



Claiming lost income and loss of earning capacity from a car accident

If you have been in a car accident caused by another driver, you may be entitled to receive compensation for lost work income due to the incident or resulting injuries. You may be able to claim loss of wages for the period you were unable to work, time lost receiving medical care for your injuries and future economic loss.

Past economic loss (Past loss of earnings)

Where a person loses income because of [injuries from a car accident](#) there may be a claim for economic loss.

A claim for past economic loss is a calculation of the lost income from the date of the injury to the

date of the finalisation of the claim. Your first week of loss of earnings due to your injuries is excluded.

To prove past economic loss, you will need to provide proof of your earnings and loss – documents like payslips, tax returns, employment contracts, letters from past employers etc will all be helpful in determining this.

This can be more complex to calculate if you are self-employed and run your own business, you have suffered a loss of overtime or some cash in hand work, have suffered difficulties in maintaining a growing client base or loss of promotional opportunities.

Interest and loss of superannuation may also be claimed on past economic loss.

Future Economic Loss (Loss of future earnings)

A claim for future economic loss is for the impact your injury will have on your ability to earn income into the future.

The aim is to put the injured person in the position they would have been if the car accident had not occurred.

It covers the period between the finalisation of the claim and the usual retirement age. This is a complex calculation and in some instances a report from a forensic accountant will be needed.

The types of things that may be taken into account include:-

1. Working restricted duties;
2. Working fewer hours;
3. Change of job;
4. Being unable to return to work;
5. An inability to continue to progress a previous, higher paying career;

An injured person needs to meet a particular **Injury Scale Value (ISV) threshold** before they will have an entitlement to compensation under this type of damage.

This calculation is required so that the severity of the injury can be determined.

This is determined by obtaining an ISV medical assessment (once your injury or injuries are stable) where an independent accredited doctor will assign an item number for your injury which will be used to work out the type and amount of compensation you are eligible for.

To receive compensation for future economic loss, your main injury caused by the motor vehicle accident must have an ISV of 8 or more.

All compensation payments for loss of past or future income are subject to a fixed discount rate of 20%. This will be applied after any other reductions for contributory negligence or fixed statutory reductions (i.e. If you were affected by drugs or alcohol while operating a motor vehicle and your intoxication contributed to the accident or not wearing a seatbelt or helmet as required).

Interest cannot be claimed on future economic loss, but loss of superannuation can.

How can Andersons help?

Calculating compensation can be complex and you should get legal advice early before accepting an offer from a CTP insurer to ensure that the compensation you receive is sufficient to cover your losses into the future.

Andersons have a team of experienced [personal injury lawyers](#) who can guide you through the process of making [car accident insurance claims](#). We offer a free first 30 minute interview to understand your circumstances. Please [contact us](#) here.