DAMAGES ACT 1996: THE DISCOUNT RATE
HOW SHOULD IT BE SET?

A response by the Association of Personal Injury Lawyers

22 October 2012

The Association of Personal Injury Lawyers (APIL) is a not-for-profit organisation with a 20-year history of working to help injured people gain access to justice they need and deserve. We have over 4,400 members committed to supporting the association's aims and all of which sign up to APIL's code of conduct and consumer charter. Membership comprises mostly solicitors, along with barristers, legal executives and academics.

APIL has a long history of liaison with other stakeholders, consumer representatives, governments and devolved assemblies across the UK with a view to achieving the association's aims, which are:

- To promote full and just compensation for all types of personal injury;
- To promote and develop expertise in the practice of personal injury law;
- To promote wider redress for personal injury in the legal system;
- To campaign for improvements in personal injury law;
- To promote safety and alert the public to hazards wherever they arise;
- To provide a communication network for members.

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Executive summary

- Claimants who rely on their awards to provide for their needs for the rest of their lives should not be forced to risk losing all or part of their awards on risky and speculative investments; investment in ILGS is the most appropriate basis upon which to calculate the discount rate.
- We would be very concerned if the discount rate was to be based on anything other than historical data. There is a very poor record of forecasting yields. An average of the yields from ILGS over the past three years is a sensible approach.
- A simple average of ILGS yields, over the past three years should be applied. It is simple to calculate and everyone can then understand how it is calculated.
- In APIL's view, there should be two discount rates available: one for earnings related losses (including the cost of care) and the other for price-related (non-earnings) losses, as was set out by Lord Hope in the decision in *Simon v Helmot* [2012] UKPC 5.
- We see no reason why the discount rate should not be rounded to the nearest quarter per cent (0.25%).
- Inflation is a real problem for claimants' awards. ILGS produce a real return net of inflation because inflation is built into the yield. Investment in other asset classes fails to afford this measure of protection.
- We do not agree that setting the discount rate on the basis of the expected return from a mixed portfolio of assets is in principle consistent with the decision of the House of Lords in *Wells v Wells*.
- A disabled claimant does not have a profile typical of most investors but will normally have an unusually high need for income (to pay for ongoing care and rehabilitation). High income will therefore normally mean paying tax at higher rates.
- We recommend that option 2 is not adopted. It is, in our view, entirely wrong to put the injured person's award at the mercy of the stock market where he risks diminishing the capital value of his fund, which in turn could prejudice the generation of income to meet essential needs.
- If, contrary to our views, any basis other than ILGS is adopted and claimants are expected to assume riskier investments, there should be allowance made within the discount rate for inflation, taxation (upon capital gains and income) and for

annual payment of professional fees for investment advice, (which would be essential in order for any such alternative investment strategy to have any reasonable prospects of success.

- Our comments in connection with the discount rate in England and Wales should be read to include the discount rates for Scotland and Northern Ireland.
- We take the view that different rates should apply for losses calculated by reference to earnings from other losses.
- If a suitable index can be found, to ensure that the claimant can be fully compensated, then that can be adopted by the courts. See for example *Flora v Wakom (Heathrow) Ltd* [2007] 1 WLR 482, where the ASHE 6115 index was adopted to calculate the earnings related aspects of the claimant's award.
- We object to the suggestion that there should be any 'appropriate degree of risk' for the injured claimant. There is no justification for a mixed portfolio of investments.
- The consequences for defendants of paying awards are not a matter to be taken into account in setting the discount rate.
- The effect (if any) on small firms should not be a factor which is taken into account in this consultation.

Question 1

Do you agree that the claimant should be assumed to hold all ILGS until redemption? If not, what alternative assumption would you make? Please give reasons.

Seriously injured people need to invest in secure funds to ensure their compensation fund can meet their needs for the rest of their lives. That is why ILGS are the most suitable investments.

Assuming they hold on to those investments until redemption, holding ILGS is the way to ensure risk free investment and to protect the fund from inflation.

Ideally, an injured person's investments will come to maturity on a regular basis, to ensure that there is an income stream upon which the individual can rely for his various needs, or alternatively they can be liquidated as and when the need arises.

