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Lawyers accuse insurers of “sickening” blame game tactics

Statement from Neil Sugarman, president of the Association of Personal Injury Lawyers (APIL) in response to latest news from the Association of British Insurers (ABI) about the pressure on the pricing of car insurance premiums, and the Lord Chancellor’s imminent review of the discount rate* for personal injury claims:

“People with life-changing, debilitating injuries face a shortfall in their compensation which in some cases could mean decades of their care needs are not accounted for, because the discount rate for personal injury is too high. The pressure and stress of this uncertainty for families is immeasurable. For insurers to try to deny these people of their very real need for compensation with the threat of higher car insurance premiums is a sickening tactic to shift the blame for the industry’s failure to control premiums.

Nothing about the long-overdue review of the discount rate is ‘sudden’. Insurers have got away with undercompensating people with catastrophic injuries for years and they know it. There are some public and private sector compensators, including the NHS Litigation Authority and Direct Line, who have managed to account for the likelihood of a change to the discount rate when determining their reserves for futures liabilities. Excuses from the Association of British Insurers (ABI) that the insurance industry has not had chance to prepare for a new rate do not wash.

For insurers to treat injured people as a mere nuisance is nothing new. Latest data from the ABI is a shameless ‘pick n’ mix’ of figures which obscure the long-established fact that personal injury claims are not the reason for rising premiums. The ABI’s own data shows



that the cost of motor-related injury claims have been falling since 2013. But the ABI cannot sink much lower than it has right now. It has turned its guns on people with disabilities and life-long care needs, the result of needless injuries inflicted by their members' policyholders. Clearly the ABI would rather insurers did not honour their responsibilities to pay full and fair compensation.”

* A discount is applied to compensation payments to offset the accumulation of interest (net of income tax and inflation) from the investment of the compensation, such as in a bank or building society. The rate has not been reviewed or altered since 2001 when interest rates were much higher than in recent years.

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- APIL (Association of Personal Injury Lawyers) is a not-for-profit organisation whose members are dedicated to campaigning for improvements in the law to help people who are injured or become ill through no fault of their own.
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