



“The government thinks that this is a ‘small’ claim.”

This is an image from a genuine accident in which Thompsons acted for the victim. The claim was valued at less than £5,000. The government's proposed changes would class this as a 'small' claim.



## small claims **KEY FACTS & QUESTIONS**

The Chancellor announced in the autumn statement (Wednesday 25 November 2015) plans to limit access to representation and proper compensation for people injured in road accidents by increasing the small claims limit from £1,000 to £5,000.

The government says there is a 'fraud and claims culture in motor insurance' – but it has produced no independent evidence to support this. It says its attack on the right to representation for all road accident victims with claims valued at up to £5,000 will save the insurers £1 billion – but, even if this is true, it gives no explanation of how any savings will be passed on to motorists. We look at the key facts and pose questions the government and car insurers should be answering.

### **FACTS**

**Car insurance is a compulsory purchase** – there are 30 million vehicles on UK roads and it's a market worth more than £15bn.

**Car insurance premiums are going up again** – though prices fell in 2012-13, they have increased 9.2% in the 12 months to the end of September 2015 taking the average cost of a comprehensive policy to £568.

**Accident compensation is at a record low** – annual car insurance claims pay-outs have fallen 29% since 2010 and are now at their lowest level for nine years.

**Low claims costs are fuelling big profits and staggering dividend payments** – Direct Line and Admiral have paid out £1.65 billion in dividends in the last three years (equivalent to £221 per policy holder), driving their share prices to record highs.

**Car insurer fraud figures don't stack up** – when pressed by a cross-party committee of MPs, the insurers admitted their figure of 59,900 fraudulent claims in 2013 was largely based on 'suspicions' and included cases that 'may have innocent explanations'.

**Prosecutions for fraud are rare** – when asked about prosecutions, the insurers could cite only 84 convictions in a two and half year period. The government is attacking the rights of the vast majority of motorists who are honest, rather than telling the insurers and the police to tackle fraud directly.

**Captive market with ineffective regulation** – Some insurers even evade disclosure of how much profit they make from motor insurance.

**Accident victims will be forced to fend for themselves** – government plans will mean injured people having to pay for legal representation out of their compensation or taking on the insurers on their own.



# small claims **KEY FACTS & QUESTIONS**

## **WE ASK**



Given the fall in claim payouts since 2010, and no real fall in premiums, what guarantee is there that insurers will pass any savings to motorists?



If fraud is as widespread as the insurers say but prosecutions are so rare, the insurers must be paying out when they suspect fraud. If so, why?



The government says there's a 'fraud and claims culture', but how does this square with claims costs being at their lowest level for nine years?



Why won't the insurers allow independent (non-insurance industry controlled or funded) verification of their 'fraud' figures?



How is the government going to make sure that this latest claims reform will reduce premiums when, despite major reforms since 2010, they haven't so far?

### **For further information contact:**

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