Even if not all of a claimant's award is invested in ILGS, many products are related and derived from ILGS, so it is a real baseline for the market in which an injured person can invest safely and securely.

In practice, claimants need to invest in mixed portfolios at present in order to meet their escalating care costs, but have to take undue risks in doing so. If the discount rate were set correctly, then claimants would probably invest only in ILGS or ILGS related investments and not in mixed portfolios.

No sensible claimant would want to risk capital losses in risky investments if it can be avoided. Examination of the performance of equity markets reveals that over the last five years to August 2012 the FTSE 100 had a return of minus ten per cent.

There can be huge variations in markets so for example in the 2008 calendar year the FTSE 100 lost 31 per cent of its value.

Claimants who rely on their awards to provide for their needs for the rest of their lives should not be forced to risk losing their awards on risky and speculative investments and this underpins the judgment of the House of Lords in *Wells v Wells* [2008] EWHC 919 as to the method which the court should adopt in making assumptions on investment returns when considering how to compensate injured claimants.

Question 2

By reference to what ILGS yields should the discount rate be set? Please give reasons.

We would be very concerned if the discount rate was to be based on anything other than historical data. There is a very poor record of forecasting yields. An average of the past three years is a sensible approach.

Forecasting would introduce an element of speculation and uncertainty which would be unacceptable. It is worth remembering that even with historical data, with regular adjustments, the adverse effects of changing markets can be smoothed out.

Using historical ILGS yields data means that both claimants and defendants can see what is happening to yields as they approach a settlement. Additionally, liability insurers would know what the discount rate would be when setting premiums. This offers certainty to defendants when calculating their potential liabilities in each claim. Future speculation benefits no-one.

Question 3

What range of ILGS yields should the discount rate be based on and what calculation should be applied to them? Please give reasons.

A simple average, over the past three years should be applied. It is simple to calculate and everyone can then understand how it is calculated. If more complicated methods are adopted, then there will be a need for more expert evidence (leading to costs inflation and delay) in order to value claims correctly.

Question 4

Should any allowance be made for potential differences between RPI inflation and health care costs inflation? Please give reasons.

Yes, it is established that health care costs have outstripped RPI inflation. In *Thompstone v Tameside and Glossop Acute Services NHS* [2008] EWCA Civ 5, the Court of Appeal approved the suitability of the ASHE 6115 index, representative of the earnings of the occupational group of care assistants and home carers, as an alternative indexation measure which could be used to justify the dis-application of section 100(8): replacing RPI indexation with indexation in line with the ASHE 6115 index, at least as far as carers' costs are concerned. This decision related to ensuring that a periodical payments order was sufficiently 'inflation-proofed,' but is also an indication that within the judiciary there is now more willingness to use other indices, which may also translate to the lump sum compensation regime. There is no logical reason why there should be different approaches to lump sum orders and periodical payments orders. Both are in principle aimed at giving no more and no less than full compensation.

In APIL's view, there should be two rates: one for earnings related losses (including the cost of care) and the other for non-earnings losses, as was set out by Lord Hope in the decision in *Simon v Helmot* [2012] UKPC 5, at para 42:

"The correct discount rate to apply was -1.5% for earnings related losses comprising the respondent's own loss of earnings and the cost of employing his carers. The correct rate for the non-earnings related elements of the future loss was 0.5%"

Inflation is a real problem for claimants' awards. ILGS produce a real return net of inflation because inflation is built into the yield. This is very important as it eliminates inflation as a variable for claimants to deal with: mixed portfolios cannot achieve this.

Question 5: What considerations should be applied to the rounding up or down of the discount rate? Please explain your reasons.

We answer question 5 within the answer to question 6 below.

Question 6: Should the rounding of the discount rate be restricted to one half per cent? If not, what degree of rounding would be appropriate? Please give reasons.

Rounding should be done to the nearest quarter per cent. It makes no sense to round 2.01 per cent up to 2.5 per cent. Similarly, it would make no sense to round 2.4 per cent down to 2 per cent.

