

# Loss of Earnings

## Employed Claimant

Claimant works for a third party and receive regular wages or salary under PAYE. The loss could arise from:

- A reduction in hours or type of work
- A loss of additional pay such as overtime or bonus
- Loss of promotion
- Termination of employment or having to cease work earlier than planned
- Losses for contribution to employer Sharesave schemes

### Typical information required

Payslips for at least 12 months prior to accident and all post accident payslips. Consider comparator earnings.

Things to look out for:

- Overtime allowances
- Commission
- Bonuses
- Holiday pay
- Pay rises
- Pension contributions - employees and employer
- Refundable sick pay
- Reimbursed expenses
- Contributions to Sharesave schemes

## Self employed Claimant

Claimant works for themselves as a sole trader or in a partnership. To calculate the loss it is necessary to understand how the business operates, the claimant's role in the business and that of any employee and how the business was effected by the accident.

### Typical information required

At least three years pre-accident accounts and Claimant's tax returns plus all post accident accounts and tax returns. Any forecasts for the business.

Things to look out for:

- Seasonal variations in income
- Growth or otherwise of business
- Changes in the local market and wider economy effecting profitability
- Unusual accounting policies
- Potential going concern issues
- Details of any major contracts or customers
- How profits are split of profits if a partnership and the role of the other partners in the business, especially if a spouse
- Loss in value of the business upon expected sale at retirement compared to any actual sales proceeds

## Owner Manager

Claimant runs their own business through a limited company as a director and shareholder. The loss of earnings comprises loss of salary as director and loss of share of net profits paid out as a dividend. To calculate the loss it is necessary to understand how the business operates, the claimant's role in the business and that of any employee and how the business was effected by the accident.

### Typical information required

As for self employed (see above) plus Company tax returns and details of the way the Claimant extracts money from the business. Depending on the size of the business it might be necessary to obtain organisation charts, review the company website and obtain further information from Companies House.