

Queensland to ban claim farming

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At a glance

- Claim farming of personal injury claims will be banned in Queensland under new laws passed by the Queensland Parliament on 22 June 2022.
- The laws also impose compliance obligations on plaintiff legal practitioners to ensure claim farming prohibitions have not been contravened.
- These new laws are good news for insurers as they should create a modest positive impact on social inflationary pressures.

What is claim farming?

Claim farming is the act of approaching, coercing or pressuring a potential plaintiff into making a personal injury claim. Once 'farmed', the file is often sold to a plaintiff legal practice for ongoing conduct.

New laws

The *Personal Injuries Proceedings and Other Legislation Amendment Act 2022* (PIPOLA) seeks to end the proliferation of claim farming in Queensland through amendments to the *Personal Injury Proceedings Act 2002* (PIPA), the *Workers' Compensation and Rehabilitation Act 2003* (WCRA) and the *Legal Profession Act 2007* (LPA).

The Attorney-General explained the PIPOLA was put forward following a "significant drop in the number of people reporting they are being harassed by claim farmers", which was attributed to the success of similar reforms to the *Motor Accident Insurance Act 1994* in 2019.

The PIPOLA specifically targets claim farming of general personal injury claims, including those involving institutional abuse and workers' compensation claims.

The PIPOLA:

- makes it an offence to personally approach a potential plaintiff, or to pay for, or receive, payment for a claim referral, and

- requires plaintiff legal practitioners to certify that offence provisions have not been contravened (a law practice certificate or LPC) at key stages of a personal injury engagement.

The Attorney-General has assured the community that the rights and access to justice of those who have been genuinely injured will not be affected. Potential plaintiffs can still pursue legitimate claims under the PIPA and WCRA by approaching a legal practice themselves.

Implications for insurers

Due to the secretive nature of claim farming, there is limited data on how widespread the practice is. Based on the Attorney-General's comments about the success of the 2019 motor vehicle scheme amendments, we expect to see a small reduction in overall personal injury claim volumes due to the PIPOLA.

That reduction is most likely to be seen in potential claims with limited liability prospects and/or low quantum, as those claims tend to be better candidates for claim farming. Given those types of claims have disproportionately high claims management and defence costs relative to indemnity exposure, any reduction in their volume should result in a modest positive impact on social inflationary pressures for insurers.

Need to know more?

For more information, please contact our author.



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