

## **Killing the compensation culture myth**

Personal injury lawyers have greeted with a cautious welcome the findings of the 'Third UK bodily injuries awards study' published by the International Underwriting Association, which shows the number of motor-related personal injury (PI) claims in the UK have been decreasing over the last two years.

Following the publication of the report last Friday David Marshall, vice-president of the Association of Personal Injury Lawyers (APIL) said: "The study clearly highlights that the number of claims is falling and contradicts the compensation culture myth being perpetuated by the insurance industry."

Claims fell by 4.1% between 1998 and 2000. But David points out that this is not necessarily good news: "We have concerns that the trend towards a drop in claims may indicate that personal injury victims are experiencing problems in obtaining access to justice since the abolition of legal aid for victims. APIL plans to investigate this issue further."

The report does, however, show that the amount paid by insurers in respect of each claim is still going up, and finds several causes for this. Firstly, it costs more to injure someone today than it did ten years ago. David explains that the amount of compensation being won is increasing because: "People are living longer so compensation needs to reflect the larger sums of money needed for future care."

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Secondly, falling interest rates and stock market returns mean an increase in the amount of money an injured person needs to invest to provide for the future.

Finally, the government is seeking to ensure more of the true social cost of personal injury is paid by the wrongdoer (or their insurers) rather than the tax payer. This leads to recoupment of state benefits, recovery of NHS hospital charges and, by replacing legal aid with Conditional Fee Agreements and after-the-event insurance, the transfer to insurers of the cost of financing litigation.

David concludes: “Insurers should stop moaning about the so-called ‘compensation culture’ and concentrate on finding solutions. We suggest that the best answer is to stop negligence which causes injuries in the first place. Insurers can set premiums to encourage good behaviour and also campaign for better road and car safety.

“Rehabilitation is also crucial and can benefit both claimants, because they can get their lives back on track more quickly, and insurers as the cost of compensation is ultimately reduced.”

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