

Chairman, members of the committee thank you for the opportunity to appear before you again to discuss issues relating to the Cost of Doing Business in Ireland. Insurance Ireland have followed the work of the committee over the last six months and noted the detailed submissions made by other witnesses before the committee, in particular relating to the cost of insurance. The defining issue in general insurance, including liability insurance, is the cost of insurance claims. This issue of claims volatility in personal injuries has been one which Insurance Ireland has been active on since September 2015 when we published our policy reform document "Driving Change", the benefits of which would apply to motor and liability insurance. The need for reform is clearly established by the trends in the market such as:

- There has been a 48% increase in the Average Circuit Court Award from €11,941 in 2013 to €17,722 in 2016 according to the Courts Service Annual Report for 2016
- Between 2010 and 2015 there has been an increase in new PI cases issued in the Courts (these include Employer, Motor, Public liability and Medical Negligence cases) – Cost of Insurance Working Group Report – January 2017
- In Q3 2016, legal service prices were 10.4% higher than the comparable quarter in 2013 – National Competitiveness Council Costs of Doing Business in Ireland 2017
- According to the PIAB Annual Reports for 2011-2016 there has been a 30% increase in the average PIAB EL award from 2011- to 2016 (€27,102 to €35,159) and a 35% increase in EL PIAB claims from 2011 to 2016 (3,866 to 5,241).
- According to the PIAB Annual Reports for 2011-2016 there has been a 17% increase in the average PIAB PL award from 2011-2016 (€22,686 to €26,562) and a 23% increase in PL PIAB claims from 2011 to 2016 (7,452 to 9,182).
- Figures published by PIAB on 20 April this year show that there was a reduction of 942 personal injury claims submitted to PIAB (in 2016 there were 34,056 and in 2017 there were 33,114). Of these motor claims and public liability claims decreased while employer liability claims increased.

The Government's Cost of Insurance Working Group has acknowledged "there is a significant issue in relation to the cost of personal injury awards in Ireland for some commonly occurring personal injuries, particularly those of a less severe nature". This is evident with a minor ankle injury in Ireland allowing for an award of up to €54,000 compared to up to €12,554 in the UK. This situation is made all the more dramatic when the proposed legislative reforms proposed in the UK are factored in.

Insurance Ireland has provided data on five occasions over the last two years on our claims costs. We are working in co-operation with the Personal Injuries Commission to facilitate the international benchmarking of our awards data and we have made a number of submissions to the Central Bank of Ireland and the Department of Finance on how information flow can be improved to policy holders. We have also provided a methodology to allow for returning immigrants to benefit from their foreign driving experience. Our commitment to reform is well established and apparent from our actions to date. Not only does Insurance Ireland recognise and empathise with the concerns of business owners – we are determined to bring sorely needed reform to Irish claims costs, It is our belief that there is a significant opportunity to bring about structural reform in 2018 and all stakeholders should redouble their efforts to ensure this occurs.

What needs to happen?

1. We are pleased to see that the PIC will publish their report internationally benchmarking Irish personal injury awards against other jurisdictions. Once this is completed Government needs to provide a timetable to address the rise in the cost of claims
2. The PIAB legislation needs to be passed into law – it is now four years since the consultation process on the PIAB legislation was begun.
3. The design of the Book of Quantum needs to be addressed
4. More effective deterrents need to be put in place to combat fraud.

If these steps are taken as a matter of urgency it is our belief that the accelerating cost of claims would effectively be addressed which would consequently assist in managing the insurance costs which are currently impacting businesses and motorists alike. Thank you Chair and we look forward to discussing these issues in more detail with the members of the Committee.