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UK Asbestos Working Party

2025 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 October 2025 for consideration in reserving.

Keywords

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

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1. Executive Summary

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 update paper is not exhaustive, but its aim is to help guide users on what recent data and developments could be considered when applying the AWP models.

In section 9, we estimate an updated industry cost for UK Employers’ Liability insurance market mesothelioma claims 2025-2060 of £3.393 billion.

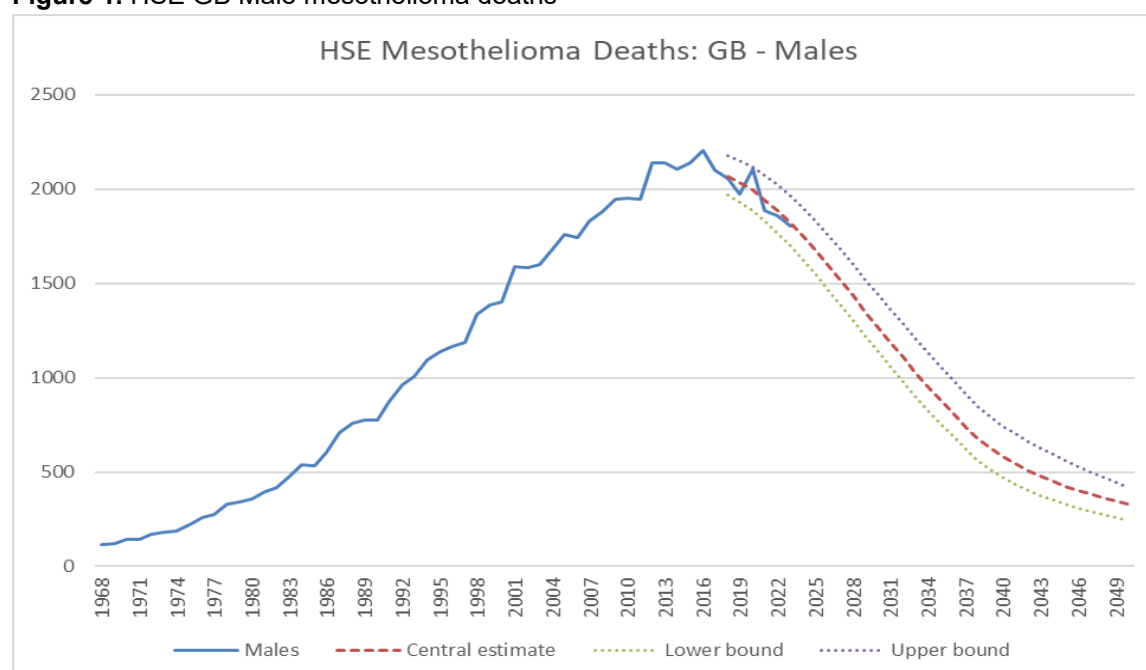
2. Mesothelioma Deaths Update

In July 2025 the Health and Safety Executive (“HSE”) released an update of their Mesothelioma statistics for Great Britain: <https://www.hse.gov.uk/statistics/assets/docs/mesothelioma.pdf>

This update revised the provisional estimate of male deaths attributable to mesothelioma during 2022 upwards by 18 to 1,856. It also gives a provisional estimate for 2023 male deaths of 1,802.

The 2023 provisional estimate for male mesothelioma deaths in 2023 of 1,802 is close to the earlier HSE predicted central estimate of 1,822. The HSE report says the male 2023 deaths are consistent with earlier projections that annual deaths in males would reduce during the 2020s. It is also the view of the AWP that the wider projections are not invalidated by these estimates.