We see no reason why the discount rate should not be rounded to the nearest quarter per cent (0.25%), in order to ensure that it properly reflects, as near as possible, the recent historic yields of the ILGS or (if so decided after this consultation) funds market:

and on the basis that the yield on ILGS is likely to be less due to the likely need to sell before maturity and/or for reinvestment. Paragraph 88 of the consultation document rightly identifies that if the yield is 2.01 per cent under the current practice there is the problem of whether to round down or up to the nearest half percentage point – and that the difference between the two can affect an award by substantial amounts. A quarter per cent would mitigate this differential.

See our appendix document for examples of the effects of different discount rates on awards. A twenty-year old male with whole life care requirements would need 109.4 per cent more compensation as a percentage of a 2.5% discount rated sum, if the discount rate was set at nil percent. Similarly, that twenty-year old male would require 64.5% additional compensation as a percentage of a 2.5 per cent discount rated award for loss of earnings. These figures have been calculated by Chris Daykin, CB, MA, DSc (honoris causa), FIA, FSA, FSS, Fellow of the Institute of Actuaries.

Note that the effect of tax on awards is not adequately dealt with and is incorrect in the consultation paper. In paragraph 87 of this consultation there is no mention of a deduction for tax when the discount rate was set in 2001 and the inference is that 2.46 per cent was rounded up to 2.5 per cent. In paragraph 2.8 on page 72 it states that there was no express allowance for tax. In fact there was a deduction of 15 per cent, reducing the net return to 2.09 per cent and it was this figure which was rounded up to 2.5 per cent. In our view, and in accordance with our answers above, it should have been rounded down to two per cent: meaning that even at the time the discount rate was last considered, claimants immediately lost out on the value of their awards as the discount rate was already set too high.

Question 7: What allowance should be made for investment expenses and tax? Please give reasons.

As indicated in answer to question six above, the relevant rate of tax adopted in 2001 when the discount rate was last set by the Lord Chancellor was 15 per cent.

This is too low for those claimants with larger awards who are liable to pay the higher rate of 40 per cent tax at least, and possibly the additional rate of 45 per cent, depending on the size of the award. We take the view that the allowance should be around 25 per cent at least, as another factor to be taken into account when setting the discount rate.

A disabled claimant does not have a profile typical of most investors but will normally have an unusually high need for income (to pay for ongoing care and rehabilitation). High income will therefore normally mean paying tax at higher rates.

As for future investment costs, if the claimant invest in ILGS his expenses in this respect will be modest. Should alternative investment strategies be adopted (an approach with which we disagree) then the annual cost of investment advice should be included as a factor when calculating the discount rate. It is inconceivable that those with awards large enough to be affected by the discount rate would not take financial advice. Around two percent would be the usual amount to take into account for this.

Option 2 – mixed portfolio applied to current data

Question 8: Do you agree that setting the discount rate on the basis of the expected return from a mixed portfolio of assets is in principle consistent with the decision of the House of Lords in *Wells v Wells*? Please give reasons.

We do not agree with this suggestion. The claimant's aim, when adopting a conservative investment approach is doing so in order to preserve his award and ensure, so far as is practicable, that he has sufficient monies for his needs for the duration of his expected lifetime. He should not have to subject the majority of his award to the vagaries of the stock market, as he risks diminishing the capital value of his award and running out of funds within his lifetime. This is an inevitable risk of equity investment.

In *Wells v Wells*, Lord Lloyd of Berwick said, "*The suggestion that plaintiffs with a substantial award of damages are likely to invest in a portfolio consisting largely of equities is not supported by the research carried out for the Law Commission: see their Report No. 225 para. 10.2....*"

And Lord Steyn said,

"*The premise that plaintiffs, who have perhaps been very seriously injured, are in the same position as ordinary investors is not one that I can accept. Such plaintiffs have not chosen to invest: the tort and its consequences compel them to do so...*"

"Typically, by investing in equities an ordinary investor takes a calculated risk which he can bear in order to improve his financial position. On the other hand, the typical plaintiff requires the return from an award of damages to provide the necessities of life. For such a plaintiff it is not possible to cut back on medical and nursing care as well as other essential services. His objective must be to ensure that the damages awarded do not run out. It is money that he cannot afford to lose."

