Ogden 8
in a nutshell

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Contents

▶ As much as can be sensibly delivered in thirty minutes:

   ▶ The tables – life expectancy

   ▶ The Explanatory Notes and how they've changed (remember this is a nutshell talk)

   ▶ The extra tables

   ▶ Interpolating multipliers (if you're still listening)

The Tables generally

- General points:
  - Multipliers are lower, especially for losses after retirement age, mainly due to a stalling of mortality improvement
  - 2018 mortality figures have been used (published in 2019)
  - For younger claimants, the approximate reduction in life expectancy between the 7th and 8th editions of the Tables is about one year for men and two years for women. This reflects a difference in overall predicted life expectancy of 1-2%. However, for older claimants, the difference in predicted life expectancy can be as much as 8-9%.
  - Minus 0.75% DR (for Scotland) and minus 0.25% DR are included
  - The next edition of the Ogden Tables is expected in 4-5 years time
  - COV19 plays no part in the mortality projections and its long term effect, if any, cannot currently be known

Case studies

- RUDOLF
  - Rudolf's dob is 22 July 1992 so Rudolf is 28 today
  - Under Ogden 7, Rudolf's life expectancy (0% DR) was 58.51
  - Under Ogden 8, it is 57.63

- RUDOLF'S DAUGHTER
  - Her dob is 22 July 2012 so she is 8 today
  - Under Ogden 7, it was 84.18. Under Ogden 8 it is 82.27

- RUDOLF'S MUM
  - Her dob is 22 July 1962 so she is 58 today
  - Under Ogden 7 it was 30.74; under Ogden 8 it is 29.08

- RUDOLF'S GRANDFATHER
  - His date of birth is 22 July 1942 so he is 78 today
  - Under Ogden 7 it was 10.93; under Ogden 8 it is 10.19

The Explanatory Notes

▶ A re-written section B about Contingencies other than Mortality

- ▶ Still calculated using previous data
- ▶ They have been re-calculated by the clever people using 0% DR to reflect the lower discount rate

▶ A new section C regarding pension loss (come back another day for that exciting topic)

▶ Section D regarding FAA claims has been re-written following *Knauer*

▶ There is a new section E dealing with the indexation of loss of earnings PPOs

The Reduction Factors

▶ Education has been re-categorized as Level 1 (below GCSE, no qualification), Level 2 (A level or equivalent, GCSE or equivalent) and Level 3 (degree)

▶ Previously those with low grade GCSEs fell into 'O' (the lowest)

▶ If a person has not yet achieved their qualifications, you look at the level they would have got (and cf what they will now get)

▶ Disability definition:

  ▶ The definition of disability used for the Ogden Tables is NOT that used for the Equality Act 2010

  ▶ The definition used is that from the Disability Discrimination Act 1995

Disability continued

▶ The Ogden definition of disability is defined as follows.

▶ "*Disabled person*": A person is classified as being disabled if **all three** of the following conditions in relation to ill-health or disability are met:

▶ (i) The person has an illness or a disability which has or is expected to last for over a year or is a progressive illness; and

▶ (ii) The DDA1995 definition is satisfied in that the impact of the disability has a substantial[33] adverse effect on the person's ability to carry out normal day-to-day activities[34]; and

▶ (iii) The effects of impairment limit either the kind **or** the amount of paid work he/she can do.

> ▶ Refer to the DDA guidance notes as set out in the Ogden Tables. Those notes were dropped from the Equality Act 2010.

> ▶ The guidance notes are not exhaustive

DDA guidance notes (some extracts below)

▶ *Mobility* - for example, unable to travel short journeys as a passenger in a car, unable to walk other than at a slow pace or with jerky movements, difficulty in negotiating stairs, unable to use one or more forms of public transport, unable to go out of doors unaccompanied.

▶ *Manual dexterity* - for example, loss of functioning in one or both hands, inability to use a knife and fork at the same time, or difficulty in pressing buttons on a keyboard

▶ *Ability to lift, carry or otherwise move everyday objects (for example, books, kettles, light furniture)* - for example, inability to pick up a weight with one hand but not the other, or to carry a tray steadily.

The Reduction Factors

- Departing from a strict application:

  - The authors state most departures should be modest

  - They state that the norm for severity of disability is **not** severe

  - A distinction can be drawn between impairment and disability

  - Disability is defined in relation to work

    - Example given is that a lower limb amputation may have less effect on a sedentary worker than a manual worker

  - **"Interpolation using a mid-point between the disabled and non-disabled reduction factors is not advised. Disability results in substantial employment disadvantage and therefore applying a mid-point between the pre- and post-injury reduction factors will normally be too great a departure"** – footnote refers to an article by Dr Wass

