



Chairman, Deputies and Senators.

Thank you for the invitation to meet with the Committee and thank you in particular for your flexibility in facilitating this meeting today when I unavoidably had to decline the invitation to attend your meeting last Wednesday.

I am joined today by Deirdre Fagan, who is a Senior Claims Manager at AXA and Antoinette McDonald, Customer and Marketing Director.

AXA is the largest general insurance company in the Irish market with approx. €900m of premium income and over 1 million customers. We operate across the island of Ireland, and we employ over 1,400 people here. We operate in all channels of the market and offer products direct to consumers and via intermediaries and partners, our direct channel is supported by an extensive branch network including call centres and online.

We offer a wide range of insurance products including motor insurance, home insurance, farm insurance and insurance for small businesses. AXA Ireland is part of the AXA Group which is one of the world's leading insurance Groups with operations across the globe.

Chairman, I took the opportunity to review the Committee's meeting with a number of companies in the sector last week and to my mind there was a clear focus by the Committee on two issues in particular.

- Firstly - how individual insurers were responding to the decision of the **Judicial Council to review their guidelines in respect of personal injury awards** and whether the companies would reflect that decision in respect of motor premiums
- And secondly - how individual insurers were dealing with **Business Interruption claims arising from the Covid 19 Pandemic**.

I am sure we will get the opportunity to discuss these issues in more detail in a moment, but let me make a few comments on both.

I am constrained by competition guidelines in commenting on the specifics of pricing action. However, on the issue of the Judicial Council decision and its impact on **private car premiums**, I can confirm that AXA has already begun passing on premium reductions to customers as a *direct result* of the positive decision of the Judicial Council in March.

Indeed, the benefits of that reduction are evident in premiums written by AXA since March, and we have now begun writing individually to customers to formally confirm to them that their premiums will be lower as a direct result of the decision of the Judicial Council.

On the question of **Business Interruption** insurance linked to the pandemic, AXA acted quickly applying a fair, transparent and proactive approach. Two core principles underpinned our actions:

- honour all claims within the terms of existing policies,
- and provide certainty and consistency to customers.



On that basis we wrote to customers and brokers shortly after the first lockdown commenced and we confirmed cover under the AXA Shop Office and Surgery Policy and we made first claims payments in early June of last year. To date, 94% of claims for our Shop Office and Surgery policies have been settled.

We have also received 459 separate claims under a different policy – which is called AXA Enterprise Commercial Property Policy – which does not provide cover for Business Interruption for Covid 19. Some of these customers understandably challenged this position and to progress the matter quickly, AXA funded a legal challenge, which will act as a test case under the CBI BI Supervisory Framework and that case was heard in January of this year.

In recent weeks, the High Court made its decision on this matter, and the court found in favour of AXA

That decision may yet be appealed and if that is the case, we will support an early hearing on the matter in order to bring certainty to the companies who have made the claims.

Last week some members of the Committee asked whether – in Business Interruption claims - the insurers would deduct the value of State supports linked to the pandemic, which were received by the business making the claim.

From our perspective the answer to that is yes, because that is the basis on which the policy was written and the risk insured.

One of the general principles of insurance is to place customers back in the same financial position pre-loss, neither better nor worse off. The AXA product is consistent with this general principle in that it was specifically designed to incorporate such deductions to reflect the mitigating actions that policyholders have made to reduce the scale of financial losses which they have suffered.

AXA did not deduct any state supports which were intended to support a business in reopening or to help them manage future cashflow – such as future rate waivers or reopening grants.

I recognise that others – including members of this Committee - have a different view on this issue and we will welcome discussion with the Minister to tease out this important topic further.

Finally, I want to thank the Committee for their commitment to supporting efforts to reduce the cost of insurance and to ensure a sustainable insurance sector at the heart of this economy. AXA will continue to do all we can to support this work.

Thank you for your attention and I look forward to your questions.

A handwritten signature in blue ink, appearing to be 'K. S. M.', is located at the bottom left of the page.



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