

INJURIES BOARD MID YEAR REVIEW 2014

- **Time lag sees awards increase 22% to €144m, as claims volumes ease**
- **10 years of solid progress resolving Personal Injury Claims, but issues remain**

Embargoed 11 pm Monday, 15th September 2014: During the first six months of 2014 the total compensation awarded to personal injury claimants by the Injuries Board increased by 22% to €144million, according to a mid-year analysis undertaken by the Board. The increase was largely attributable to a natural time lag between the spike in claims over recent years and the resolution of those claims.

By 2013 the increase in new claims had begun to level off and this trend has continued in to 2014 with claims volumes declining 1.3% in the 8 months to August 2014. Average compensation remained relatively unchanged at just over €22,000.

The Injuries Board is the independent State body that makes statutory personal injury (PI) awards in respect of motor, employer and public liability accidents. The Board was established 10 years ago to address a claims / insurance price spiral that undermined competitiveness and clogged the Courts.

Commenting, Injuries Board CEO, Patricia Byron said: "We've seen a decade of solid progress whereby 70% of PI claims are no longer litigated and only 2% of PI claims ever go to court. There has also been a cultural revolution, of sorts, with almost all insurers targeting early resolution of PI claims through their own offices and / or using the services of the Injuries Board. Claims are resolved four times faster and at a fraction of the processing cost, to deliver over €1billion in savings and facilitating a 40% reduction in motor insurance premiums. Despite this progress, there are tell-tale signs of unresolved issues, one of which is the absence of data on unsupervised settlements".

"We've had feedback from a range of business and other stakeholders who are concerned at the level of unsupervised settlements that occur (i.e. without recourse to either the Injuries Board or the Courts). As these resolutions occur 'behind closed doors' there are concerns about their impact on competitiveness, premiums and potentially, on false or exaggerated claims" Ms Byron added. An informal review by the Injuries Board, of data from a range of sources (Injuries Board, Central Bank and Insurance Ireland) indicated the following issues:

- Up to 15,000 cases reported to insurance companies each year never materialise but are provided for in insurance company reserves before being written down to nil.
- Of the estimated 45,000 claims that do materialise each year, 40% (18,000) are settled upfront directly between claimants and insurers without recourse to the Injuries Board or Courts. Whereas early settlements are generally good for society, the absence of data means these cases are unsupervised which may result in: a) unfair compensation, b) undue haste to settle cases and c) disproportionate legal fees as legal fees are generally not applicable or recoverable through the Injuries Board process.
- Of the 27,000 remaining claims, approximately:
 - 1/3 are settled before an award is made
 - 1/3 have awards assessed by the Board

- 1/3 are either defended by respondents / insurance companies or are released as not appropriate
- Less than 2% of claims progress to Court, indicating that even where Board awards are not accepted the awards provide a solid basis for the settlements that occur thereafter.

“Insurance companies and claimants have benefitted from the visibility of the Injuries Board model where information is shared very early in the claims process, but the industry is not currently providing data on settlements pre and post the process and we’re calling on them to do so. The Injuries Board is calling for greater transparency from insurers through their annual returns to provide greater insight and confidence in insurers’ early settlement programmes.

“This simple step should pose no threat to insurers, whilst reassuring business and other policy holders that the correct checks and balances are in place by means of insurer returns. Otherwise the absence of data means that policy makers are ill equipped to tackle issues that may impact competitiveness as well as consumer rights. We will over the coming months be talking directly to insurers to ask for more transparency around this issue” Ms. Byron added.

Awards and claims overview at mid year 2014:

Compensation was awarded to 6,552 personal injury claimants, up from 5,286 during the first six months of 2013. The average award remained relatively unchanged compared to last year, decreasing slightly by 1% to €22,082. The increase in the number of awards made by the Injuries Board can be attributed to increased volumes of claims received by the Board in preceding years, which are now emerging from the system as well as increased usage of the Injuries Board process by respondents and their insurers.

The breakdown of awards is as follows: motor liability - 75.6%, public liability – 17.2%, and employer liability - 7.2%. While there was an overall increase of 24% in the numbers of awards made in the period, the rate of increase was greatest in relation to public liability awards, at 30%. Motor liability awards increased 24% year on year and employer liability awards increased by 10%.

Commenting on the figures, Patricia Byron, CEO of the Injuries Board, said: “The Board has delivered processing cost savings of €42.88m at the half year point and this is expected to increase to approximately €80m (a 10% increase on 2013) by year end. These are considerable savings and demonstrate the ability of the Board to continue to generate savings as it has done in its 10 years to date. As in previous years, the vast majority of awards made relate to motor liability (75.6%). The overall effect is to place downward pressure on the cost of motor insurance premiums.”