"*... It is therefore unrealistic to treat such a plaintiff as an ordinary investor. It seems to me entirely reasonable for such a plaintiff to be cautious and conservative. He does not have the freedom of choice available to the ordinary investor. If a comparison is to be made - and in this field all comparisons are inexact - the position of plaintiffs are much closer to elderly, retired individuals who have limited savings which they want to invest safely to provide for their declining years. Such individuals would generally not invest in equities. But for plaintiffs the need for safety may often be more compelling. In any event, it seems to me difficult to say that an investment in index-linked securities by plaintiffs would be unreasonable."*

In the more recent decision of *Simon v Helmot* [2012] UKPC 5, Lord Hope commented (at para 47) on ILGS, saying that

"with ILGS... there was at last a tool that could be used to provide protection against inflation. It is tailor-made for investors who want a safe investment for the long term. In practical terms it is risk free."

We entirely agree with these sentiments.

We also have some concerns, raised with us by Mr Rowland Hogg, about the accuracy of the assumed returns contained in the table accompanying paragraph 95 of the consultation. Mr Rowland Hogg is a Fellow of the Institute of Chartered Accountants in England and Wales, a practising member of the Academy of Experts and a founding member of the Expert Witness Institute. He has been a member of the Ogden Working Party since 1999.

These figures are speculative and in Mr Hogg's view this is not adequately emphasised in the consultation paper. It is likely that many readers will take these figures as read and will draw conclusions from them on the basis that they are reliable when in fact they are not: a major part of the consultation is therefore potentially misleading.

In paragraph 96 and elsewhere in the consultation there are warnings that returns from ILGS may not match inflation of care costs. This is true but this is equally true of the mixed portfolios and yet readers are not alerted to this within the consultation paper. As a result, many may obtain an incorrect inference that this is a matter where a mixed portfolio offers advantages over an ILGS one, whereas this is clearly not so.

Question 9: If option 2 is adopted, what should the mixed portfolio of assets on which the calculation of the discount rate is to be based contain? Please indicate the type and proportions of assets to be included and give reasons for your choice.

We recommend that option 2 is not adopted, for the reasons outlined above. It is, in our view, entirely wrong to put the injured person's award at the mercy of the stock market where he risks diminishing the capital value of his fund and running out of funds, designed to pay for his future losses and care, throughout his lifetime.

Question 10: Assuming the return on the portfolio you have identified is broadly to be the basis on which the discount rate is to be calculated, what range of data should be included in the calculation? Please consider whether the data should be historic and whether any averages should be simple or weighted.

We recommend that option 2 is not adopted, for the reasons outlined above.

Question 11: Should any other factors, such as allowances for inflation, tax or investment expenses, be taken into account and if so, how? Please give reasons.
We recommend that option 2 is not adopted, for the reasons outlined above. If, contrary to our views, anything other than ILGS is adopted and claimants are expected to assume the inevitable higher risks of alternative types of investment, there should be allowance made for inflation, tax and professional fees for investment advice, to enable any such alternative investment strategy to have any reasonable prospects of success.

Question 12: Should the Lord Chancellor and his counterparts in Scotland and Northern Ireland set the discount rate under section 1 of the Damages Act 1996:

a. by retaining an ILGS based approach but changing some or all of the detailed criteria used (option 1);

b. by moving away from an ILGS based approach to a mixed portfolio of investments based approach (option 2); or

c. by reference to some other approach? If so please give details.
Please give reasons for your choice.

Our comments in connection with the discount rate in England and Wales should be read to include the discount rates for Scotland and Northern Ireland: we take the view that option 1, subject to our comments above, should be adopted to ensure consistency of approach and to ensure the best possible and fairest outcome for the injured person.

Question 13: Do you agree that one prescribed discount rate is sufficient? If not, please specify what classes of cases should be affected by different rates and what the differences should be in the ways that the different rates are to be set. Please give reasons.

As indicated in our answer to question 4 above, we take the view that different rates should apply for losses calculated by reference to earnings from other losses for which a price-related inflation index is appropriate.

There remain problems, regardless of the discount rate, where a disabled claimant needs specially adapted or designed property (usually a bungalow converted/built to specification): here the collision between the discount rate and the *Roberts v Johnstone* [1989] QB 878 calculation (to ascertain the sums required to secure adequate accommodation) creates particular problems.

