



## 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'd like to begin by acknowledging the role the Committee has played, during both the current and the previous Dáil terms, in supporting the ongoing reform agenda which began five years ago with the establishment of the Cost of Insurance Working Group.

These collective efforts are delivering results. One clear example of this has been the implementation of the Personal Injuries Guidelines approved by the Judicial Council in March and which came into effect in April.

When I appeared before the Committee in May, I said we were hopeful that as the guidelines were implemented, award levels would begin to fall, leading to a reduction in overall claims costs.

The evidence available to date indicates that the new guidelines are having a noticeable impact. Figures published by the Personal Injuries Assessment Board in October show the value of the average award made by PIAB has fallen by 40% year-on-year. The CSO motor index shows that average motor premiums have also fallen and are now almost 20% lower than in 2018.

### AIG in Ireland

For the benefit of the Committee members in understanding the cover we provide and how we support businesses and consumers, I would like to provide a brief overview of AIG's business in Ireland. AIG has been in operation here for over 44 years. American International Group, Inc. (AIG) is a leading global insurance organisation and is listed on the New York Stock Exchange.

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

AIG has been the insurance partner for large and small companies, not-for-profit organisations, and consumers in Ireland since 1977. We 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 business mix in Ireland is weighted towards larger, corporate customers and our principal products are Financial Lines (for example, Directors & Officers insurance), Liability and Property insurance in Commercial, with Motor, Travel and Accident & Health plans in Consumer.

### Business Interruption

I know that business interruption insurance is a particular focus for the Committee in today's session.

AIG 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 and these would include cover, for example, from Fire, Explosion, Machinery Breakdown and Natural Catastrophe.

We have had a small number of business interruption claims related to COVID-19.

AIG's priority for all our business customers is to support their efforts to return to pre-pandemic levels of activity by dealing with claims fairly and paying promptly where policies provide cover.

### Recovering from COVID-19

Following another year of considerable challenges and uncertainty in the face of the evolving pandemic, AIG remains focused on protecting the health and safety of our colleagues as well as continuing to serve clients, policyholders, business partners and other stakeholders.

AIG has introduced a range of measures to support its customers throughout COVID-19. We have also applied discounts for policy renewals where this is appropriate, reflecting, for example, lower driving volumes while many people are working from home in accordance with the public health guidelines.

### Cost of Insurance

The new personal injuries guidelines, as I have already mentioned, are an important step towards achieving meaningful change in reducing Ireland's high cost of claims.

Enhancing and reforming the role of the Personal Injuries Assessment Board, as set out in the government's Action Plan for Insurance Reform is also welcome. We support PIAB and recognise its positive impact to date and we believe the board should have more power.

Although average awards made by PIAB have fallen significantly since April it is worth noting that there has been an increase in the rejection rate. This means more cases going to court and greater uncertainty around the ultimate cost of claims. It is our view that where an injury is not catastrophic and if the PIAB award is not accepted within three months there should be binding arbitration either to agree that the award was fair or make a different award. This would reduce the burden on the courts and eliminate unnecessary delays and legal fees which inflate costs.

### Concluding Remarks

This year has been a difficult one for many consumers and businesses and we do not underestimate the challenges which lie ahead as we look to fully reopen our economy and our society.

Against this backdrop, however, 2021 has also been a year of progress and of reform which is delivering benefits to policyholders. We look forward to working with the Committee, with the Government and with all our stakeholders to continue this progress.