

INSURANCE ALLIANCE SEEKS REDUCTION IN MINOR INJURY AWARDS

With new guidelines on damages for personal injuries by the Judicial Council scheduled to be adopted and published by 31 July, the Alliance for Insurance Reform is now calling for a major reduction on the level of minor injury awards by 80 per cent, to reflect international norms and norms already established by the Court of Appeal.



Expressing serious concerns regarding Judicial Council guidelines on personal injury pay-outs (which are set to replace the Book of Quantum), the Alliance for Insurance Reform (AIR) has called on the judiciary to have regard to the common good in their deliberations and reduce by 80% the number of minor personal injury awards.

“What we award for minor, fully recovered injuries in Ireland is 4.4 times higher than in England and Wales and further multiples higher than other European jurisdictions,” said Peter Boland, Director of the Alliance, which represents charities, voluntary and community groups, sports and cultural organisations and SMEs severely affected by insurance costs.

“An 80% reduction on minor injuries would only bring us down to where England and Wales currently are and would still be nowhere near the equivalent damages in other European countries,” he added, pointing out that England and Wales are also set to further slash their damages for minor whiplash injuries later this year.

The Alliance has expressed serious concerns at reports that the Judicial Council is tending towards the adoption of guidelines that would reflect those in the Green Book – Northern Ireland’s personal injuries guidelines.

“MASQUERADING AS REFORM”

Boland said that such a development would be “unlikely to lead to meaningful reductions in the cost of personal injury claims and hence insurance”, unless it came hand-in-hand with wholesale reform of the Irish legal system.

“Otherwise, using the Green Book as a reference point would be the status quo masquerading as reform. The adoption and publication of new Judicial Personal Injury Guidelines have been postponed until 20 February, and we welcome any opportunity for serious reflection on the guidelines.

“However, we call on the Judicial Council, in their deliberations, to have regard to the common good in reducing general damages for fully recovered minor injuries by at least 80% to reflect

international norms and norms already established by the Court of Appeal.”

Eoin McCambridge, Managing Director of McCambridge’s of Galway and AIR Director, said “The single biggest element of the cost of insurance, as determined by the Cost of Insurance Working Group, the Personal Injuries Commission and the Central Bank’s National Claims Information Database, is compensation; and general damages for minor injuries account for the vast majority of compensation pay-outs.

Tracy Sheridan, owner of ‘Kidspace’ play centres in Rathfarnham and Rathcoole and also AIR Director, added that insurance costs remain an existential issue for Irish SMEs, charities, sports and cultural organisations, voluntary and community groups.

“The Irish economy is not going to recover from Covid-19 through SMEs, or Irish society through the voluntary and community sector, unless insurance is sorted,” she pointed out.



The awards for minor injuries in Ireland is 4.4 times higher than in England and Wales, according to Peter Boland, Director of the Alliance for Insurance Reform.

LITIGATION AND INSURANCE

Meanwhile, the CEO of the Personal Injuries Assessment Board (PIAB) is working with government ministers to boost PIAB’s powers and help to bring down insurance costs.

Rosalind Carroll said that she is “passionate about getting things done in this area as you can see the crippling impact insurance and claims are having on businesses”.

Carroll said recent figures from the Central Bank showed that the PIAB can deliver “for a fraction of the cost and in less time” in comparison to litigation. Of injury claimant settlements between 2015 and 2019, half the number of injury claimants settled directly, 17 per cent settled through the PIAB while one third settled through litigation.

This corresponds to 22 per cent of injury costs settled directly, 12 per cent settled through PIAB and around two-thirds (67 per cent) settled through litigation.

AVERAGE LEGAL COSTS

The average legal costs in personal injury cases settled through litigation was over €23,000 between 2015 and 2019, according to new figures published by the Central Bank of Ireland.

The figures are revealed in the second annual private motor insurance report of the National Claims Information Database (NCID).

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This corresponds to 22 per cent of injury costs settled directly, 12 per cent settled through PIAB and around two-thirds (67 per cent) settled through litigation. For direct settlements, the average compensation was €13,427 and average legal costs were €1,397, while for PIAB settlements,

the average compensation was €23,137 and average legal costs were €716.

For litigated settlements, the average compensation was €46,214 and the average legal costs were €23,409. Among 85 per cent of litigated settlements, which were settled for less than €100,000, the average compensation was €23,572 and the average legal costs were €14,949.

The report also reveals that the average cost of a claim rose 65 per cent between 2009 and 2019 while the frequency of claims fell by 45 per cent. The cost of claims per policy fell by nine per cent while the average earned premium per policy rose by over one third (35 per cent).

Claims costs were 72 per cent of earned premium between 2009 and 2019. In 2009, there was a loss ratio of 88 per cent; this was down to 59 per cent in 2019.

Mark Cassidy, Director of Economics and Statistics at the Central Bank, said the second motor insurance report provided key information to enable understanding of the operation of the motor insurance market in Ireland.

“The insurance industry plays a critical role in the Irish financial services industry and for the economy and its citizens. The new data that will improve transparency in the Irish motor insurance market, particularly with regard to claims costs, settlement channels and premiums paid by customers,” he noted in a recent report by ‘Irish Legal News’.

The NCID’s second annual private motor insurance report was extended in 2020 to provide further information on settlement channels, premium trends and information on claim development patterns. Cassidy said these were “important enhancements that can assist market participants in their understanding of claims costs”.



Following her appointment to the PIAB as CEO in 2019, Rosalind Carroll took up the role with effect in March 2020, having been CEO of the Residential Tenancies Board since 2016.