

## How the Civil Liability Act Will Affect Personal Injury Claims

Personal injury claims that stem from incidents on the road will undergo sweeping changes this spring. The Civil Liability Act has been due to come into effect for some time, but implementation was delayed by the coronavirus pandemic. The government's latest timeline calls for the legislation to go into effect during April 2021. As such, it is important for both providers and policyholders to understand how personal injury claims will be handled differently under the new legislation.

### The Changes

The Civil Liability Act was first introduced as a bill in 2018. It is intended to discourage fraudulent or exaggerated personal injury claims, which can lead to rising premiums. The government hopes to achieve this goal by:

- Reducing compensation for claims involving soft tissue injuries—such as those caused by whiplash—that affect the victim for less than two years
- Increasing the small claims limit for car accident-related personal injury claims from £1,000 to £5,000
- Requiring that a medical assessment be performed before a claim is settled
- Creating a new online government system where claims under £5,000 can be filed and subsequently settled by the insurer

Motorists should check with their insurance provider to find out how these changes may specifically impact their policies.

### Whiplash Reforms

One of the primary elements of the Civil Liability Act is the inclusion of whiplash reforms. Whiplash claims are a type of personal injury claim that arise from road traffic accidents in which a vehicle comes to a stop quickly. In these situations, the resulting force may inflict a whiplash injury upon the vehicle's occupants. Whiplash injuries are the most common type of ailment to result from road traffic accidents. In fact, approximately half of all accidents on the road result in a whiplash injury.

Because of how common whiplash injuries are, personal injury claims related to whiplash injuries are also quite frequent. Part of the Civil Liability Act will change how low-value personal injury claims—such as those related to whiplash injuries—are managed. The Ministry of Justice hopes that these whiplash reforms will help lower insurance costs for the average driver by reducing the frequency of whiplash claims.

The new fixed tariff for whiplash injuries will see a significant decrease in how much money will be paid out to claimants. Injuries that last close to two years will see the smallest relative reduction, while short-term injuries will see significant decreases. For example, the average payment for a claim in 2015 for an injury lasting less than three months was £1,750. Under the new fixed tariff, a restitution of only £235 would be available.

### Small Claims

According to industry experts, the Civil Liability Act will result in approximately 95 per cent of personal injury claims moving from the fast track to the small claims track. Once a claim is in the small claims track, it is

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important for policyholders to understand that solicitors' fees cannot be recovered. As such, solicitors will no longer be able to market themselves as not charging a fee without winning a settlement.

With solicitors potentially being less available to claimants, policyholders will be enabled to represent themselves as a litigant in person when making a claim in the small claims track. A new [online system](#) is intended to assist claimants if they prefer to pursue their claim in this manner. Starting in April 2021, this service will be available free of charge and will be overseen by the Motor Insurers' Bureau. Claimants will not be able to select their own agent within the system.

## Looking Ahead

After a number of delays, it appears as though the Civil Liability Act will come into effect during April 2021. With such major changes on the horizon, it is important to understand how the legislation will affect any future personal injury claims, as well as any existing insurance policies.

For more information on the Civil Liability Act, contact us today.