.273426	0.83
Def=individual	0.096204	0.137108	0.7
Clmt=individual	0.125167	0.136906	0.91
Counterclaim	0.185325	0.231832	0.8
Value=£5k-15k	0.542881	0.151469	3.58
Value=£15k-50k	0.799831	0.157713	5.07
Value>£50k	0.895127	0.197102	4.54
Constant	-0.81734	0.291612	-2.8
Number of obs =	1007		
Wald chi2(9) =	103.21		
Prob > chi2 =	0.0000		

Table 2: Mediation configurations in ARMS (N=245)

Claimant	Defendant	Percentage of mediated claims (ARMS)	Percentage of mediated claims (Voluntary)
Company	Company	16.73%	22.61%
Individual	Insurer	8.16%	0.00%
Individual	Company	32.65%	15.07%
Company	Individual	4.08%	15.17%
Individual	Individual	8.16%	25.46%

Table 3a: Regression of settlement at mediation (ARMS data only)

	Coef.	Std. Err.	t
PI claim	-0.51955	0.254285	-2.04
Value=£5k-15k	0.052698	0.390767	0.13
Value=£15k-50k	0.277116	0.393241	0.7
Value>£50k	0.244179	0.447134	0.55
Counterclaim	0.057852	0.40967	0.14
Ind v Ind	0.504698	0.360672	1.4
Co v Co	-0.29262	0.348154	-0.84
Ind v Co	0.199631	0.237857	0.84
Co v Ind	0.767096	0.513343	1.49
Ind v Ins	0.713091	0.364385	1.96
Def represented	0.009068	0.403807	0.02
Clmt represented	-0.86704	0.601236	-1.44
Constant	0.299273	0.702177	0.43
Number of obs =	214		
Wald chi2(12) =	16.51		
Prob > chi2 =	0.1691		

Table 3b: Regression of settlement at mediation (non-ARMS data)

	Coef.	Std. Err.	t
PI claim	0.2592185	0.3583337	0.72
Value=£5k-15k	-0.2224103	0.2267035	-0.98
Value=£15k-50k	-0.4016504	0.2283046	-1.76
Value>£50k	-0.3664133	0.296311	-1.24
Counterclaim	-0.0774944	0.1307837	-0.59
Ind v Ind	0.037824	0.2277738	0.17
Co v Co	0.3591756	0.2137528	1.68
Ind v Co	0.0492418	0.2331285	0.21
Co v Ind	-0.0434152	0.2354468	-0.18
Def represented	-0.2756597	0.1992849	-1.38
Clmt represented	0.0612101	0.1983297	0.31
Constant	0.0941175	0.3429858	0.27
Number of obs =	435		
Wald chi2(12) =	11.12		
Prob > chi2 =	0.4334		

Table 4a: OLS regression on judicial time (ARMS data only)

Depvar=lnjudicetime	Coef.	Std. Err.	t
Value=£5k-15k	0.2274721	0.151559	1.5
Value=£15k-50k	0.4442208	0.1685341	2.64
Value>£50k	0.3315602	0.2295067	1.44
Counterclaim	0.3236494	0.1970101	1.64
Ln(Delay)	0.7197556	0.1026083	7.01
Trial	1.30885	0.3054638	4.28
Mediation	-0.4133332	0.1150446	-3.59
Constant	-1.066581	0.5577902	-1.91
Number of obs =	241		
F(7, 233) =	15.62		
Prob > F =	0.0000		
LR test of indep. eqns. (rho = 0):			
chi2(1) =	0.02		
Prob > chi2 =	0.8989		

Table 4b: OLS regression on judicial time (non-ARMS data)