It is generally recognised that the *Roberts v Johnstone* calculation no longer works when a claimant has a short life expectancy. It is APIL's view *Roberts v Johnson* is wrongly decided and should be overturned. It causes great difficulty in cases where the claimant's life expectancy is greatly reduced and/or there is difficulty in quantifying the claimant's life expectancy.

In these cases, the *Roberts v Johnstone* calculation only produces a small proportion of the capital required to secure appropriate accommodation.

It is our case that the *Roberts v Johnstone* approach should not apply to cases involving a significantly reduced or very uncertain life expectancy.

It would be very difficult to apply a standardised alternative discount rate on these types of cases as each case is different – it is our view that the *Roberts v Johnstone* calculation should not apply at all. But, pending a revisiting of *Roberts v Johnston* by the courts, the discount rate for accommodation loss should be maintained at 2.5 per cent at least and consideration given to increasing it.

Question 14: what discount rate or rates do you consider would be appropriate now? Please indicate the basis for your decision.

We take the view that the best rates for the discount rate to be set as of now are ably set out by Lord Hope in the recent Privy Council decision of *Simon v Helmot*. He indicated that the current rate has been "wholly undermined not just by the passage of time but also by the fact that, as the Jurats themselves appreciated, the Lord Chancellor took account of things that played no part in the analysis in *Wells v Wells* at all....'

"*... the proper course, in the circumstances, would have been ... to disregard the Lord Chancellor's rate all together. The effect of doing this would have been to start with the current [Guernsey] net rate in ILGS of 1.13%, reduce it by 0.5% for the higher rate of inflation to 0.63% and then round it down to 0.5%. The Court of Appeal said that this was what they should have done and that 0.5% was the figure they should have arrived at for the non-earnings related elements of the respondent's loss.*"

As for earnings related losses, there should be a different discount rate for these parts of the claim. As Lord Hope says in *Simon v Helmot*, "the decision of the House of Lords in *Wells v Wells* should not be seen as an indication that a single discount rate must always be adopted. It would be wrong to do that if the evidence shows that, if that were to be done a given head of loss would not be fully compensated."

In short, if a suitable index can be found, to ensure that the claimant can be fully compensated, then that can be adopted by the courts. See for example *Flora v Wakom (Heathrow) Ltd* [2007] 1 WLR 482, where the ASHE 6115 index was adopted to calculate the earnings related aspects of the claimant's award.

Question 15: do you agree with the impact assessment at Appendix B? If not, please explain why.

We do not understand the description of one of the *key non-monetised benefits by 'main affected groups:'* 'Gains to claimants if private health provision provides improved services and treatment compared to NHS and local authority services.' Is this analysis suggesting that Option 1, where the discount rate is low, reflecting the yield of ILGS, would result in claimants benefiting from being able to pay for private treatment, which would result in a better outcome that would have been obtained with NHS treatment?

The Law Reform (Personal Injuries) Act 1948 makes it clear that any difference between private and NHS/local authority is irrelevant to the setting of a discount rate. Assuming the discount rate is set incorrectly, it is extremely likely that claimant would become dependent on State provision at some point, contrary to the ‘polluter pays’ principle and purpose of the claimant’s damages (to put the injured person back in the position he was in before the accident).

It is not, in our view, a ‘gain’ that a negligently injured person obtains private treatment when he would otherwise not need treatment at all.

In ‘key assumptions/sensitivities/risks (page 60, policy option1): There is no mention of the substantial risk that if the discount rate is set incorrectly there is a risk that the claimant’s award will run out within his lifetime, leaving him dependent upon the State to a greater degree than hitherto.

Policy option 2, page 61: the financial costs to defendants from lower discount rate should not be a factor when considering the discount rate. The intention of the rate is to ensure that the claimant is fully compensated, and for that, the wrongdoer (the defendant) has to pay the correct amount subject to the most accurate available discount rate. “The only principle of law is that the claimant should received full compensation for the loss he has suffered as a result of the defendant’s tort, not a penny more but not a penny less,” (per lady Hale, *Simon v Helmot* at para 60).

