



AIG Opening Remarks

Introduction

Good afternoon Cathaoirleach and members of the Committee. Thank you for the invitation today to discuss issues related to insurance in Ireland.

I wanted to start by welcoming the publication of the Action Plan on Insurance Reform and the adoption of the Judicial Council's Personal Injuries Guidelines. Both of these developments are significant steps in our collective endeavour to bring meaningful change to Ireland's high cost of claims. The work of this Committee has been invaluable in helping to bring about these, and other, reforms for the benefit of consumers and businesses.

I also wanted to acknowledge the profound impact of the COVID-19 pandemic on our society and our economy. It has been a huge challenge for us all. Our customers have remained our priority throughout this extremely difficult period.

Before briefly addressing any specific topics, I hope it will be helpful for the Committee if I provide an overview of AIG's business and its history in Ireland.

AIG Ireland

AIG has been in operation in Ireland for over 44 years, having entered the Irish market in 1977. American International Group, Inc. (AIG) is a leading global insurance organisation and is listed on the New York Stock Exchange.

Building on over 100 years of experience, today AIG member companies provide a wide range of property casualty insurance, life insurance, retirement products, and other financial services to customers in more than 80 countries and jurisdictions. These offerings include products and services that help businesses and individuals protect their assets, manage risks, and provide for retirement security.

Our Irish business, which is run from our Dublin office, employs 160 people in General Insurance and we have over half a million customers.

Since 1977, AIG has been the insurance partner for large and small companies, not-for-profit organizations and consumers in Ireland. Our global footprint combined with our local presence and knowledge has enabled us to support the insurance needs of Irish based companies expanding in the EU and around the world, as well as the insurance needs of US and other multinational businesses in Ireland. Our principal products are Financial Lines (for example, Directors & Officers insurance), Motor, Travel, Liability and Property insurance.

Impact of COVID-19

Throughout the COVID-19 pandemic, AIG has remained focused on continuing to serve policyholders, business partners and other stakeholders, as well as protecting the health and safety of our colleagues and partners. Helping individuals, businesses and communities prepare for times of uncertainty is at the heart of what we do.

AIG has introduced a range of measures to support its customers throughout COVID-19. For motor insurance policyholders, these measures include priority repairs, free breakdown service and courtesy cars for HSE and frontline professionals.

We have also applied discounts for policy renewals where this is appropriate, reflecting, for example, lower driving volumes due to travel restrictions in place to contain the spread of the virus.

AIG's policies that include business interruption cover are typically property and commercial policies where the business interruption results from physical damage to property. This is the basis on which our property & commercial policies are priced. Typical examples of covered physical perils include Fire, Explosion, Machinery Breakdown and Natural Catastrophe.

Our priority for all our business customers is to support their efforts to return to pre-pandemic levels of activity as society and the economy begin to reopen, by dealing with claims fairly and paying promptly where policies provide cover.

Cost of Insurance

AIG welcomes the publication of the Action Plan on Insurance Reform and the principal recommendations aimed at reducing the cost of insurance for the benefit of policyholders.

The adoption of the Personal Injuries Guidelines by the Judicial Council last month is an important step in this regard. While each insurer is responsible for its own pricing, the industry has a track record of responding quickly to change, as evidenced by the 40% decrease in insurance costs following the setup of the Personal Injuries Assessment Board (PIAB) in 2004.

The guidelines will apply to cases which have not yet been assessed by the Personal Injuries Assessment Board (PIAB). We are hopeful that as the guidelines are implemented, award levels will begin to fall, leading to a reduction in overall claims costs.

Strengthening the authority and powers of the PIAB as set out in the Action Plan is also a positive step.

Finally, we welcome the Government's commitment to the review of the duty of care laws. A more balanced approach to the duty of care applied to policyholders is central to achieving meaningful reform, which will in turn impact overall claims costs.

Concluding Remarks

The reforms introduced to date have been the culmination of many years' work by Government, the Oireachtas, insurers, consumers and other stakeholders.

We look forward to continuing to collaborate with the Committee and the Government to deliver change and meaningful reform to the benefit of customers.