Depvar=lnjudicetime	Coef.	Std. Err.	t
Value=£5k-15k	-0.2105961	0.1027198	-2.05
Value=£15k-50k	-0.0778743	0.1035248	-0.75
Value>£50k	-0.1452354	0.1396536	-1.04
Counterclaim	0.2526887	0.0852276	2.96
Ln(Delay)	1.054802	0.1052973	10.02
Trial	1.44152	0.1280215	11.26
Mediation	0.2304706	0.1180495	1.95
Issued in 2000	0.0887537	0.2055611	0.43
Issued in 2001	0.0020105	0.1896828	0.01
Issued in 2002	-0.0272379	0.1759485	-0.15
Issued in 2003	0.0011361	0.1701709	0.01
Constant	-2.708465	0.6151579	-4.4
Number of obs = 432			
F(7, 420) = 33.35			
Prob > F = 0.0000			
LR test of indep. eqns. (rho = 0):			
chi2(1) = 0.05			
Prob > chi2 = 0.8253			

Table 5a: OLS regression on administrative time (ARMS data only)

Depvar=lnadmintime	Coef.	Std. Err.	t
Value=£5k-15k	0.0124694	0.0483845	0.26
Value=£15k-50k	0.0971319	0.0547806	1.77
Value>£50k	-0.0112591	0.0576924	-0.2
Counterclaim	0.1262739	0.0662616	1.91
Ln(Delay)	0.2302793	0.0350225	6.58
Trial	0.2905295	0.0597001	4.87
Mediation	0.1887082	0.0348805	5.41
Constant	3.658129	0.184573	19.82
Number of obs = 254			
F(7, 246) = 26.09			
Prob > F = 0.0000			
LR test of indep. eqns. (rho = 0):			
chi2(1) = 0.25			
Prob > chi2 = 0.5095			

Table 5b: OLS regression on administrative time (non-ARMS data)

Depvar=lnadmintime	Coef.	Std. Err.	t
Value=£5k-15k	-0.0738744	0.0436524	-1.69
Value=£15k-50k	-0.0882443	0.0481685	-1.83
Value>£50k	0.0144036	0.0554514	0.26
Counterclaim	0.0251905	0.0390257	0.65
Ln(Delay)	0.4431134	0.0416018	10.65
Trial	0.173748	0.0496378	3.5
Mediation	0.1816635	0.0377362	4.81
Constant	2.772923	0.2644661	10.48
Number of obs = 459			
F(7, 451) = 20.32			
Prob > F = 0.0000			
LR test of indep. eqns. (rho = 0):			
chi2(1) = 0.36			
Prob > chi2 = 0.5512			

Table 6a: Weibull regression for case duration (ARM data)

	Coeff.	Std. Err.	t
Value=£5k-15k	0.0731	0.0937	0.78
Value=£15k-50k	0.2725	0.0945	2.88
Value>£50k	0.5327	0.1141	4.67
PI claim	0.1798	0.0706	2.55
Def=individual	-0.3471	0.0724	-4.79
Clmt=individual	0.0796	0.0659	1.21
Counterclaim	-0.0031	0.1284	-0.02
Mediation	0.1112	0.0635	1.75
Constant	5.4868	0.1034	53.05
Number of obs = 983			
LR chi2(12) = 87.46			
Prob > chi2 = 0.0000			

Table 6b: Weibull regression for case duration (non-ARM data)

	Coeff.	Std. Err.	t
Value=£5k-15k	0.1225	0.0661	1.85
Value=£15k-50k	0.2730	0.0639	4.27
Value>£50k	0.2548	0.0937	2.72
PI claim	0.0132	0.0978	0.14
Def=individual	0.1347	0.0552	2.44
Clmt=individual	0.1015	0.0551	1.84
Counterclaim	0.1243	0.0553	2.25
Mediation	0.0393	0.1151	0.34
Constant	5.8161	0.1142	50.91
Number of obs =	560		
LR chi2(12) =	41.94		
Prob > chi2 =	0.0000		

Table 8a: Probit regression predicting trial within two years (ARM, non-PI cases)

Depvar=trial	dy/dx	Std. Err.	t
Value=£5k-15k	-0.0941	0.1174	-0.8
Value=£15k-50k	-0.1112	0.1159	-0.96
Value>£50k	0.0218	0.1571	0.14
Def=individual	0.0453	0.1022	0.44
Clmt=individual	-0.0492	0.0729	-0.67
Counterclaim	0.0470	0.1260	0.37
Mediation	-0.1424	0.0545	-2.62
Pr(trial no mediation) =	.2104		
Number of obs =	162		
LR chi2(12) =	7.94		
Prob > chi2 =	0.3382		

