

## FOIL

Prepared by Kysen PR

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# Insurance lawyers worried about effects of Osborne's PI plans

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**D**efendant lawyers have urged caution over government proposals for reducing legal costs in personal injury cases.

Chancellor George Osborne (pictured) last week announced plans to ban general damages for soft-tissue injuries and increase the small claims limit for personal injury cases to £5,000.



The outcome is likely to be an annual £1bn saving to the insurance industry, which is predicted to result in a £40 saving in motor premiums for each policyholder.

Claimant groups have, as expected, made clear their opposition to the plans, which are to be subject to consultation before spring 2016.

But the Forum of Insurance Lawyers (FOIL) has also said the government should be careful about making such major changes to the system.

FOIL president Duncan Rutter, a partner at DAC Beachcroft, said Osborne's announcement was 'very significantly aimed at tackling the so-called "compensation culture".'

He said: 'FOIL is committed to the removal of excessive costs from the litigation system, tackling abuse of damages for financial loss and tackling fraud.'

'It is important to appreciate, however, that making significant changes to the system for compensating victims of accidents can have unintended consequences.'

A petition opposing the small claims limit, first revealed by the *Gazette* last week, has now reached more than 17,000 signatures.

PI practitioners are also set to meet in Birmingham today to discuss possible action to take in advance of the consultation.

Meanwhile, the Solicitors Regulation Authority plans to spend £50,000 in the coming months on research into the effect of civil justice reform on the personal injury market.

The funds were allocated before Osborne's announcement, but SRA chief executive Paul Philip said the latest potential reform has brought into focus the need to understand the sector.

'The reality is we don't know how it will impact on the market,' he said. 'It may well be, if it starts to bite and firms start to go under, we might have to bring it into the risk outlook.'

<http://www.lawgazette.co.uk/news/insurance-lawyers-worried-about-effects-of-osbornes-pi-plans/5052546.article>