Pension Loss
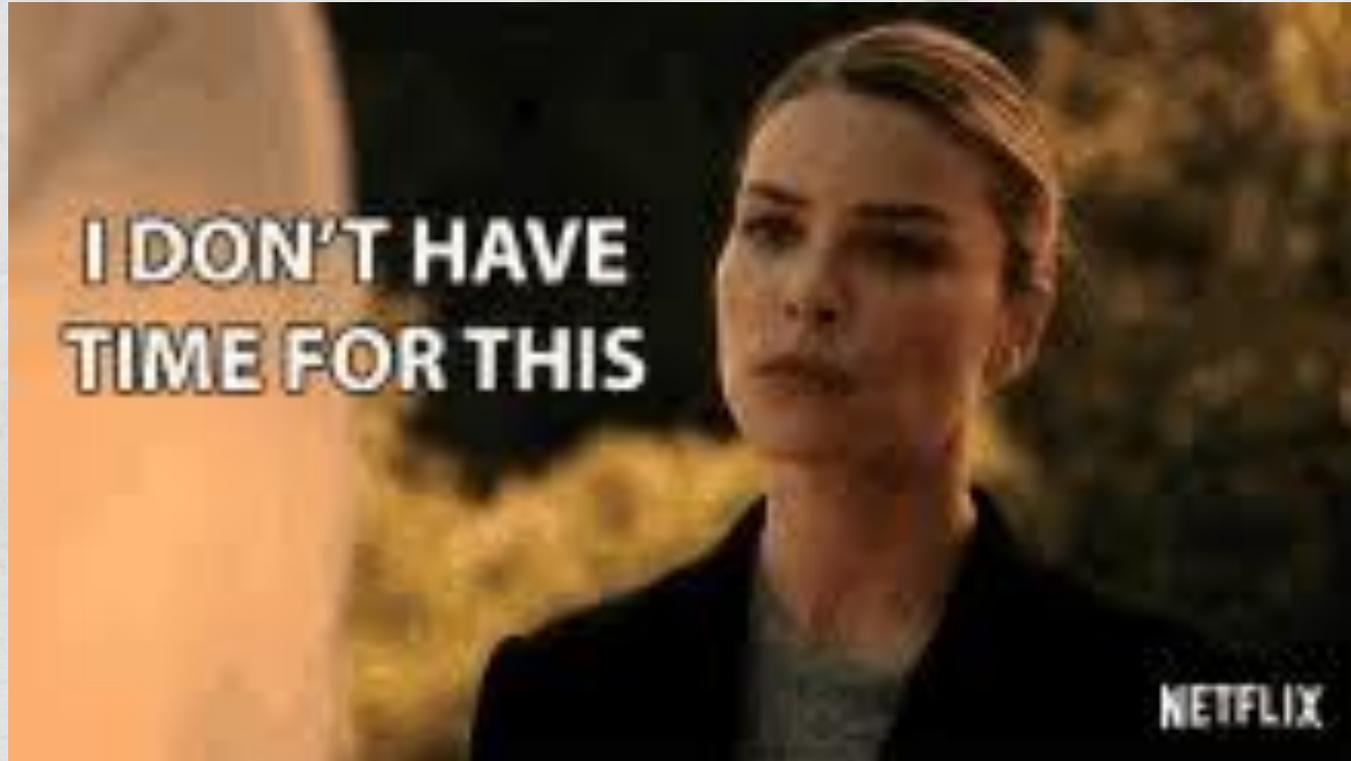
FAA claims

▶ New commentary reflects the decision in Knauer

▶ Table E provides the discount factor for pre trial multiplier to allow for the risk that the deceased would not have survived to trial

▶ Table F provides a similar discount factor for post trial multiplier

▶ There are several helpful examples of the discounts to be applied to various heads of dependency claim

PPOs

▶ There is a new formula to be applied when calculating PPs for loss of earnings

▶ There is a warning about the potential unreliability of using the Annual Survey of Hours and Earnings (ASHE) for some occupations

▶ There may need to be two separate indexation calculations for 'but for' and 'actual' earnings (where applicable)

▶ There's a *helpful* part suggesting you might want expert evidence in higher value claims

PPOs

The new tables

▶ Time to exit slideshow and turn to google

▶ https://www.gov.uk/government/publications/ogden-tables-actuarial-compensation-tables-for-injury-and-death

▶ We are going to case study Santa Claus whose date of birth is 20.03.80

▶ He is 40 years, 4 months and 2 days old

▶ https://www.timeanddate.com/date/duration.html

▶ Santa (male) strangely lives in England in the present day – ie minus 0.25% DR

▶ We are going to look at:

  ▶ His multiplier to different retirement ages

  ▶ How to split his multiplier

Excel

- Excel hints:

- To insert a new row; click on the year below (here - aged 41). Then click Insert sheet row

- In the age box, insert =40 + 4/12+2/365

- He is therefore 40.33881 years old

- Select his row by clicking on his age. Press shift and space bar.

- Highlight his row (pour paint in)

Interpolating his multiplier

▶ Reminder that Santa is 40.33881 years old.

▶ Click on the first highlighted box where a multiplier appears beneath the highlight (here it is aged 42 at trial)

▶ The formula you need is

▶ =X-(X-Y)*the difference

▶ X is the code of the box above (the higher multiplier) and Y is the code of the box above(the lower multiplier).

▶ The difference is 0.33881– the difference from the lower number.

▶ In the empty box write this formula (nb you can click on the box to get the code):

▶ =AQ46-(AQ46-AQ48)*0.33881 and press enter. You should see 1.66.

▶ Now click the tiny box in the bottom RH corner of the 1.66 box and drag across the row (or copy and paste)

To split Santa's multipliers

▶ His multiplier to age 70 is 29.40

▶ His multiplier to age 60 is 19.70

▶ So his multiplier from age 60 to 70 is [29.40-19.70] = 9.7

Comments/queries to:

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Complaints to: