

Legal Update

Breaking News – Government Spending Review Tackles Whiplash Claims

Introduction

The Chancellor of the Exchequer has today announced the results of the Government's autumn spending review for 2015. Amongst a package of measures there was significant news for claimants, their legal representatives and their insurers. Full details of the spending review can be found [here](#).

Whiplash reform

In his statement to the House of Commons, the Chancellor signalled the Government's intention to take further steps to tackle the fraud and compensation culture in motor insurance by announcing the following proposed reforms:

- the increase of the small claims track limit for personal injury claims from £1,000 to £5,000; and
- the removal of cash compensation for whiplash claims.

Potential impact

This is potentially good news for insurers and other compensators with it being reported that the introduction of these reforms will bring savings of approximately £1 billion a year to the insurance industry. It is also reported that as a result, motor insurance premiums could well decrease by £40–£50 per year bringing good news to both consumers and commercial businesses alike.

The full impact of the proposals on injured claimants and their legal representatives will become clearer when more details are announced.

Next steps

The Government is to consult on the proposed reforms and the ancillary measures needed to ensure that the rights of those claimants who are genuine are balanced with the need to remove costs from the motor insurance industry. These proposed reforms are a significant change and time needs to be taken to ensure all necessary steps are taken to avoid any unintended consequences.

Weightmans will be responding to that consultation in due course and will issue further updates as more information becomes available.

Should you wish to discuss the effects of the autumn statement in more detail, or would like assistance with any other matter, please do not hesitate to get in touch.



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