Figure 1. HSE GB Male mesothelioma deaths



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

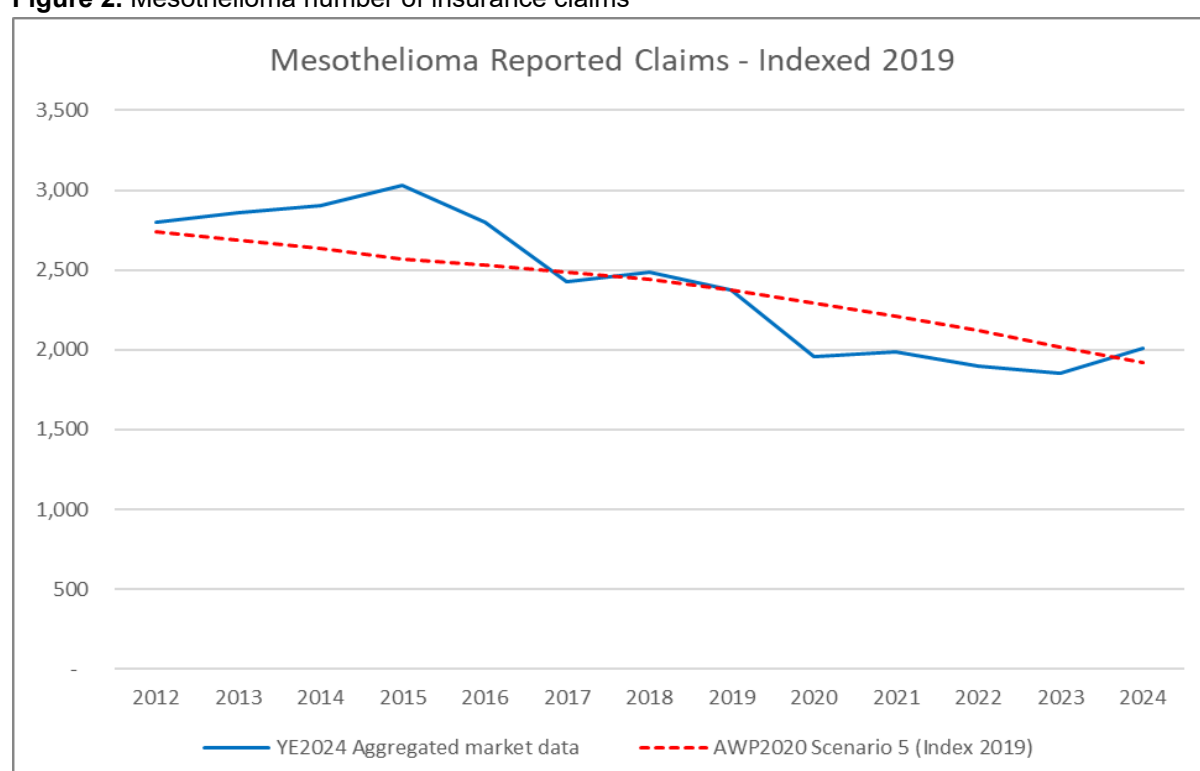
The HSE update contains a useful commentary on the impact of the coronavirus pandemic on deaths registered during 2020-2025 in Annex 1.

3. Claims Update

The AWP continue to collect and summarise aggregated market data. The data as at year-end 2024 can be found here: <https://vle.actuaries.org.uk/course/view.php?id=2532>

There has been an unexpected increase in the number of mesothelioma claims in 2024 compared to the recent period since 2020 for which reported claims were lower than expected. The driver of the increased 2024 experience is highly uncertain at this stage, for example whether this is an offset of earlier periods or due to other emerging factors. The reported claim numbers should continue to be monitored to understand any emerging trends at both company and market level.

Figure 2. Mesothelioma number of insurance claims



Source: AWP Aggregated market data as at year end 2024 and AWP2020 scenario 5

4. ONS Population Projections

The AWP 2020 Paper was based on the same population projections that were used by the HSE, namely the 2016-based version.

