

Accident claims 'do not warrant premium rise'

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The insurance industry's claim that car insurance premiums must rise 50 per cent because of "ever-escalating court awards" has been labelled "grossly out of proportion" by lawyers working for accident victims.

"If premiums are to rise in proportion to the level of awards for damages then 50 per cent is grossly out of proportion," said Neville Sarony QC, chair of the Bar Council's committee on personal injuries.

John Budge, litigation partner in Wilkinson and Grist, said: "My own feeling is that there has been quite a substantial rise. But certainly not by 50 per cent."

The Consumer Council is now collecting data on insurance firms' profitability as part of a growing campaign to challenge the industry's recommendation to members on Monday to increase third-party cover for cars by 50 per cent.

The Consumer Council's chief survey officer Alfred Fung Chak-yan said it was possible that insurers were using data from 1995 to project the level of claims for 1997.

The insurers said the rise was because of increasing payouts "brought about in large measure

by the ever-escalating court awards and settlement costs in personal injury claims".

Louisa Leung, a manager for the Hong Kong Federation of Insurers, said the main case pushing up payouts was that of Chan Pui-ki, a girl injured by a bus.

The High Court set a new, higher benchmark for loss of earnings, the major element in most serious injury claims.

But in July the Court of Appeal threw out an attempt to use a more generous formula for calculating this figure, putting the formula back to its previous level.

Not only did insurance firms get a return to the more conservative formula, they won their legal fees back, Mr Sarony said.

Mr Budge, who acted for Miss Chan, said: "The insurance industry must have been quite relieved."

The only element of damages claims that has seen a rise is damages for pain and suffering, which rose by 25 per cent.

But even for a teenager turned into a quadriplegic, this would still be less than \$1 million and less than 10 per cent of claim.

Figures from the transport department show the number of traffic accident casualties has fallen by a few per cent every year since 1993.