Indeed this is echoed in this consultation paper on page four, and at paragraph 25: additionally, at paragraph 1.4 of the evidence base section (page 64 of the consultation). In all of these parts of the consultation, it states that “the consequences for defendants of paying awards are not a matter to be taken into account in setting the discount rate.”

Question 16: please provide evidence of the investments typically made by claimants with their lump sums and the expected and actual duration of awards of damages for personal injuries.

This question can be better answered by those who provide financial services to injured people. It is, however in our view, irrelevant as to how claimants currently invest their lump sum awards: at the moment, due to the high (and erroneous) discount rate claimants are forced to take investment risks in order to try to 'beat' the effect of the current rate. A high proportion of those claimants would much prefer to opt for a no-risk investment strategy (with a portfolio based entirely on ILGS), if only the discount rate was properly set. But the fact that claimants do not do that at present is no justification for suggesting that a mixed portfolio of investments is reasonable.

Question 17: Please indicate whether you consider that these investments carry the appropriate degree of risk for a personal injury claimant reliant on the money to be produced by the award.

We object to the suggestion that there should be any 'appropriate degree of risk' for the injured claimant. There is no justification for a mixed portfolio of investments – it is too risky, but at the moment claimants are forced to have one, to try to meet their increasing costs of care. See our comments in answer to question 16 above.

Question 18: do you consider that investing in ILGS alone is relatively a less cost-effective way to protect claimants against future cost inflation than investing in a low risk mixed portfolio of investments? Please give evidence to support your conclusion.

We do not agree. ILGS produces a return which, by definition, protects against inflation. They are therefore an excellent vehicle for claimants who seek to ensure that they have sufficient funds to meet their needs during their lifetime. But with the discount rate set as it is at 2.5 per cent, and the returns they are getting with ILGS, claimants have to take the investment risk of a mixed portfolio (or in part) in order to attempt to keep up with inflation and ensure that their compensation lasts for their lifetime. Most claimants would, we believe, prefer to go for a no-risk portfolio if they could be assured that the discount rate accurately reflected the net yield on ILGs.

Question 19: Do you agree that the choice of the method of setting the discount rate will not have any direct effect on small firms? If not, please give details.

This consultation paper clearly states on page ten that although “a change in the discount rate may significantly increase or decrease the sums payable in awards of damages for personal injuries... the consequences for defendants of paying awards are not a matter to be taken into account in setting the discount rate.”

We agree. The effect (if any) on small firms should not be a factor which is taken into account in this consultation. It should be borne in mind that for employee claims, employers should in any event have compulsory employer’s liability insurance cover which will pay out on the claim, should negligence be proved.

Question 20: Do you agree that the discount rate must apply in cases involving small firms in the same way that it does in other cases? If not, please give details.

Yes it should apply to all firms for the reasons given in our answer to question 19, above. Further, it would be contrary to the principles of the rule of law that some tortfeasors and therefore claimants would be treated differently from others. For this reason the common law has never taken into account the means of a defendant when assessing quantum.

Question 21: do you agree with the equality impact assessment at Appendix C? If not, please explain why.

We find it surprising that at paragraph 111 the consultation indicates that “we have so far not identified any ways in which the method to be chosen for the setting of a single discount rate under section 1 of the Damages Act 1996 will impact positively or negatively on different groups of people with protected characteristics."

It very significantly affects people with disabilities if the discount rate is set incorrectly. The whole purpose of this consultation is to ascertain the methodology for setting the discount rate correctly and if it is set incorrectly, then there is an enormously negative impact upon those with disabilities (a protected characteristic): they may be undercompensated and run out of funds before they die.

22 October 2012

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APPENDIX

Comparison of multipliers at different discount rates

Lifetime multipliers (eg for costs of care)