In January 2025 the Office for National Statistics (“ONS”) published a 2022-based projection. 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/2022based>

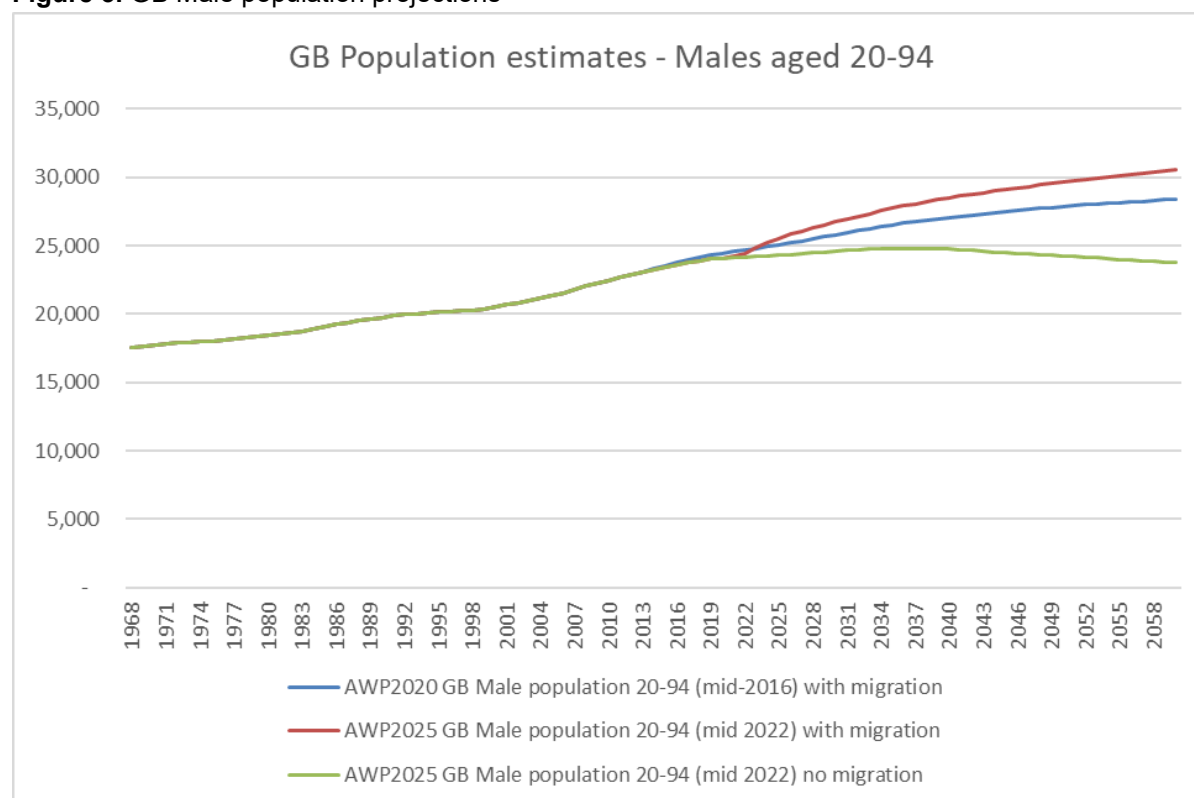
The 2022-based projections reflect recent experience in UK mortality, with lower improvements in life expectancy observed than forecast and an allowance for the impact of the coronavirus pandemic. In general, higher mortality (as observed) will result in a decrease in the predicted number of future claims on UK EL policies.

The AWP 2020 Paper confirmed that the population projections had been used without considering the effect of net migration. Immigration and emigration trends have the potential to cause divergence from the ONS population projection used in the model and therefore impact the numbers of predicted deaths. Immigration could artificially increase the predicted number of future claims on UK EL policies. Since 2021, net migration has significantly increased and if practitioners use these latest population projections, the impact of this should be considered.

