



Opening statement by Moyagh Murdock, CEO Insurance Ireland, to the Joint Oireachtas Committee on Public Petitions and the Ombudsmen on 30th November 2023

Cathaoirleach, Committee Members; good afternoon. I am pleased to be with you today to contribute to the Committee's review of petition No. 36 of 2021, titled "Reform of Insurance for Thatched Heritage Buildings" as submitted by Katie McNelis.

My name is Moyagh Murdock and I am the Chief Executive Officer of Insurance Ireland. I am joined today by my colleagues Florian Wimber, Director of Advocacy, Communications and Public Affairs, and Solvency II Lead, and Michael Curtin, Manager for Regulation and Policy Development.

Insurance Ireland is the representative body for the Irish insurance industry. We represent over 130 members providing cover to more than 25 million customers in more than 110 countries.

The insurance industry plays a vital role within the Irish economy and makes a substantial contribution both socially and economically. The sector employs some 35,000 people in skilled and well-paid jobs and contributes in excess of €2.7 billion annually to the Irish Exchequer.

Insurers based in Ireland paid more than €68 billion in claims in 2022, including almost €10 billion in domestic non-life claims.

We understand that this petition has come before the Committee on a number of occasions hearing from the petitioner, Ms McNelis, and the Thatched Property Insurance Action Group, as well as a number of representatives from the Department of Finance, and the Department of Housing, Local Government and Heritage. Insurance Ireland is happy to be here today to form part of this important discussion

Insurance Ireland appreciates that thatched properties are a unique part of the fabric of Irish culture, and are a valuable asset to our country from a tourism and heritage perspective. Insurance Ireland is proud that a number of thatched property owners currently hold policies with insurers within our membership, who have remained loyal to these customers and continue to provide cover in a time when there has been a relatively high national incidence of fire in thatched properties.

Insurance Ireland has met with the Department of Housing, Local Government and Heritage, and the Department of Finance on this important issue and welcome the progress made in terms of fire safety guidance and increased awareness of fire risks associated with thatched properties.

Insurance Ireland further welcomes the positive results achieved in a recent survey conducted by the Department of Housing, Local Government and Heritage in conjunction with the Local Authority Fire Officers, where the instances of fires recorded in the past 12 months has reduced, however time will be needed to ensure this is a positive and consistent trend.

That said, it cannot be overlooked that thatched properties, which are properties of non-standard construction, present a greater fire risk than a property of standard construction. There is also a greater risk of total loss for more rural thatched properties given their remote location and distance from fire services in the event of a fire. The insurance of buildings, such as thatched buildings, is a specialised area, and advice from a suitably qualified and experienced consultant, insurer or broker is often necessary.

In his recent '[Report on Insurance and Fire Safety in Thatched Properties](#)', Frank Keohane notes 90% of the properties surveyed are over 100 years old, 70% are fully thatched and almost half of those surveyed have been with their insurers for between five to 20 years.

Incidences of fire in thatched properties in Ireland have traditionally been much higher in Ireland than in our closest neighbour, the United Kingdom, with Frank further noting in his [report](#), in a five year period 72 fires occurred within approximately 2,300 Irish thatched properties, while under 150 occurred within the circa 50,000 thatched properties in the United Kingdom.

Further, given the size of the Irish thatched property market, scale is an issue. As noted earlier, we understand that currently there are approximately 2,300 thatched properties in Ireland, which is a much smaller pool than other jurisdictions with thatched properties, such as approximately 50,000 in the United Kingdom, approximately 55,000 in Denmark and between 30,000 and 50,000 in Germany.

Given the increased risk of fire, the higher incidence of total loss and the small number of thatched properties in Ireland, a single total loss fire claim could exceed the annual premiums collected, in essence completely depleting the pool of premiums. Insurance is provided on a total reinstatement basis.

In a situation where a total loss occurs, this should provide the owner with sufficient funds to completely rebuild the property to the same design and quality, while using the same materials as before and also in line with current building regulations.

In recent Committee discussions, compulsory insurance was raised as an approach for consideration. Insurance Ireland shares the opinion of the European Commission in their letter to the Committee dated, 28th August, in that there is nothing in Directive 2009/138/EC (Solvency 11) stopping compulsory insurance being introduced for property insurance in Ireland, however, as noted in that same letter, "insurers are expected to require a level of premiums that is commensurate to the risk they accept and the level of uncertainty for the insurer."

The letter continues "insurance coverage for specific risks and for specific policyholders may require high insurance premiums, which in some circumstances could also be considered unaffordable by the prospective policyholders."

It is important to note at this point, in his [report](#), Frank Keohane noted that 69% of respondents had a premium of between €500 and €2000 with those without insurance, almost 50% of respondents, noting their main reason for not taking out insurance being unaffordability.

Insurance Ireland would further caution that such an approach may have unintended consequences for other parts of the property insurance market, requiring that property insurance be compulsory for all properties in Ireland. Similar to motor insurance, which is compulsory in this country, a means of identifying non-compliance, certifying compliance and enforcement measures would need to be introduced.

When it comes to a way forward, Insurance Ireland is committed to working with all stakeholders to work towards a viable solution for thatched properties owners. Insurance Ireland will continue to work with our members, the Department of Housing, Local Government and Heritage, and the Department of Finance to progress with this issue and hopes that the positive results from the recent Department of Housing, Local Government and Heritage survey will continue in its positive trend.

Insurance Ireland has met with our colleagues in Brokers Ireland and has been heartened to hear some new capacity coming into this market through the brokers channel. We will continue to engage with Brokers Ireland so that both organisations can provide the most up to date information to thatched property owners.

In his [report](#), Frank Keohane notes 90% of owners of thatched properties are interested in forming a thatched owners property group. Insurance Ireland has seen some success in consumers coming together to seek a co-operative or group scheme and would encourage thatched property owners to consider such an option.

In conclusion, Insurance Ireland recognises the cultural significance of thatched properties and empathises with thatched property owners who are struggling, but it must be said that there are significant risks that need to be mitigated before insurers will look to increase capacity in this area.

Insurance Ireland welcomes the great work carried out by the Department of Housing, Local Government and Heritage, and the Department of Finance, with regards to insurance for thatched properties. Insurance Ireland will continue to work with these Departments into the future

Thank you very much for this opportunity to present our position and I look forward to answering any questions you may have.

Dublin, 30th November 2023