

INJURIES BOARD UPDATES OIREACTAS COMMITTEE ON 10 YEAR ANNIVERSARY OF NON-ADVERSARIAL MODEL

€1billion savings drives 40% decline in motor insurance premiums

Wider application of non-adversarial model could deliver substantial and improved outcomes

1st April, 2014: Over the past decade the non-adversarial model of processing personal injury [PI] claims has yielded savings of over €1bn, reduced the timeline for claims from 3 years to 7 months and delivered a 40% reduction in motor insurance premiums. An Injuries Board presentation to the Joint Oireachtas Committee on Jobs, Enterprise and innovation today, also advised members that up to 20,000 PI cases are being diverted from the courts each year.

The Injuries Board (established in 2004) was a key element of the Government's Insurance Reform Programme which sought to drive down the spiralling cost of insurance. The Board's remit was to remove cases from unnecessary litigation and reduce processing costs for personal injury claims.

Commenting after an appearance before the Joint Oireachtas Committee on Jobs, Enterprise and Innovation, Injuries Board Chairman, Dorothea Dowling, said, *"The Injuries Board was set up in 2004 in the midst of a national crisis of increasing claims and spiralling insurance costs. Policymakers, business and consumer interests aligned to address the issue and Ireland's first non-adversarial claims resolution model opened its doors in 2004. The key principle underpinning the Board's model is that early investigation and engagement prevents needless delays, cost, trauma and acrimony.*

"Ten years on, as litigation costs in other areas continue to increase, it is clear that this principle has broader application. We believe it is time to take stock and to review the potential for significant savings in other areas of redress. Our experience over the past decade, together with international experience, in areas such as medical negligence, indicate substantial cost savings and improved outcomes can be delivered. For example, where routine, non-medical cases (slips, trips and falls) occur on medical premises they could be redirected through a lower cost, non adversarial channel." Ms Dowling said."

Summary of Injuries Board since operations commenced in 2004:

Key Statistics*	Injuries Board Model
Freeing up Court time	20,000 PI cases diverted from the Courts annually
Current claim processing costs	Injuries Board model: 7.3% of the value of a claim Litigation model: circa. 60% of the value of a claim – up from 46% in 2004
Savings <i>Awards are the same as the Courts, but reduced litigation and faster resolution reduces costs.</i>	Over €500,000 per €1m of PI Awards Cumulative savings to date: €1bn (circa. €100m annually)
Average time to handle a claim	Injuries Board model: 7.3 months Litigation model: 3 years +
Insurance Premiums	40% reduction since end 2002***
Total awards made	75,000
Total value of Awards	€1.5billion

**Figures relate to period from establishment in 2003 to end March 2014.*

***As determined by the Motor Insurance Advisory Board in 2002, now estimated to be almost 60%.*

**** CSO figures for motor car insurance taking inflation into account.*

At an operating level the Board indicated that the mix and split of applications between Motor Liability (ML), Employer Liability (EL) and Public Liability (PL) has remained relatively constant, with ML dominating, over the past decade. Recent years have seen a relative increase in motor claims, which are typically of lower value. The recession years have also seen some reductions in EL – consistent with lower numbers at work. A slight increase in PL has also emerged over recent years, perhaps arising from the pursuit of lower value claims that might not have been made in more buoyant times. An additional factor impacting claims during the recessionary years was the rise in specialist claims-farming firms and increased promotion by claims intermediaries.

Commenting, Ms. Patricia Byron, Injuries Board Chief Executive said: *“Vested interests opposed the establishment of the Injuries Board claiming it would cost €30m to set up and that it would drive claims and increase insurance premiums. Instead, the Board is fully self financing; has repaid its initial €7m establishment costs and has facilitated €1billion in savings. We cannot afford to lose this momentum.*

“It is clear that the aggressive promotion of personal injury services in other jurisdictions is a key factor in driving personal injury claims. We would encourage greater oversight and regulation of the activities of claims farming companies in Ireland who continue to advertise and promote with impunity. We have also raised concerns regarding promotion by legal firms and we are encouraged that the Law Society has recently issued a practice note to its members on this issue. We believe ongoing vigilance is required if we are to avoid a return to large volumes of claims that predated the Board’s establishment a decade ago

“Finally, we continue to monitor soundings from the insurance industry of upward pressure on insurance premiums. The Injuries Board is satisfied based on our PI data that there is no basis for price hikes at this time. On this basis and in the interest of greater transparency we would appeal to the insurance industry to publish their data before promoting unwarranted premium increases.” Ms. Byron said.

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