Table 8b: Probit regression predicting trial within two years (ARM, PI cases)

Depvar=trial	dy/dx	Std. Err.	t
Value=£5k-15k	0.0200	0.0215	0.93
Value=£15k-50k	0.0363	0.0330	1.1
Value>£50k	0.0006	0.0379	0.02
Def=individual	0.0218	0.0247	0.88
Clmt=individual	-0.0728	0.0529	-1.38
Counterclaim	0.1102	0.0991	1.11
Mediation	0.0094	0.0201	0.47
Pr(trial no mediation) =	.0327		
Number of obs =	605		
LR chi2(12) =	10.92		
Prob > chi2 =	0.1419		

Table 8c: Probit regression predicting trial within two years (non-ARM, non-PI cases)

Depvar=trial	dy/dx	Std. Err.	t
Value=£5k-15k	0.3591	0.1287	2.79
Value=£15k-50k	0.3303	0.1345	2.46
Value>£50k	0.4960	0.1406	3.53
Def=individual	0.1314	0.0707	1.86
Clmt=individual	0.1173	0.0747	1.57
Counterclaim	0.0666	0.0634	1.05
Mediation	-0.2370	0.0768	-3.09

Pr(trial|no mediation) = .2831

Number of obs = 504

LR chi2(12) = 38.47

Prob > chi2 = 0.0000

Appendix 2 An illustrative calculation of the expected costs and benefits from mediation (non-PI cases)

The results reported in the main text allow us to estimate with statistical confidence the impact of mediation on the administrative and judicial time incurred by the courts for cases settled out of court, and for those resolved at a trial. They also allow us to estimate with statistical confidence the impact of mediation on the likelihood that a case will be resolved at trial within two years of issue.

We can summarise our key findings in relation to non-PI cases as follows:

Mean administrative time, mediated cases, no trial: 248 minutes

Mean judicial time, mediated cases, no trial: 58 minutes

Mean administrative time, non-mediated cases, no trial: 204 minutes

Mean judicial time, non-mediated cases, no trial: 54 minutes

Mean additional administrative time associated with trial: 100 minutes

Mean additional judicial time associated with trial: 338 minutes

Probability of trial within 2 years of issue, mediated cases: 0.07

Probability of trial within 2 years of issue, non-mediated cases: 0.21.

The *expected* court time over a two-year horizon for non-mediated cases estimated at time of issue would therefore be $0.79 \times [204 + 54] + 0.21 \times [204 + 54 + 100 + 338] = 337$ minutes. That is, the probability of an out-of-court settlement multiplied by the court time (administrative and judicial) involved with such settlements, plus the probability of a trial multiplied by the total court time involved with trials.

The *expected* court time over a two-year horizon for mediated cases estimated at time of issue would be $0.93 \times [248 + 58] + 0.07 \times [248 + 58 + 100 + 338] = 350$ minutes. That is, the probability of a mediated out-of-court settlement multiplied by the court time (administrative and judicial) involved with such settlements, plus the probability of a trial after mediation multiplied by the total court time involved with trials.

From the courts' perspective, the trade-off implicit in the above is one between the lower chance of a time-consuming trial after mediation against the higher pre-trial judicial and administrative costs as a consequence of the mediation process. In the illustration

above, the trade-off works in favour of mediation – the expected court time at the time of issue is lower for a case that is expected to go to mediation. However, it should be emphasised that this is an illustrative calculation only. We have not taken into account the uncertainty surrounding our estimates; the horizon is fixed at two years; we have used estimates for non-PI cases only; and we have not taken into account the relative cost of judicial and administrative time.

Finally, it should be noted that the above calculation of expected costs and benefits is purely from the court's perspective; it takes no account of any gains to the claimant from improved satisfaction, nor of any consequences for legal costs incurred by either side.
