



Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach
Leinster House
Dublin 2
D02 XR20

17 May 2021

Ref: FBD INSURANCE PLC STATEMENT

In this submission we wish to give a brief overview of FBD and make a submission regarding the topics of interest to the committee. We have addressed below the issues outlined in the invite from the Committee on May 7th and look forward to discussing them with you further.

Introduction to FBD

Established in the 1960s by farmers for farmers, FBD has built on those roots in agriculture to become a dedicated general insurer serving the needs of our agricultural, small business and consumer customers throughout Ireland. Through our 34 branches, our call centre in Mullingar and Head Office in Bluebell, Co. Dublin, we are embedded within the communities we serve. Over 900 people are employed by FBD in our offices, which are located across 24 counties. FBD is Ireland's only remaining indigenous general insurer and our business is entirely focused on serving the Irish market. FBD holds approximately 10% of the liability, motor and property insurance market in Ireland, as measured by share of GWP and FBD has approximately 500,000 policyholders.

FBD fully understands and appreciates the impact the Covid-19 pandemic has had, and continues to have, across all of our customer segments. During 2020, rebates provided to FBD's Motor and Commercial customers amounted to approximately €12 million. Other measures introduced by FBD included removing administration and cancellation fees on Motor and Home policies to support continued cover, and the introduction of a fund to provide Farm Relief Service supports for farmers who contracted Covid19 in conjunction with the Irish Farmers Association. FBD continues to rebate the Employers Liability/Public Liability/Business Interruption elements of their cover premium to businesses which have been impacted. During 2021 year to date, these rebates have totalled €4m with an average of €900 euro returned to impacted commercial policyholders.

Our farming heritage is still very evident across the business, with the agricultural community making up an important part of FBD's customer base. In addition, farmers or farming bodies represent more than 40% of our shareholders and are invested in the long-term future of FBD. Farming remains the most dangerous occupation in Ireland today with the highest number of fatal work related accidents by sector (*HSA 2018-19 Annual Review*). FBD continues to work collaboratively with all agricultural stakeholders to improve farm health and safety, with ongoing investment and support through educational campaigns and direct support. From our support of the Irish Olympic Team to our sponsorship of the many other national and local initiatives, FBD supports the local communities in which we operate and in which our customers and employees live and work.

Protection.
It's in our nature.

Business Continuity Insurance

The Business Interruption cover contained in FBDs insurance policies is provided as an optional part of a combined commercial insurance products, along with other risks such as property damage, employers' liability and public liability.

We realised at the outset of the Covid-19 pandemic that differing points of view existed concerning the application of business interruption insurance under FBD's Public House Insurance policy during the coronavirus pandemic. In order to determine liability and provide clarity on quantum, we supported the intervention of the Courts. We worked in a collaborative manner to ensure that this process was carried out as efficiently as possible and with FBD covering the reasonable costs of all parties involved in the case.

As the committee will be aware, judgment in the case was handed down by the Commercial Court on 5 of February. This judgment provided the necessary clarity in relation to policy cover within the FBD Public House Insurance policy. FBD accepted the decision and quickly moved to engage with affected customers.

There is a further court hearing scheduled in July to determine how claims' settlements are to be calculated. FBD has contacted all impacted policyholders, commenced the claims process and provided interim payments to any policyholders who opted to receive one. Further details are contained in Table 1 & 2 below.

Once the outstanding issues in relation to calculation are resolved, we will endeavour to finalise claims as smoothly and efficiently as possible.

1. Cover

- As determined by the Commercial Court in its Feb 2021 judgement, FBD's public house policies respond to claims for business interruption caused by the COVID 19 pandemic. This affects approximately 1,100 policyholders. FBD's other commercial policies contain different wording with cover not applying.

2. Claims Settlement Process

- FBD has engaged independent external expert providers, Thornton Group and C Lewis and Company, to ensure the prompt, efficient and compliant handling of business interruption claims.

3. Payments

- An interim payment was offered to all public house customers in the immediate days following judgement. The policyholder is not required to submit any supporting documentation for this interim payment and this initial payment is processed immediately once the claimant confirms their wish to receive it.
- A second payment is offered once details of the claim are received.
- A full and final payment will be offered following resolution of the issues under consideration in the case.

Many publicans in Ireland have been loyal and valued customers of FBD Insurance for many years. We are grateful for this on-going support. Our long-term relationships with our commercial and publican policyholders has meant that our retention rate amongst these customers groups remains very high.

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Mortgage protection policies

FBD has a small dedicated Life and Pensions unit which acts only in a broker capacity to supply primarily Pre & Post Retirement pension products. This includes a very small number of Mortgage Protection Policy Insurance (MPP) to our customers.

In the Mortgage Protection policies we offer, there are no exclusions at claims stage regarding COVID-19 (allowing for the usual caveat of non-disclosure) and there are no loadings applied to customers who contracted Covid-19 and who have since recovered.

FBD engages with life insurance providers to provide these products to customers. FBD does not determine the underwriting processes on the policies.

Judicial council awards, and the impact on policy premiums.

We are very supportive of the Government's insurance reform agenda to reduce premiums for farmers, businesses and consumers. We welcome the Government Action Plan on Insurance Reform and continue to be committed to providing quality products and fair pricing to our customers.

The average premium for Private Car has reduced by 20% since 2017. We continue to monitor our claims experience closely and we are committed to reducing premiums in line with reduction in claims costs.

This year, we particularly welcome the adoption and implementation of new Judicial Council guidelines for personal injury awards which is a very positive step. While we have yet to see the new guidelines reflected in awards by PIAB or in the courts, we have been proactive in reflecting their assumed future impact in the premiums now being quoted to customers. As the impact of the new guidelines translates into savings on claims costs, and we see other claims cost savings come through, for example following an increase in the proportion of injury claims being handled by the Personal Injuries Assessment board, we will look for further opportunities to adjust premiums in response.

Ongoing CCPC investigation

Finally, it would be remiss of FBD not to mention the ongoing competition law investigation by the Competition and Consumer Protection Commission (CCPC) into the private motor insurance (PMI) sector. FBD takes compliance with the competition rules very seriously and is, of course, working in good faith with the CCPC on its investigation. FBD will, of course, endeavour to assist the Committee as far as possible, but as the Committee will appreciate, we are constrained in terms of what we can say around sensitive competitive dynamics such as our future pricing (including potential price changes) and around our confidential commercial strategy.

Conclusion

We look forward to our meeting later this week and to answer any questions or queries the committee may have.

Table 1: Customer Contacts	
	#
Communications established	1068
No response from policyholder	8
Total	1077

Table 2: Interim Payments		
	#	€m
Accepted	727	€11.4m
Declined	77	
Offer Pending	272	
Total	1077	€11.4m

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