



## **Opening statement by Moyagh Murdock, CEO Insurance Ireland, to the Joint Oireachtas Committee on Enterprise, Trade and Employment on 25<sup>th</sup> May 2022**

Chairman, Committee Members; good morning. I am delighted to be with you today to contribute to the Committee's scrutiny of the Personal Injuries Resolution Board Bill 2022.

My name is Moyagh Murdock and I am the Chief Executive of Insurance Ireland. I am joined today by my colleagues Florian Wimber, Director Advocacy Communications and Public Affairs, Michael Curtin and Michael Horan, Managers for Regulation and Policy Development.

Insurance Ireland is the representative body of the Irish insurance industry. We represent 133 members providing cover to more than 25 million customers in more than 110 countries. Irish Insurers invest nearly 490 bn Euros. Our members employ 35,000 people in Ireland and contribute 1.6 bn Euros tax income per year to the economy. Ireland is the 5<sup>th</sup> largest market for insurance in the EU and the biggest exporter of insurance services.

The proposal to reform the Personal Injuries Assessment Board or PIAB with this Bill is a key element of the Government's Agenda for Insurance Reform. Insurance Ireland and its members strongly support the objectives of the Bill.

I believe it would be remiss of us not to reemphasise the fact that our member companies recognise the value and the work of PIAB, and have done so since its inception back in 2004, in providing for the swifter settlement of Personal Injury Claims and its impact on reducing legal costs.

The last time Ireland introduced major reform with the establishment of Personal Injuries Assessment Board (PIAB) in 2004, insurers responded positively, and consumers benefitted. Insurance Ireland has continually advocated for strengthening of the powers of PIAB as a means of reducing legal costs in the claims settlement process

The benefit to consumers of reinforcing the powers of the PIAB is that claimants would receive their compensation more quickly and unnecessary litigation would be avoided, thus saving on legal costs

If the Bill is enacted, PIAB will be in a position to contribute more consistently and effectively to a more stable insurance market to the benefit of consumers, businesses and insurers alike.

The extended mandate will allow PIAB to settle more personal injuries claims effectively and efficiently avoiding costly and lengthy litigation.

As we all know, the cost and duration of litigation procedures present a fundamental threat to consumers and businesses.

In its report on the National Claims Information Database in November 2021 the Central Bank of Ireland reported that in 2020 the legal costs associated with settling personal injury claims through litigation were €16,064, compared to costs of €841 through PIAB – an almost 20 fold increase.

The Central Bank of Ireland further noted in its report on the National Claims Information Database, that litigation has a very limited additional value for the compensation of the claimant. Therefore, extending the mandate of PIAB to resolve more claims will result in greatly reduced legal costs and consequently cost of claims.

In addition, the Central Bank of Ireland's report found that an average settlement through PIAB takes about 2.3 years compared to 4.2 years for a settlement through litigation. Insurers have consistently said that consumers will benefit from quicker assessments and swifter claims settlement through PIAB compared to very lengthy litigation procedures.

The combination of reduced costs and swifter settlement will not only benefit the claimant. More efficient and less costly processes will reduce costs and, thereby, work to the benefit of all consumers and businesses.

On the specific provisions of the Bill under scrutiny, we note the following:

Under the new proposals, the parties will be asked to consent to mediation and, if mutually agreeable, it is envisaged that the PIAB will facilitate mediation via a Mediation Officer appointed by them.

The Bill will lead to more complex injury claims being dealt with by PIAB, including wholly psychological injuries, which are currently released by PIAB to be settled in the courts. Traditionally, PIAB has not assessed claims consisting wholly of psychological damage as these had no categorisation in the old Book of Quantum.

The Personal Injury Guidelines make provision for the assessment of injuries of a psychological nature, this increases the number of personal injury claims that can be resolved through PIAB by including these types of claims not previously assessed by it.

PIAB currently have a maximum statutory timeframe of 15 months within which to assess any claim. At present, claims that involve more complex injuries, or injuries with a potential long-term prognosis, that cannot be settled within the 15 month timeframe are released by PIAB to be pursued through litigation.

The Bill under scrutiny proposes an extension of up to two years beyond the current maximum statutory period of 15 months. This would allow for increased resolution of these types of claims within PIAB, which would greatly reduce the time and cost of settling these complex claims.

To summarise, the reform of PIAB is an essential element of the whole of Government approach to progress the Action Plan for Insurance Reform. It will improve effectiveness and efficiency of claims assessment and settlement processes and reduce the need for costly and lengthy litigation. In consequence, the Bill will improve the Irish insurance market environment to the benefit of consumers, businesses and insurers.

We very much welcome the Cabinet's recent agreement on a proposal to amend the Duty of Care and Occupiers' Liability in Ireland. Together with the Bill under scrutiny today, and the already implemented Personal Injuries Guidelines, this rebalancing of the Duty of Care will contribute towards a consistent and comprehensive suite of reforms to the Irish market for insurance.

In conclusion, Insurance Ireland welcomes the proposed reform of PIAB under this Bill and greatly anticipates the changes the renamed and refocused Personal Injuries Resolution Board will bring to the Irish insurance sector.

Thank you very much for this opportunity to present our position and I look forward to answering any questions you may have.

Dublin, 20<sup>th</sup> May 2022