

Chair, members of the Committee, thank you for the opportunity to attend today. I am joined by my colleague, Trevor Lowry, our Chief Underwriting Officer.

#### *About RSA & 123*

I would like to start by providing a brief overview of RSA and 123.ie. RSA has been selling insurance in Ireland since 1721 so we have been marking our 300-year anniversary this year. We are a multi-channel insurer selling insurance directly, through brokers and through affinity partners. Our Gross Written Premium was approximately €370 million in 2019, and we employ almost 600 people across our offices in Dublin, Galway and Belfast. This year, we became part of Intact Financial Corporation, the largest provider of property and casualty insurance in Canada and a leading provider of specialty insurance in North America and Europe.

#### *Covid & Business Interruption*

I note from the Committee's invitation its focus is on general insurance issues and Business Interruption cover arising from Covid-19.

On Business Interruption, we appreciate this issue has been of significant concern to sections of the business community, particularly small businesses impacted by Covid. At the outset of the pandemic, we implemented a range of customer supports including payment breaks and reduced exposures for commercial customers, in addition to premium refunds for our personal motor customers.

We also established an enhanced process for assessing and responding to Covid-19 Business Interruption claims given the impact of the pandemic on business. Each Business Interruption claim we received had a loss adjustor appointed to establish the individual circumstances and merits of each claim. At all times we have sought to provide clear communications to customers and brokers on our policy coverage.

Whilst some of our commercial policies have extensions which may cover BI losses arising from Covid-19, coverage only applies if certain criteria are met and in the vast majority of claims, this has not been case.

A small number of declined cases have been referred to the Financial Services and Pensions Ombudsman and these cases have been found in our favour. In our statutory accounts, we reserved €46 million for Covid Business Interruption losses and we have paid out approximately €13 million to date, including through interim payments. We await the outcome of two court cases to help conclude these cases, one relates to policy interpretation and the other will provide guidance on the assessment of quantum. However, we are maintaining our proactive engagement with claimants, or their representatives, to ensure claims can be progressed as quickly as possible once the court processes conclude.

In addition, we are very mindful of the need to support a recovering economy and business is central to this. From 2020 to 2021, we increased our number of commercial policies in force by seven per cent.

#### *Judicial Council*

A second key issue for customers is insurers' response to the new Judicial Council Guidelines. We appreciate members' interest in this area however, we are conscious of the requirements of competition law in this context.

I know many members of this Committee have worked on insurance and claims cost reforms for some years. Like you, we welcome the revised Guidelines and RSA has responded by passing on savings to customers.

It is important to note that we are still in very early days in terms of the operation of the new guidelines with low settlement volumes and reduced acceptances rates. Insurance Ireland has estimated that its members settled approximately 1,100 claims following the introduction of the guidelines, which is estimated to be 10% of what would settle in a normal six-month period. There are also several challenges to the Guidelines to be determined.

However, I can assure the committee that on our motor pricing, we have passed on the benefit of the reduced awards on price to date. This is an area we keep under close review and we will monitor and respond to any further developments in the claims environment.

In this regard, I would like to add our support for the proposed additional powers for the Personal Injuries Assessment Board (PIAB) as well as the proposals for changes to duty of care legislation as outlined in the Action Plan on Insurance Reform. As highlighted by the National Claims Information Database, for claims below €100k, which are the vast majority of claims, PIAB settles claims faster, with broadly similar average compensation and with significantly reduced legal fees.

The implementation of these proposals, together with the Judicial Council Guidelines, can lead to increased customer benefits and a less volatile insurance market.

Thank you for the opportunity to present and we look forward to answering any questions you may have.