

ALLIANCE FOR INSURANCE REFORM

The logo features a stylized graphic of two overlapping curved lines, one yellow and one green, positioned above the word 'REFORM'.

**Presentation to the Joint Committee on Public Petitions and the Ombudsman re Petition
No. 36 of 2021**

Thursday, 30th November

REPRESENTING THE ALLIANCE:

Brian Hanley, CEO

Peter Boland, Member of the Alliance Board

Introduction

Chair, Members of the Committee,

Thank you for the invitation to make a statement here today in the context of your ongoing scrutiny of Petition number 36 re thatch insurance and the effect of the Solvency II Directive on obtaining insurance for thatched properties in Ireland.

The Alliance for Insurance Reform now consists of 46 civic and business organisations from across Ireland, representing over 55,000 members, 700,000 employees, 622,000 volunteers and 374,000 students (See Appendix 1). Our straightforward aim is to ensure adequate insurance cover at affordable levels for all, in a market that is fair and transparent.

Thatch Insurance Market

Thatch properties are an important part of our heritage and also play a role in Ireland's vital tourism sector. However, the thatch insurance market today does not function properly and breaks down into three distinct groupings:

1. Those that get cover from one known insurer at a reasonable rate. However, they are not providing cover for new business.
2. Those that are offered cover at an exorbitant rate (circa 1% of the property value), and
3. Those that cannot get or cannot afford cover (50% approx.).

Most thatch properties have Protected Structure status usually, simply because they are thatched and thereby placing obligations on property owners to maintain the property, including the thatch, by dint of legislation. How can citizens be required to maintain thatch by the State in a market that won't provide it with insurance? The response of the European Commission (Query 2/2023/JK) appears to provide new avenues for addressing this vexed issue that hitherto have not been adequately explored.

Insurance Reform in Ireland

The situation thatch owners find themselves in did not occur in a vacuum and many of the issues they are experiencing resonate with other people and organisations – sharing common hardships such as unaffordable premiums and an absence of adequate underwriting cover.

I joined the Alliance for Insurance Reform earlier this year and at my first members meeting found it extraordinary to see the range of organisations there; from small and medium enterprises to arts, sports, voluntary and community sector bodies – all adversely impacted by insurance. I encourage you to take a minute to review the names of the representative organisations appended to our submission and to think of the lives and livelihoods in your constituencies adversely impacted by persistent insurance difficulties.

Both the Government and the Opposition have supported considerable reforms in the insurance landscape in Ireland. You – like us – were told by insurers that these reforms were essential before premiums could and would come down. Representatives for insurance companies reminded us constantly that we were a country with a high volume of claims, excessive awards, a significant problem with insurance fraud and beset by an imbalanced and unfair duty of care. The people of this country, through their representatives, have addressed each and every one of these issues:

Reforms:

- **Judicial Guidelines**

In April 2021, the Judicial Guidelines were introduced, replacing the Book of Quantum for the assessment of awards in personal injury cases. The Guidelines provided more detailed guidance in the assessment of awards and have contributed significantly to reducing awards to levels seen in other European countries.

- **Insurance Fraud**

In 2021 the Garda National Economic Crime Bureau (GNECB) established a dedicated office to take reports of alleged insurance fraud for initial consideration. According to the CSO, there were 98 insurance fraud cases recorded by An Garda Síochána in 2022, compared to 18,453 personal injury claims in the same year. That is half of one percent yet insurers have regularly insisted that up to 20% of claims are fraudulent.

- **Duty of Care**

Amendments to the Duty of Care were commenced in July this year. They involved a proportionate rebalancing of the duty; requiring individuals to take greater responsibility for their own safety and their own actions when on another's premises. The new legislation makes it much more difficult for trespassers to succeed in bringing claims and it also expands the instances in which the voluntary assumption of risk arises. Taken together, the risk profile of most organisations has changed significantly, and this should be reflected in all premiums going forward, notwithstanding insurers protestations to the contrary.

