
Asbestos Victims Support Groups Forum - UK

Graham Dring (Chair)

Joanne Gordon (Secretary)

Tel: 0161 636 7555 / 07887 871501 asbestos.mcr@gmail.com

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Victims Groups disappointed at Mesothelioma Fund levy cut

Asbestos victims' support groups expressed their disappointment at yesterday's Government announcement to reduce funding for the Diffuse Mesothelioma Payments Scheme. The new levy will raise £23.2 million for 2015/16 and will be supplemented by nearly £8 million underspent from last year.

Graham Dring, Chair of the Asbestos Victims Support Groups' Forum UK said:

"The Government has missed a golden opportunity to implement necessary improvements to this scheme. One of the reasons the fund was underspent last year was because of the decision to pay only 80% of average civil compensation to mesothelioma victims diagnosed before 10 February 2015.

The levy on insurers announced yesterday represents about 1.7% of the premiums they raise from Employer Liability insurance policies they sell, down from the 2.2% they paid last year. If the levy had been set at the 3% figure promised by the Government in 2014 all applicants could have been paid compensation in full from the start of the scheme. There would also be enough money left over to compensate victims of other asbestos diseases unable to trace a former employer or their insurer.

It is time the Government stopped prioritising the financial interests of insurers over justice for asbestos victims. They should set a levy at the rate the insurers have already said they can afford, compensate fully those applicants who only received 80% compensation and make arrangements to compensate all asbestos victims whose lives have been ruined by their employer's negligence and Government failure to ban asbestos until decades after the dangers were known."

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Notes:

1. Mesothelioma, and other asbestos diseases (lung cancer, asbestosis and pleural thickening) have a long latency period. These diseases typically appear 25-50 years after asbestos exposure, making it difficult for victims to secure compensation when their employer has gone out of business and no insurer can be traced.
2. The Diffuse Mesothelioma Payments Scheme (DMPS) was established in 2014 to compensate people diagnosed with mesothelioma after 25 July 2012 who could prove they were negligently exposed to asbestos at work but whose employer is no longer trading and their insurer cannot be traced.
3. The DMPS is funded through a levy paid by insurance companies active in the Employer Liability insurer market. It was the failure of insurance companies to maintain adequate records that led to many asbestos victims dying uncompensated. Insurers gained financially from the premiums they received on policies sold, and benefited further through not having to pay out due to their own negligent record-keeping.
4. The Association of British Insurers (ABI) told the Government that insurers could afford to pay 3% of Gross Working Premium (money collected from EL insurance premiums) without passing the costs on to customers. Mike Penning, former Minister for Disabled People under the last Coalition government stated in Parliament that 3% would be the figure set during the passage of the Mesothelioma Act 2014.

Graham Dring
Chair
Asbestos Victims Support Groups Forum UK
Windrush Millennium Centre
70 Alexandra Road
Manchester
M16 7WD

Tel: 0161 6367555 Fax: 0161 636 7556

Email: asbestos.mcr@gmail.com

Web: www.asbestosforum.org.uk