Within the AWP2025 scenarios, two updates are presented:

- A) Modelled deaths based on 2022-based population projection unadjusted
- B) Modelled deaths based on applying 2022-based mortality assumptions to the 2020 estimated population

Figure 3. GB Male population projections



Source: ONS 2016 ppp GB Projection and ONS 2022 ppp GB Projection

5. Inflation

Since the publication of the AWP 2020 Paper, the UK has experienced a period of elevated inflation (2022–2024). Therefore, the claims data from this period reflects a temporary environment of unusually high inflation that has since reduced. Care should therefore be taken when selecting the averaging period, as relying too heavily on this recent inflation data when setting future assumptions may overstate future claim costs if inflation continues to normalise.

Although inflation has somewhat stabilised in 2025, it remains above the levels observed between 2015 and 2020. The AWP continues to recommend that practitioners adopt their own calibrated inflation assumptions rather than defaulting to those in the 2020 Paper. In doing so, they should also consider how settlement amounts evolve as average claimant ages increase, and how this dynamic interacts with the chosen inflation assumptions.

We have updated for inflation in the average cost per claim (ACPC) model. It is not within the AWP's remit to forecast inflation; the adjustments shown reflect the assumptions adopted for this analysis and

are included in this paper for transparency. The file “AWP 2020 – Mesothelioma Cost Model.xlsx” (provided alongside the AWP 2020 Paper) enables users to input their own economic indices and select which index to apply to different cost categories. This flexibility allows practitioners to align inflation assumptions with their internal views, or to run sensitivity tests on the impact of alternative scenarios.

In the ACPC model, we have updated for historical inflation since the AWP 2020 version. As for future inflation rates, for the purposes of the updated projections, we have simplified our approach and assumed that all measures of inflation will be at 3.0% per annum. (For AWP 2020 projections we assumed central inflation assumptions of CPI = 2.0%, RPI = 2.5%, Wage = 3.0%, Pension = 3.0% and Court = 2.9%.) The impact of these updates is set out in section 8 below.

6. Judicial College Guidelines

The Judicial College Guidelines are typically updated every couple of years. The 17th edition of the Judicial College Guidelines was published on 5th April 2024 (the 16th edition was published 11 April 2022). These guidelines are commonly used as the starting point for negotiating levels of payment for general damages. The guidelines increased by 22% for all asbestos related diseases. This is in line with movements in the Retail Price Index (“RPI”) between September 2021 and August 2023, so was in line with expectations. The lower and upper ends of the mesothelioma bracket are currently £77,680 and £139,680. It is plausible that, as treatments for mesothelioma (immunotherapy and more aggressive chemotherapy treatments) become more widely accessible via the NHS, the distribution of claims may shift toward those with higher awards, provided claimants can access and tolerate those treatments. However, whether a given claim merits a higher bracket will depend on the medical evidence — including the severity, duration, and impact of treatment side effects — and courts will discount speculative or routine burdens.

The 17th edition Guidelines clarified that it has always been the practice to use the RPI to apply an inflationary increase to the figures contained in the previous edition and this index will continue to be used unless and until the Courts decide otherwise. In addition, the 17th edition Guidelines clarified that an inflationary increase to the Guideline figures should be applied during the interim until the 18th edition is published to ensure that figures remain up to date.

7. Personal Injury Discount Rate

As noted in the AWP 2020 Paper, projecting future changes in the Personal Injury Discount Rate is outside the remit of the AWP. The Personal Injury Discount Rate does impact asbestos claims, though the effect is dampened by the generally high age at diagnosis and the limited life expectancy of many claimants. Until recently, the Personal Injury Discount Rate for England & Wales was -0.25%. However, as of 11 January 2025, it has changed to +0.50% under the Lord Chancellor’s review.

