



Focus on: Will new legislation see your insurance premiums soar?

Risk goes with the territory in business, what's key is how you tackle it. With changes in legislation likely to significantly increase the cost of claims, and ultimately insurance premiums, risk management becomes more and more important.

What has changed?

The Ogden rate, also referred to as the discount rate or personal injury rate, is designed to help calculate future losses in personal injury and fatal accident cases. When courts assess compensation awards they take into account how much interest could be earned based on the discount rate.

Since 2001 the rate has been set at 2.5% meaning this amount is discounted from the compensation award insurers would pay. From 20 March 2017, the Ministry of Justice will change the discount rate to -0.75% meaning initial payments from insurers will be significantly higher.

The impact

The Association of British Insurers (ABI) has criticised the decision stating claims cost will soar¹.

This change makes it inevitable that there will be an increase in premiums. In fact the ABI estimates that up to 36 million individual and business motor insurance policies could be affected².

As an example, for a compensation expected to last 25 years, the amount received would be almost 50% higher using the revised negative discount rate than the original rate³.

Whilst premiums have reduced over the last 10 years, we believe insurers will take the opportunity to increase rates and premiums. We have already heard of insurers breaking long term agreements and seeking rate increases of up to 25%.

Reducing the risk

No company wants their employees to suffer an injury but unfortunately accidents can happen. However many can be avoided by focusing on safe practices and putting in place the necessary safety precautions.

After all, every time an accident occurs this has a direct effect on business profits. And that's without even thinking about the impact an accident could have on the injured employee and their family, with potentially a reduced income, rehabilitation and re-adjustments to daily living to contend with.

At Jelf our team of experienced consultants offer a menu of services to help you effectively manage your health and safety risk.

Approved insurance provider for the REA

Jelf

Your business. Our focus.

REA
RENEWABLE ENERGY ASSOCIATION

We can work alongside your in-house team as a source of external advice, support and verification or we can take responsibility for helping you meet your health and safety/risk requirements by becoming your 'competent person'.

We can:

- ◆ Identify the specific risks your business is exposed to and help you prioritise them
- ◆ Design and tailor a plan to mitigate risks identified in the assessment
- ◆ Draft a health and safety policy
- ◆ Provide you with all the necessary documents you need to help you achieve your legal requirements
- ◆ Provide updates on legislation changes and current risk issues
- ◆ Help you to meet any enforcing authorities' demands and stop any legal action
- ◆ Investigate any accidents or significant near misses, to check the control measures put in place meet legal requirements and work with you to prevent a reoccurrence.

This is where a dedicated approach towards risk management can really pay off — potentially lowering your premiums, reducing business disruption, as well as protecting your employees.

As well as helping your business we can also help manage the insurer's perspective and understanding. By demonstrating to insurers the positive risk management measures/initiatives implemented it helps us to secure differentiated and best terms for our clients. Potentially with insurer funding towards the cost of the risk management initiatives.

No business wants to incur additional unexpected costs but with proper planning and a positive approach towards risk management there are steps that can be taken to help reduce the potential impact. We encourage all companies to start the renewal process early to best position themselves and mitigate the impact of this legislative change.

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¹<https://www.abi.org.uk/news/news-releases/2017/02/bi-responds-to-changes-in-personal-injury-discount-rate>

²<https://www.abi.org.uk/news/news-releases/2017/02/bi-responds-to-changes-in-personal-injury-discount-rate>

³<http://www.argentapl.com/article/changes-discount-rates-applied-uk-personal-injury-court-awards-delays-reporting-syndicate>