Key statistics for the six months from January to June 2014 are as follows:

- The average award was €22,082, compared to the average award for the same period in 2013 of €22,349.
- Road traffic accidents continued to account for the majority of personal injury claims and represented over three quarters (75.6%) of awards. 17.2% of awards were for accidents in public places, 7.2% related to workplace accidents.
- Administrative costs to process awards has fallen to 6.7% compared to an average of 58% for cases dealt with through litigation.
- Awards were processed in an average time of 7 months in the period.
- Savings of €42.88m to the end of June 2014 were achieved
- Applications to the Injuries Board decreased year on year by 1% to 15,987.

- Longford, Limerick, Louth, Dublin and Clare are the five counties with the largest number of awards as a proportion of population.
- The five counties with the lowest number of awards per head of population are Kilkenny, Wicklow, Wexford, Carlow and Mayo.

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 2014

Key Facts:	Jan – June 2014 (variance)	Jan – June 2013
No. of new Claims	15,987	16,162
No. of Awards	6,552 (+24%)	5,286
Total Value of Awards	€144.68m (+22%)	€118.14m
Average Award	€22,082 (-1%)	€22,349
Average time to process Claim	7 months	7.4 months
Delivery costs (accepted award)	6.7%	8%

Table 2: Top 5 counties for awards per head of population

County	No. of awards per County	Total value of awards per County	Average award per County	% of overall awards per County	% of population per county (CSO)	Variance
Longford	104	€2,206,965	€21,220	1.63%	0.85%	91.76%
Limerick	482	€10,426,705	€21,632	7.56%	4.18%	80.86%
Louth	252	€5,657,212	€22,449	3.95%	2.68%	47.39%
Dublin	2,122	€44,215,753	€20,836	33.29%	27.74%	20.01%
Clare	168	€3,605,866	€21,463	2.64%	2.55%	3.53%

Table 3: Bottom 5 counties for awards per head of population

County	No. of awards per County	Total value of awards per County	Average award per County	% of overall awards per County	% of population per county (CSO)	Variance
Kilkenny	60	€1,315,637	€21,927	0.94%	2.08%	-54.81%
Wicklow	110	€2,337,469	€21,249	1.73%	2.98%	-41.95%
Wexford	124	€3,505,999	€28,274	1.95%	3.17%	-38.49%
Carlow	49	€1,164,276	€23,760	0.77%	1.19%	-35.29%
Mayo	121	€3,171,302	€26,209	1.90%	2.85%	-33.33%

Table 4: Full regional ranking of awards per head of population

County	No. of awards per County*	Total value of awards per County	Average award per County	% of awards per County	% of population per county (CSO)	Variance
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Clare	168	€3,605,866	€21,463	2.64%	2.55%	3.53%
Cavan	105	€2,427,252	€23,116	1.65%	1.60%	3.13%
Galway	357	€9,669,126	€27,084	5.60%	5.46%	2.56%
Tipperary	211	€4,809,620	€22,794	3.31%	3.46%	-4.34%
Westmeath	112	€2,480,494	€22,147	1.76%	1.88%	-6.38%
Cork	653	€14,174,074	€21,706	10.24%	11.31%	-9.46%
Monaghan	74	€1,762,920	€23,823	1.16%	1.32%	-12.12%
Meath	221	€4,742,544	€21,459	3.47%	4.01%	-13.47%
Waterford	134	€2,539,433	€18,950	2.10%	2.48%	-15.32%
Kerry	168	€4,058,580	€24,158	2.64%	3.17%	-16.72%
Kildare	243	€5,180,437	€21,318	3.81%	4.58%	-16.81%
Offaly	86	€1,868,563	€21,727	1.35%	1.67%	-19.16%
Sligo	72	€1,734,360	€24,088	1.13%	1.43%	-20.98%
Donegal	175	€3,741,093	€21,377	2.75%	3.51%	-21.65%
Roscommon	64	€1,623,263	€25,363	1.00%	1.40%	-28.57%
Leitrim	31	€745,365	€24,044	0.49%	0.69%	-28.99%
Laois	76	€1,958,906.00	€25,775	1.19%	1.76%	-32.39%
Mayo	121	€3,171,302	€26,209	1.90%	2.85%	-33.33%
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Total						
	6,374	€141,123,214				
* A further 178 awards were made to people resident outside the State						
Based on Central Statistics Office Census 2011 results						