	Males	Table 1 Ogden 7		Additional compensation required as % of a 2.5% lump sum		
Age	**2.50%**	**0%**	**-1.50%**	**0%**	**-1.50%**	**Multiple needed**
5	34.90	83.89	175.19	140.4%	402.0%	5.02
10	34.08	78.31	155.64	129.8%	356.7%	4.57
15	33.14	72.73	137.67	119.5%	315.4%	4.15
20	32.10	67.22	121.31	109.4%	277.9%	3.78
25	30.92	61.76	106.33	99.7%	243.9%	3.44
30	29.60	56.34	92.63	90.3%	212.9%	3.13
35	28.15	51.03	80.21	81.3%	184.9%	2.85
40	26.52	45.76	68.83	72.5%	159.5%	2.60
45	24.70	40.55	58.43	64.2%	136.6%	2.37
50	22.69	35.45	48.99	56.2%	115.9%	2.16
55	20.56	30.58	40.60	48.7%	97.5%	1.97
60	18.30	25.92	33.12	41.6%	81.0%	1.81
65	15.86	21.42	26.37	35.1%	66.3%	1.66
70	13.44	17.32	20.60	28.9%	53.3%	1.53

	Females	Table 2 Ogden 7		Additional compensation required as % of a 2.5% lump sum		
Age	2.50%	0%	-1.50%	**0%**	**-1.50%**	**Multiple needed**
5	35.47	87.49	187.30	146.7%	428.1%	5.28
10	34.75	81.97	167.00	135.9%	380.6%	4.81
15	33.91	76.44	148.32	125.4%	337.4%	4.37
20	32.97	70.96	131.20	115.2%	297.9%	3.98
25	31.89	65.48	115.46	105.3%	262.1%	3.62
30	30.68	60.02	101.02	95.6%	229.3%	3.29
35	29.31	54.61	87.81	86.3%	199.6%	3.00
40	27.76	49.24	75.71	77.4%	172.7%	2.73
45	26.03	43.93	64.65	68.8%	148.4%	2.48
50	24.14	38.73	54.62	60.4%	126.3%	2.26
55	22.07	33.68	45.57	52.6%	106.5%	2.06
60	19.83	28.78	37.41	45.1%	88.7%	1.89
65	17.38	23.98	29.99	38.0%	72.6%	1.73
70	14.87	19.55	23.57	31.5%	58.5%	1.59

Multipliers for loss of earnings to 65

	Males	**Table 9 Ogden 7**		**Additional compensation required as % of a 2.5% lump sum**		
Age	**2.50%**	**0%**	**-1.50%**	**0%**	**-1.50%**	**Multiple needed**
20	26.64	43.81	62.45	64.5%	134.4%	2.34
25	24.85	38.85	53.12	56.3%	113.8%	2.14
30	22.84	33.90	44.50	48.4%	94.8%	1.95
35	20.60	29.01	36.57	40.8%	77.5%	1.78
40	18.09	24.13	29.24	33.4%	61.6%	1.62
45	15.27	19.28	22.45	26.3%	47.0%	1.47
50	12.11	14.46	16.20	19.4%	33.8%	1.34
55	8.59	9.68	10.44	12.7%	21.5%	1.22
60	4.60	4.89	5.08	6.3%	10.4%	1.10

	Females	**Table 10 Ogden 7**		**Additional compensation required as % of a 2.5% lump sum**		
Age	**2.50%**	**0%**	**-1.50%**	**0%**	**-1.50%**	**Multiple needed**
20	26.88	44.34	63.33	65.0%	135.6%	2.36
25	25.10	39.35	53.91	56.8%	114.8%	2.15
30	23.09	34.36	45.18	48.8%	95.7%	1.96
35	20.84	29.40	37.11	41.1%	78.1%	1.78
40	18.30	24.45	29.66	33.6%	62.1%	1.62
45	15.45	19.53	22.77	26.4%	47.4%	1.47
50	12.26	14.65	16.42	19.5%	33.9%	1.34
55	8.68	9.79	10.56	12.8%	21.7%	1.22
60	4.64	4.93	5.12	6.3%	10.3%	1.10

Summary

	Age	2.50% £m	0.50% £m	0% £m	-1.50% £m	% increase over 2.5% 0%	% increase over 2.5% -1.50%	
Anonymous case	7	3.2		4.2	5.2	30%	62%	compensation for 16 years
CICA case	23	4.7		9.5	16.5	102%	249%	
Shoosmiths case	48	5.5	7.3	8.0	9.5	45%	71%	
Willoughby case	65	5.6		7.4	8.8	30%	57%	

Discount rate of -1.5% assumed only to apply to earnings and care
Otherwise discounted at 0.0%