In England & Wales, the Lord Chancellor is required to review the discount rate at least every five years (the next review period begins from 11 January 2025). In Scotland, under the Damages (Review of Rate of Return) (Scotland) Regulations 2024 (in force from 1 July 2024), the Government Actuary determined a new Personal Injury Discount Rate of +0.50% (net of damages inflation) following her review completed on 24 September 2024. Unlike in England and Wales, there is no fixed review cycle in Scotland; future reviews will be initiated only if there are significant changes in investment conditions or if the Scottish Government decides to amend the methodology. In Northern Ireland, the new Personal Injury Discount Rate also became +0.50% effective 27 September 2024, following a review, and the next planned review is scheduled to begin in July 2029.

In the AWP 2020 Paper projections we assumed that the Personal Injury Discount Rate tables (‘Ogden Tables’ in England and Wales) are updated every four years. The current edition is the 8th edition and was published in 2020. For the AWP 2025 projections we have assumed that the Personal Injury Discount Rate tables will be updated every five years and that the next update will be published in 2026.

We have assumed that it will be based on life expectancy implied by the ONS 2022-based projections. Therefore, we have updated the Personal Injury Discount Rate multipliers every five years in our projections, to allow for the expected mortality improvements implied by the ONS 2022-based projections.

8. Updated AWP Projections

The AWP's projection of insurance industry costs relating to mesothelioma claims is made up of three main components: projected numbers of mesothelioma deaths, the propensity of those deaths to give rise to insurance claims, and the average costs of those claims. Considering the developments discussed earlier in this document, we have developed updated parametrisations of our models for some of these components to assess the impact on our projections of industry costs. The updates considered are:

- Mesothelioma deaths
- Average cost per claim
- Propensity to claim

Mesothelioma deaths

As detailed above, we have developed two new deaths scenarios, (A) adopts the latest ONS population projections without adjustment, and (B) applies the latest mortality assumptions to the existing population projections.

The impact of the two new deaths scenarios, (A) and (B), outlined in section 4 above, on projected deaths, claimant numbers and industry costs over the period 2025-2060 is summarised in Table 1 below. The table shows the impact of incorporating these revised population assumptions into AWP2020 Scenario 5 (the central scenario) from our 2020 analysis – i.e. for the purpose of this comparison, all other assumptions (including propensity to claim and average cost) are as per AWP2020 Scenario 5. Both scenarios lead to fewer deaths, and consequently fewer claimants and lower industry costs. This results from lower improvements in life expectancy than previously projected. The scenario that allows for the update to mortality only results in slightly lower deaths, claimants and industry costs as this does not allow for the population increases caused by immigration.

Table 1. Impact of updates to the mesothelioma deaths models on central estimate results

Scenario	GB Male deaths 2025-2060	UK Insurance Claimants 2025-2060	Undiscounted Cost 2025-2060 (£bn)
AWP2020 Scenario 5	18,988	9,762	3.119
A) Modelled deaths based on 2022-based population projection unadjusted	17,728	9,175	2.944
<i>Change</i>	<i>-6.6%</i>	<i>-6.0%</i>	<i>-5.6%</i>
B) Modelled deaths based on applying 2022-based mortality assumptions to the 2020 estimated population	17,499	9,056	2.900
<i>Change</i>	<i>-7.8%</i>	<i>-7.2%</i>	<i>-7.0%</i>

Average cost per claim

We have re-parameterised the ACPC model to allow for the following:

C) Revised average cost per claim assumptions

- The actual inflation rates observed since 2020;
- Slightly higher future inflation assumptions as set out in section 5 above;
- The update to the Personal Injury Discount Rate in England and Wales from -0.25% to +0.50% in January 2025; and
- The impact on the Personal Injury Discount Rate multipliers of the revised life expectancies implied by the ONS 2022-based projections, which are assumed to be updated every five years.

The impact of the revised average cost assumptions on AWP2020 Scenario 5 is summarised in Table 2 below. Across the period 2025-2060, using the revised average cost per claim assumptions with all other model assumptions from AWP2020 Scenario 5, leads to an increase in costs of around 15%.