The reforms have had a significant impact already:

- a. The volume of claims reduced by 46% between 2016 and 2022 across public, employer and motor liability. If nothing else were to have happened, such a precipitous and sustained drop in the volume of claims should have led to meaningful premium reduction in public liability insurance.
- b. The recent [Court Service Annual Report for 2022](#) found that new personal injury cases fell by more than 40% in the last four years. In the High Court it is even larger – down 70% from [666](#) new cases lodged each month in 2019 to less than 200 in [2022](#).
- c. The average PIAB public liability assessment is down 39% to June 2022, compared to the average 2020 assessment under the old Book of Quantum.
- d. Published in July, the [NCID mid-year data report on public liability by the Central Bank](#) found a 12% reduction in the total cost of settled injury claims to mid- 2022 from the 2015-2019 pre-Covid average.

So where then have the tens of millions or euro that have been saved gone if they have not been passed onto the public in the form of reduced premiums, particularly for public liability policyholders? Recent newspaper headlines might provide some clues:

- “Irish arm of insurance giant [Allianz](#) sees profits jump to €50m”.
- “[FBD](#) approves €35.8m dividend as profits jump on receding costs”.
- “[Arachas](#) profits soar 35% amid wave of insurance broker deals - insurance broker group paid out €77.7 million in dividends last year”.

I will leave it to the Committee to draw its own conclusions.

Conclusion

Having been the primary if not sole beneficiary of insurance reforms to date, it is disturbing to now see insurers bring “big data” into play. Insurance cover was historically built on the premise that the fortunes of the many covered the misfortune of the few. The new model of ‘micro-sectoring’ - only

covering niches that are projected to be profitable in themselves without any pooling of risks - seems determined to squeeze “the few” out of existence, thatch included.

The thatch insurance market seems to be the very definition of market failure. How then can the State compel thatch owners through Protected Structures legislation to maintain and keep their thatch without providing some means by which they can obtain insurance cover? It is utterly invidious and singularly unfair.

In this regard, the Government needs to hold insurers feet to the fire in terms of creating a market that is fair and accessible to all. We are looking at the thin end of the wedge here today if they don't. Insurers need to be compelled to bring market solutions to the Government's table. It isn't acceptable to merely cherry-pick the sections of Irish society that are most profitable and leave others to wither on the vine. We already know there is ample profit to be made for insurers in this country and it is past time they played their part in finding the solutions that are needed.

---ENDS---

Members of the Alliance include:

- AOIFE Ireland (Association of Irish Festival Events)
- Car Rental Council of Ireland
- Childminding Ireland
- Coach Tourism & Transport Council of Ireland
- Community Reuse Network Ireland
- Convenience Stores and Newsagents Association
- Cork Business Association
- Disability Federation of Ireland
- Early Childhood Ireland
- Federation of Irish Sport
- Galway Chamber
- Galway County Public Participation Network (PPN)
- Historic Houses of Ireland
- Home and Community Care Ireland
- Incoming Tour Operators Association Ireland
- Ireland Active
- Ireland's Association for Adventure Tourism
- Irish Caravan and Camping Council
- Charity Retail Ireland
- Irish Concrete Federation
- Irish Contract Cleaning Association
- Irish Hotels Federation
- Irish Road Haulage Association
- Irish Showman's Guild
- Irish Street Arts, Circus and Spectacle Network
- Irish Travel Agents Association
- Irish Waste Management Association
- ISME
- Licensed Vintners Association
- Motorsport Ireland
- National Campaign for the Arts
- Nursing Homes Ireland
- Play Activity and Leisure Ireland
- Quick Service Food Alliance
- Restaurants Association of Ireland
- Retail Excellence
- RGDATA
- Sligo PPN
- Society of the Irish Motor Industry
- South Dublin County PPN
- Sport Ireland
- Theatre Forum
- Union of Students in Ireland
- Vintners Federation of Ireland
- Volunteer Ireland
- The Wheel (Ireland's national association for community, voluntary and charitable organisations)