



January 2017

Cost of Insurance Report Published

On 10 January 2017 the Irish Government was presented with and approved the Cost of Insurance Working Group's "[Report on the Cost of Motor Insurance](#)". The Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach undertook a review in parallel and published their "[Report on the Rising Costs of Motor Insurance](#)" in November 2016. The Working Group took into account many of the Committee's recommendations and therefore many of the themes and recommendations of both Reports are in line with each other.

The categories and themes that emerge in the Report are six in total and include protecting the consumer; improving data availability; improving the personal injuries claims environment; reducing the costs in the claims process; reducing insurance fraud and uninsured driving; promoting road safety and reducing collisions

To implement the measures that are suggested in the Report there are thirty three recommendations with seventy one associated actions to be carried out. There is a detailed action plan contained within the Report. Among the recommendations contained in the Report is the **establishment of a new personal injuries commission** (see page 99 to 101 of the Report) to be chaired by former President of the High Court Mr Justice Nicholas Kearns. Another recommendation involves the setting up of a **national claims information database** (see page 80 to 82 of the Report) to be operated by the Central Bank within 18 months.

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discussed in this article
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The Personal Injuries Commission (PIC) will be established in January and will begin to review a number of issues that speak directly to the cost of personal injuries claims. The first Report from the PIC is due by the end of 2017. The terms of reference of the PIC include conducting a review of the average awards in other relevant jurisdictions, as well as the grading of personal injuries. In 2018 the PIC will begin to benchmark international personal injury awards with those in Ireland and report on alternative compensation and resolution models.

It is expected that following on from the work of the PIC the Book of Quantum will be enhanced and more granularity will be introduced into the levels of award. The Report examines the issues that can arise in assessing injuries especially those of a soft tissue nature. It also allows the PIC to assess the potential for the establishment of a panel of medical experts for use in court.

The Report considers the reduction of costs in claims processes and explores many methods of accomplishing this goal including the impact of the Legal Services Regulation Act 2015. Of note is the reference to the long promised periodic payments orders which have been provided for in the [Civil Liability \(Amendment\) Bill 2017](#) which is still going through the legislative process.

The failure of Setanta Insurance and its impact on insurance compensation is also discussed. The Report refers briefly to the ongoing proceedings in this matter and the representations made to the government by the industry. It is noted that legislation will be required to provide certainty regarding the compensation framework and that heads of bill are expected by mid-2017.

Insurance Ireland have responded to the Report and welcomed the publication but stressed that priority must be given to policies that remove embedded costs in the system. It notes that the "Report alone does not reduce costs in the market but implementing the right policies will" – Kevin Thompson. See the full response to the Report [here](#).

The Report is an in-depth analysis of the issues and uncertainties that have arisen in the area of motor insurance and personal injuries over the past years. It applies a comprehensive implementation plan with many complexities which will require further analysis and review. Please feel free to contact us to discuss.

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