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RAC reacts to personal injury compensation Discount Rate change

[The Government has cut the 'Ogden' Discount Rate from 2.5% to -0.75%](#) meaning compensation pay-outs in life-changing personal injury cases are expected to rise sharply.

RAC Insurance director Mark Godfrey said: “It is a bizarre decision from the Government to make the first adjustment to the Discount Rate in 16 years at the very same time as they have effectively admitted the current system is flawed by announcing a consultation on finding a better and fairer framework for handling life-changing personal injury pay-outs.

“This move will increase the total amount of compensation awarded in every such case and this will instantly increase the cost of motor insurance premiums as insurers pass on the costs. This will be exacerbated still further in June when another 2% is added to insurance premium tax. The combined effect of this means that motorists are likely to see their premiums increase by 10% and some parts of the market, notably younger and older drivers, may see substantially higher increases.

“Even before this, research for the latest RAC Report on Motoring found that motorists are already feeling the effect of higher premiums with the cost of insurance being ranked as the fifth biggest motoring concern, and now sadly these changes will only make things worse.”

The press office email address is press.office@rac.co.uk and media centre is at media.rac.co.uk. **Please note:** the press office is unable to help with individual customer enquiries - please visit the [RAC contacts page](#) to find the right contact.

About the RAC

The RAC, an iconic UK brand, provides complete peace of mind to nearly 14 million UK private and business drivers, whatever their motoring needs. As well as its premium nationwide breakdown assistance service – with an expert branded patrol workforce attending more than two million breakdowns every year – it offers a wide range of market-leading products across insurance, legal services, vehicle inspections and service, maintenance and repair. Included in this is the first-of-its-kind nationwide Mobile Mechanics service which brings the garage to homes and workplaces.

At the forefront of new solutions for business fleets and consumers, the RAC's breakdown service is electric-ready with mobile EV charging technology and can be called on using [myRAC](#) – the all-in-one route planner, fuel finder and breakdown reporting app.

Visit the [RAC website](#).

Contacts



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