



Association of Personal Injury Lawyers

Briefing: Insurers profits and the Civil Liability Bill – August 2018

About APIL

The Association of Personal Injury Lawyers (APIL) is a not-for-profit organisation which has worked for almost 30 years to help injured people gain the access to justice they need, and to which they are entitled. We have more than 3,300 members who are committed to supporting the association's aims, and all are signed up to APIL's code of conduct and consumer charter. Membership comprises mostly solicitors, along with barristers, legal executives, paralegals and some academics.

Largest motor insurance profit since 1994

New data released this month by the Association of British Insurers (ABI) (and purchased by APIL) has revealed the true extent of how much money motor insurers have made on the back of the premiums paid by motorists. In 2017, UK motor insurers recorded an underwriting profit of more than £250 million – the largest profit since 1994. This profit was generated solely from premiums paid by motorists, and not from other avenues, such as profit from investing premiums.

In its vocal support for the measures proposed in the Civil Liability Bill, the ABI called the Bill “great news for motorists”¹. Generating a profit of more than £250 million before any of the proposed reforms have been introduced can only mean that the Bill will be great news for insurers. Insurers will still be charging and collecting premiums, plus they will have the windfall of not having to pay fair compensation to those injured through no fault of their own. The Civil Liability Bill is a win-win situation for the motor insurance industry.

¹ <https://www.abi.org.uk/news/news-articles/2018/03/new-civil-liability-bill-would-be-great-news-for-motorists-says-abi/>

This profit has also been made despite warnings from the insurance industry after the personal injury discount rate was corrected to -0.75 per cent. The ABI warned that as a consequence of the change in the rate, “the pain will inevitably be felt by everyone”². Whatever the warnings of the ABI may have been, it is perfectly clear that the motor insurance industry has felt no pain, and the warnings were unfounded.

The motor insurance industry continues to blame everyone but itself for the cost of motor insurance premiums. Injured people are always the easy target. The reality is, however, the ABI’s own data shows that:

- In 2017, the cost to motor insurers of settled bodily injury claims was:
 - 9 per cent below the level recorded in 2016
 - 9 per cent below the level recorded in 2015
 - 10 per cent below the level recorded in 2014
 - 21 per cent below the level recorded in 2013

- In 2017 the motor insurance industry made a profit of more than £250 million – the largest since 1994

Yet the average premium remains:

- 8 per cent above the level recorded in 2016
- 18 per cent above the level recorded in 2015
- 23 per cent above the level recorded in 2014
- 18 per cent above the level recorded in 2013

It is time that insurers took responsibility for the cost of motor insurance. They should not be allowed to boost their profits at the expense of injured people.

For further information please contact:

Sam Ellis
Public Affairs Officer, APIL
Email: sam.ellis@apil.org.uk
Tel: 0115 943 5426

Lorraine Gwinnutt
Head of Public Affairs, APIL
Email: lorraine.gwinnutt@apil.org.uk
Tel: 0115 943 5404

² <https://www.abi.org.uk/products-and-issues/topics-and-issues/personal-injury-claims/discount-rate/>