

Why Buy Excess of Loss Insurance



WHY EXCESS OF LOSS

On 27 February 2017 the Lord Chancellor announced that the discount rate last set in 2001 would reduce from 2.5% to **minus 0.75%**, effective 20 March 2017. The discount rate is used in the process by which damages paid to seriously injured individuals are adjusted to reflect the fact that awards, which include payments for future losses and expenses, are received in a lump sum which when invested would generate a return.

Following the Lord Chancellors announcement, the practical effect is that rather than awards of damages being **discounted** to reflect accelerated receipt they will now be **uplifted** meaning increased awards for damages and increased claims spend.

ARE YOUR CURRENT EXCESS LIMITS ENOUGH?



£2M Limit

A high earning 45 year old lawyer tripped on a tree root protruding from a policyholder's premises, suffering a badly broken fibula which deteriorated to a chronic pain condition which now undermines her career. Only able to work for three days per week the claimant will experience significant future loss of earnings. Due to the new legislation the damages could increase from £1.9M to £3.2M.



£10M Limit

During a visit with his father to our policyholder's retail premises a 13 year old Claimant suffered a skull fracture and hearing loss when an unsecured item of heavy stock fell on him. The claimant subsequently developed meningitis and brain damage. Due to the new legislation the damages could increase from £5.3M to £9.4M. With costs at £750K the total claim could be £10.2M and our policyholder may therefore potentially face an exposure above the £10M policy limit.



£5M Limit

A 38 year old construction worker was in the basket of a scissor lift which toppled over causing significant head and orthopaedic injuries. Our policyholder was in charge of the construction site and the claimant is unlikely to work again and will require lifelong care. The costs of claim prior to the discount rate change assessed at circa £4.5M. Due to the new legislation the damages alone now increase to £7.9M.



£15M Limit

A nine year old boy was knocked over by a car when crossing a single carriageway road within the policyholder's road works leaving him with a brain injury and paraplegic. The liability was agreed to be apportioned between the policyholder and the driver. Due to the new legislation the damages could increase from £8.7M to £19.3M.

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WHY AIG



Flexible single policy

Covering any combination of excess public and product liability, excess employers' liability and excess third party property motor liability. With a single policy simplifying administration and minimum premiums of £375 it can be affordable for companies of all sizes.



Quick and easy

We know speed and simplicity matter when arranging excess liability cover for your clients'. Which is why we can provide rapid quotations, usually in just a couple of minutes. Plus, there is no requirement to see primary wordings before going on cover.



Large limits

With significant underwriting capacity and technical underwriting expertise throughout the UK we can write 100% of your clients excess liability exposures reducing the need to arrange more complicated co-insurance and multiple excess layer policies.



Claims expertise

Our team of highly experienced claims handlers focus entirely on handling your clients' large and complex cases. We've also been around for more than 95 years so your clients can be assured we'll be around to support any long tail losses now and in the future



Beyond Insurance

Our Excess of Loss solution provides valuable additional services including our award winning medical and vocational rehabilitation services and our crisis containment solution which delivers rapid, professional and consistent communications support after a major incident.

For more information please contact your local AIG representative

www.aig.com



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