

FOIL**Prepared by Kysen PR**

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Looking Across to Ireland

At a time when everyone in the motor industry in England & Wales is consumed with the whiplash consultation, it's worth casting an eye at developments in Ireland....

Since January 2011, the cost of motor insurance has increased 66% according to the Central Statistics Office, well beyond EU trends. Against that backdrop and with household budgets tight, the Cost of Insurance Working Group was established in July 2016 to examine the key drivers for the cost of premiums and recommend measures to address them.

The reasons behind the increase are familiar, including ever higher court awards, high legal costs and increased fraud. In addition, the collapse of Quinn Insurance led to a 2% levy on motor premiums and the failure of Setanta could add €45 onto the cost of each policy if the MIBI's appeal against the High Court's decision to fix it with liability to meet the remaining claims is unsuccessful.

Led by Minister for State, Eoghan Murphy TD, the Group published recommendations on 21 November, and they provide a good illustration of the varied nature of the issues to be addressed if the cost of motor insurance is to be brought under control. There are 41 recommendations in total, falling into nine distinct areas, including protecting the consumer, providing transparency of the claims environment and reducing costs in the claims process.

The level of injury awards in Ireland and particularly awards for whiplash averaging around €15,000 are out of step with other jurisdictions. To address this problem, the Group has suggested

the formation of a "Personal Injuries Commission" addressing how individuals are compensated in other jurisdictions, including 'care not cash' compensation models and the preparation of medical reports in personal injury claims.

One of the key challenges facing insurers attempting to detect and fight increased fraud in Ireland is the lack of claims data, and a reluctance to share that data due to Data Protection Legislation.

It is to be welcomed then, that the Working Group is recommending the establishment of a National Claims Statistics Database which will capture claims data on personal injury and property damage, and a fully functioning integrated fraud database to detect patterns of fraud.

Still, there are a number of areas such as the Personal Injuries Assessment Board and s26 of the Civil Liability and Courts Act 2004, where the system in Ireland is ahead of the UK. These need supporting and strengthening, as there is still a reluctance by the Court to apply s26 and dismiss exaggerated claims.

The Working Group has indicated they will provide their final report in December, and it will be interesting to see then which recommendations the government suggests adopting and how it proposes to take the work forward. ●

NIGEL TEASDALE, President of the Forum of Insurance Lawyers (FOIL) and Partner at DWF.