



**Draft Damages (Jersey) Law
Scrutiny Review – Corporate Services Panel
Response from LV= General Insurance**

About LV=:

LV= General Insurance (LV=) is the UK's third largest personal insurer with around six million customers. We provide car, home, pet, travel and landlord insurance, and offer our services directly to consumers as well as through intermediaries, such as brokers.

Introduction:

As a provider of car insurance to a number of customers in Jersey, LV= welcomes the opportunity to respond to the scrutiny review of the Draft Damages (Jersey) Law, and we would be happy to discuss our response in more detail if required.

Response:

LV= is broadly supportive of the measures set out in the Draft Damages (Jersey) Law and agree that the draft Law will bring Jersey into line with the British Isles and a number of other jurisdictions with regard to a statutory discount rate and the introduction of Periodic Payment Orders.

We believe that at the heart of the reforms should be the principle that seriously injured claimants should receive 100% compensation, and that the system should neither over nor under compensate claimants. It is our belief that the best way to achieve this is through the implementation of a methodology for setting the rate which emulates how people actually invest in real life. It is for this reason that we support the proposal set out in the Draft Damages (Jersey) Law that the discount rate should never set at below 0%.

We believe that the proposed measures will fundamentally be good for claimants as they deliver absolute certainty, and moves away from the current situation whereby every time a large case occurs it becomes a test case which can last for several years. We believe that a shift away from this scenario will greatly improve the system and will be beneficial for drivers who can be confident in it. We are also supportive of the proposed move to set the discount rate on a statutory basis and away from the courts - we believe that this will be best way to deliver a public policy that is balanced.

However, we do have concerns with the idea of a two tier system that has been proposed as part of the Draft Damages (Jersey) Law, and believe that further consideration should be given to this. While we believe that a system similar to the one in place in the British Isles would be a better option, if a split rate is to be implemented then we would urge legislators to look at the "stepped rate" model which is in place in the State of Ontario in Canada, which may be more suitable.

With regards to Periodic Payment Orders (PPOs), we believe that this is a positive development, which will mean that insurers will be able to underwrite customers in Jersey and Guernsey in a similar way to those in the British Isles, and which could lead to more competitive prices. However, more

importantly, the introduction of PPOs will allow the claimant to choose how they take their award of damages following discussions with their legal and financial advisers.