

Court case and motor insurance

The Government Actuary's Department (GAD) has undertaken a high-level review to explore the potential impacts of a court ruling on the scope of the compulsory motor insurance cover.

The [review was written for the Department for Transport \(DfT\)](#) which asked GAD to look at the range of costs involved in extending insurance cover. The changes affected both existing vehicle types as well as new vehicles and activities, including the impact on UK motor sports.

Legal ruling

The legal ruling came about after a court case was brought by a Mr Vnuk, a farm worker in Slovenia. He was injured in an accident involving an insured tractor and a trailer, on farmland in 2007.

Domestic courts rejected the claim, but it was subsequently referred to the European Court of Justice who ruled in favour of the farm worker; the Vnuk Judgment.

This challenged the UK's interpretation of motor insurance requirements, potentially increasing both the types of vehicle that needed to be covered and the situations when insurance was needed.

GAD's expertise

GAD undertook the analysis between 2017 to 2019. We considered the impact of a number of different policy options that DfT could pursue in response to the legal ruling.

In further analysis in 2019, GAD revisited the assumptions relating to motor sport activity in the UK. This reflected new research which suggested the amount of unlicensed activity in motor sport was higher than originally anticipated. The updated UK motor sport exposure was considered in analysis presented to DfT in March 2019.

The tax and advisory firm Grant Thornton peer reviewed the analysis. It said: "GAD's methodology and assumptions as described in the GAD report are reasonable and fit for purpose given the data and information available".

Analysis and estimates

GAD actuary Matt Kirkpatrick undertook the research and wrote the report. He said: "This was an exciting but complex piece of work which looked to assess a wide range of motor activity, including new areas of cover where historical data did not exist.

"With the assistance of a number of industry stakeholders we helped DfT to

examine the impact of several different policy options and looked at what these could mean for insurance.

“As part of this actuarial review, we also included additional analysis relating to the Personal Injury Discount Rate. This is used to calculate lump sum compensation payments for high value personal injury claims”.