

INJURIES BOARD MID-YEAR REVIEW 2015

Board re-iterates call for insurance data sharing as it sees 7% increase in new claims

Tuesday, 8th September 2015: The Injuries Board received 17,132 new claims in the first six months of the year representing a 7% increase on the 15,987 new claims received in the same six month period last year, according to a mid-year analysis released today. The Board recorded an increase of just 1% in new claims for the full year in 2014 bringing the total increase in new personal injury claims over the past 18 months to 8%.

Of the three claim categories the Board deals with, motor claims are up 6%, workplace claims are up 8.5% and claims for accidents in public places have increased by nearly 9%. The increase in new claims to the end of June is most likely attributable to increased economic activity with more people at work and more vehicles on the road.

Compensation to the value of €128.45 million was awarded to 5,741 personal injury claimants in the first six months of the year, compared to compensation totaling €144.68 million in respect of 6,552 awards in the same period last year. It is anticipated that the Board will assess a similar number of cases in the full year 2015 as compared to 2014.

The average compensation award for the first six months of 2015 is €22,375, compared to an average award of €22,082 in the same period last year.

Recent trends in claim volumes and processing costs:

- Many consumers have experienced double digit increases in the price of their insurance this year. The reasons cited by the insurance sector are underpricing, under-reserving, the impact of long expected Solvency II requirements, fall in investment income, fraud, increased awards as a result of the change in jurisdictions of the Courts, and increases in claims volumes and the cost of settling claims.
- According to verifiable data from the Courts Services, the number of personal injury claims initiated through the Courts dropped in 2014 for the first time in seven years (-26% in the High Court; +16% in the Circuit Court). The number of awards also dropped to 1,527 in 2014 (2013: 1,699).
- Data from the Injuries Board indicates a modest 8% increase in new claims over the past 18 months.
- In the decade since the Board's establishment, 70% of personal injury claims are no longer litigated.
- As regards the cost of processing claims, to date this year the Injuries Board has delivered savings of €35.4 million on the cost of processing personal injury claims. This is in addition to the €1billion in direct and indirect cost savings since the Board's establishment.
- With processing costs running at 6.6%, the cost of processing a claim through the Injuries Board is at historically low levels - €600 for those responding to a claim (typically insurers) and a refundable €45 fee for consumers.

Commenting on the six month figures, Mr. Maurice Priestley, Interim CEO at the Injuries Board, stated: *"It is not surprising that there has been a modest increase in claims volumes year to date given the general economic upturn with more people at work and a lot more vehicles on the road. Greater economic activity would be expected to generate greater numbers of policies and premium income for insurers. However, what we are seeing are insurance premia increases in the region of 20% and further clarity is needed on the precise cause of increases of this scale."*

“Our data on claim volumes and the cost of processing claims is at odds with the scale of premium increases taking place in the market. Insurance companies and claimants have benefitted from the visibility of the Injuries Board model which has facilitated early settlements and/or low cost claims resolution. The Board continues to deliver savings which has fed into the cost of insurance. Not only that, our delivery costs are at historically low levels. If it is costing insurers more to process personal injury claims, due to influences outside of our model, or if there are systemic issues at play such as claims inflation or the re-emergence of third party costs, this needs to be brought into the public domain. The first step to addressing any such issues is to have all relevant information available so any problems can be understood. We strenuously reiterate our call for insurance data sharing and greater transparency in the interests of consumers and wider society”, concluded Mr. Priestley.

Key statistics for the six months from January to June 2015 are as follows:

New claims (applications to the Board):

- New claim applications to the Injuries Board during the six months to June increased by 7% year-on-year to 17,132.
- Accidents in public places and workplace accidents are the main drivers of the 7% increase in new claims. During the first six months of 2015, public liability claims are up by almost 9%, employer liability claims are up by 8.5% while new motor claims are up 6%.

Awards for compensation (completed claims):

- The Board made 5,741 awards for compensation to the value of €128.45 million.
- The average award of €22,375 was marginally ahead of the average award of €22,082 for the same six month period in 2014.
- Road traffic accidents represented over three quarters (75.3%) of awards while 16.9% of awards were for accidents in public places with the remaining 7.8% relating to workplace accidents.
- Administrative costs to process awards through the Board's model have reduced to 6.6% compared to an average of 58% for cases dealt with through litigation.
- At an administrative cost of 6.6%, the cost of processing a claim through the Injuries Board is at historically low levels; €600 for those responding to a claim (typically insurers) and a refundable application fee of €45 for claimants.
- Awards were processed in an average time of 7 months in the period.
- Direct savings of €35.48 million to the end of June 2014 were achieved. Annual savings are in the region of €100 million.

ENDS

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Notes to editor:

About the Injuries Board

The Injuries Board is the independent statutory body which makes personal injury compensation awards. The Board is self-funded predominantly through fees charged to those who otherwise would be sued through a costly litigation system in respect of personal injuries arising from motor, workplace and public liability accidents.

Claims can be made direct to the Injuries Board via:

- Phone: Lo-Call helpline on 1890 829 121 between 8am and 8pm from Monday to Friday
- Online at www.injuriesboard.ie, 24 hours per day, every day
- By post to: InjuriesBoard.ie, P.O. Box 8, Clonakilty, County Cork

Information on the claim process is available via the Injuries Board smartphone app.

Awards continue to be delivered faster and more cost effectively than the previous litigation based system. The Injuries Board model has to date delivered direct and indirect savings of over €1bn to the economy.

By law, personal injury claims (with some minor exclusions) must come to the Injuries Board for assessment regardless of whether the claimant has legal representation or not. Direct claimants can have their claim assessed for a refundable fee of €45. In assessing claims the Board makes no distinction between a direct applicant and a claimant with representation who can typically pay an intermediary the equivalent of up to 10% or more of the value of their award.

Table 1: Key facts for January to June 2015

Key Facts:	Jan – June 2015 (variance)	Jan – June 2014
No. of new Claims	17,132 (+7.16%)	15,987
No. of Awards	5,741	6,552
Total Value of Awards	€128.45m	€144.68m
Average Award	€22,375 (+1.3%)	€22,082
Average time to process Claim	7 months	7 months
Delivery costs	6.6% (-0.1%)	6.7%

Table 2: Personal Injury Claims in Courts

No. of Personal Injury Cases	2014	2013
High Court	7,047 (-26%)	9,561
Circuit Court	9,852 (+16%)	8,505
District Court	864	N/A
Total	17,763	18,066

The total number of personal injury claims taken through the Courts include medical negligence cases that are outside the remit of the Injuries Board. Medical negligence cases typically generate high value awards due to the profile of such cases.

Source: Court Services Annual Reports 2013 and 2014.