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# UK Asbestos Working Party

2022 update

By members of the Asbestos Working Party

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## Abstract

This update paper summarises developments since the release of the UK Asbestos Working Party update 2020 up to November 2022 for consideration in reserving.

## Keywords

“asbestos”, “mesothelioma”, “asbestosis”, “AWP”

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## Introduction

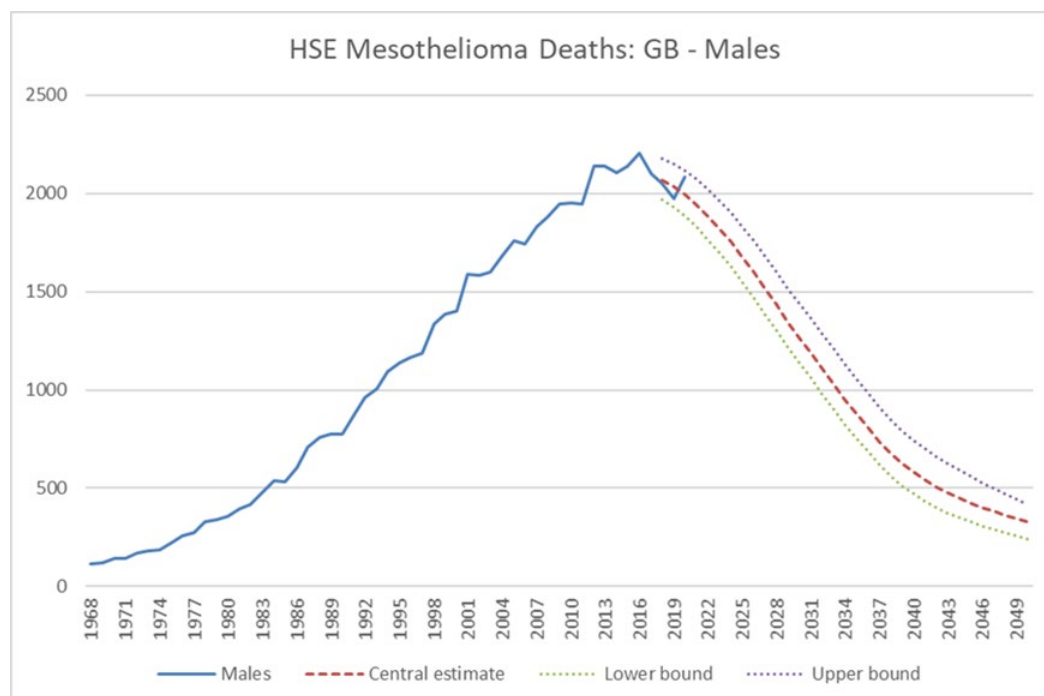
This update paper provides a high-level overview of key developments which may impact the parameterisation and use of the models released by the UK Asbestos Working Party (“AWP”) in the paper entitled “UK Asbestos Working Party update 2020” dated September 2021 (“AWP 2020 Paper”). This paper is not exhaustive, but its aim is to help guide users on what recent data and developments could be considered when applying the models. The AWP is in monitoring mode this year and no attempt has been made to update the parameterisation of the models.

## Mesothelioma Deaths Update

In July 2022 the Health and Safety Executive (“HSE”) released an update of their Mesothelioma statistics for Great Britain: <https://www.hse.gov.uk/statistics/causdis/mesothelioma/mesothelioma.pdf>

This update revised the provisional estimate of male deaths attributable to mesothelioma during 2019 upwards by 30 to 1,975. It also gives a provisional estimate for 2020 male deaths of 2,085.

The revised 2019 estimate is still lower than the central HSE projection of 2,036. The 2020 provisional estimate is higher than the HSE central projection of 1,994. The HSE report says “Although the number of deaths increased in 2020 compared with 2019, the figure is nevertheless consistent with the statistical projection”. It is also the view of the AWP that the wider projections are not invalidated by these estimates.



Source: Health and Safety Executive (HSE) Mesothelioma mortality register

The HSE update contains a useful commentary on the potential impact of the coronavirus pandemic on deaths occurring in 2019 and 2020 registered during 2020-2022 in Annex 1.

### **Claims Update**

The AWP continue to collect and summarise aggregated market data. The data as at year-end 2021 can be found here: <https://www.actuaries.org.uk/documents/awp-summary-data-2021>

The number of mesothelioma claims in both 2020 and 2021 report years was lower than the central estimate (Scenario 5) from the AWP 2020 Paper. This appears to be inconsistent with the uptick in deaths registered during 2020. The impact of the coronavirus pandemic is highly uncertain at this stage and reported claim numbers should continue to be monitored at both company and market level.

### **ONS Population Projections**

The AWP 2020 Paper was based on the same population projection that were used by the HSE, namely the 2016-based version. In January 2022 the Office for National Statistics (“ONS”) published a 2020-based interim projection. This estimate will contain some of the impact of the coronavirus pandemic due to the date of the data. The bulletin also contains links to the methodology underlying the mortality assumptions used in these projections:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2020basedinterim>

The file “AWP 2020 - Population Male Mesothelioma Deaths Model.xlsx” provided as part of the AWP 2020 Paper contains both the 2016-based and 2018-based population projections (for British Males) for comparison.

<https://www.actuaries.org.uk/documents/awp-models-used-2021-paper-market-estimates>

### **Inflation**

Economic forecasting is outside the remit of the AWP. The file “AWP 2020 – Mesothelioma Cost Model.xlsx” provided as part of the AWP 2020 Paper (link above) contains the ability to input economic indices and choose which index to apply to which cost types giving user the flexibility to adapt their inflation projections to be consistent with their internal inflation projections as appropriate and/or to sensitivity test the impact of changing these parameters.

Since the AWP 2020 Paper was published short term inflation has increased. The AWP recommends that practitioners calibrate inflation on their own assumptions and do not rely on the AWP 2020 Paper assumptions.

### **Judicial College Guidelines**

The 16th edition of the Judicial College Guidelines was published on 13 April 2022. The guidelines for asbestos related claims were in line with expectations. The Judicial College Guidelines are typically updated every couple of years.

### **Ogden Discount Rate**

As per the AWP 2020 Paper, projecting future changes in the Ogden discount rate is outside the remit of the AWP. We do note, however, for completeness, that the Northern Ireland rate was updated to minus 1.5% as of March 2022. The last Ogden discount rate change for England and Wales occurred with effect from 5 August 2019 when it increased from minus 0.75% to minus 0.25%. The government has said it will revisit the Ogden rate, at most, every five years resulting in the next revision by 2024.



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