D) Revised ACPC through 2025 only

We also show the impact of retaining the re-parameterised assumptions on average costs through to 2025, but then reverting to the future inflation assumptions from AWP2020 Scenario 5. This shows an increase in costs of around 14% as compared to AWP2020 Scenario 5, indicating that most of the increase has resulted from the greater than expected inflation during the period 2020 to 2025.

Table 2. Impact of updates to average cost model on central estimate results

Scenario	UK Insurance Claimants 2025-2060	Average Costs 2025-2060 (£)	Undiscounted Cost 2025-2060 (£bn)
AWP2020 Scenario 5	9,762	319,546	3.119
C) Revised average cost per claim assumptions	9,762	368,579	3.598
<i>Change</i>	<i>0.0%</i>	<i>15.3%</i>	<i>15.3%</i>
D) Revised ACPC through 2025 only	9,762	363,843	3.552
<i>Change</i>	<i>0.0%</i>	<i>13.9%</i>	<i>13.9%</i>

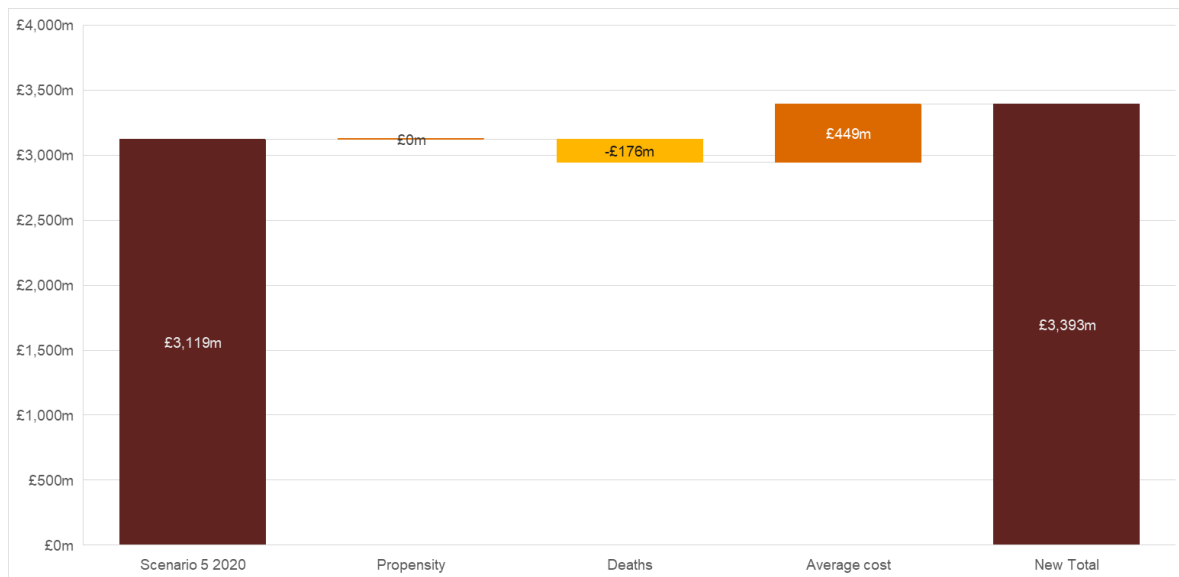
Propensity to claim

It appears that ratios of claimants to deaths since 2020 have been broadly in line with expectations. We have therefore made no update to our existing propensity to claim assumptions.

9. Updated Industry Estimate

Figure 4 shows the combined impact of the revised average costs and deaths assumptions on the estimate of undiscounted industry costs. This projection uses the deaths scenario (A) Modelled deaths based on 2022-based population projection unadjusted and (C) Revised average cost per claim assumptions. Overall, it shows an increase in the estimate of industry costs of £274 million, or 9% from £3.119 billion to £3.393 billion.

Figure 4. Impact of revised projections on central estimate of insurance industry costs for mesothelioma 2025-2060





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