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PRESS RELEASE. Action on Personal Injury settlement costs needed to address high cost of insurance and safeguard Ireland's competitiveness

Today (25 February), Dr. Frances Ruane, the Chair of the National Competitiveness and Productivity Council (NCPC), issued the Council's bulletin on insurance costs ([here](#)).

Previously, the Council has examined insurance costs because of the compelling evidence that the high price of employers' liability (EL) and public liability (PL) insurance undermines the competitiveness of Irish businesses (especially Irish SMEs).

In the context of the Government's *Action Plan on Insurance Reform*, the Competition and Consumer Protection Commission's *Market Study on Public Liability Insurance*, and the Central Bank of Ireland's interim report on its *Review of Differential Pricing in the Private Car and Home Insurance Markets*, the Council believes that it is timely to re-examine the issue of high insurance costs, and to re-emphasize the importance of competitive insurance costs for Irish enterprises (particularly, SMEs).

The bulletin explains that insurance markets are characterised by **underwriting cycles** – repeating, regular periods where insurance coverage is readily available at 'reasonable' prices (soft markets) and periods where prices are high, and coverage is limited or unavailable (hard markets). Available evidence suggests that liability insurance markets are likely to have entered the 'hard market' phase as early as 2012.

The Council believes that the key actions required to soften the Irish liability insurance market are: (i) bringing award levels in line with other jurisdictions; (ii) ensuring consistency of award levels; and (iii) reducing settlement costs. Taken together, these actions should lead to lower insurance costs and increase the availability of insurance.

The Council welcomes the Government's approach and hopeful that the adoption of the Personal Injuries Guidelines will fully address this issue and insurance costs will gradually start to fall.

However, the Council notes that if this intervention fails to bring about a reduction in insurance costs, further action (such as Oireachtas Guidelines on award levels) may need to be considered to safeguard the competitiveness of enterprises operating in Ireland. The bulletin concludes by noting that *'without greater consistency in award levels, and lower settlement costs, the cost of insurance will continue to weigh on the competitiveness of Irish businesses.'*

Dr. Ruane said: *'To tackle the high cost of insurance, it is crucial to know what is driving costs upwards, and all signs point towards personal injury settlement costs. This includes the award levels, and the costs of settling disputes.'*

Dr. Ruane also said that: *'ultimately, for insurance costs to come down, personal injury settlement levels need to be aligned with those in similar countries, and they need to be consistent.'*

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