

Claims practice

M85 2017–18 edition

Web update 1: 15 March 2017

Please note the following update to your copy of the 2017–18 edition of the **M85** study text:

Chapter 9, section B1C, page 9/7

Please amend the paragraph immediately before question 9.1 as follows:

Section 1 of the Damages Act 1996 had given the Lord Chancellor power to set the discount rate without recourse to the courts (the discount rate **reflects the level of return that an individual can reasonably expect to achieve through investing their damages fund**). They must, however, consult the Government Actuary and the Treasury. The Lord Chancellor used that power **in February 2017 and revised the discount rate down from 2.5% to –0.75%, effective from 20 March 2017. This cut will increase future loss awards by approximately 30% where the claimant has a life expectancy of between 15 and 30 years, and possibly by as much as 50% for younger claimants. Claims files will need to be reviewed and their associated reserves increased to reflect this.**