

Injuries board a resounding success story

CREATED with the twin aim of shaking up the insurance sector and tackling the malaise of Ireland's compo culture, the Personal Injuries Assessment Board has turned out to be a resounding success judging by its first report which predicts annual savings amounting to tens of millions of euro for consumers.

In a nation where State agencies are generally perceived as squandering taxpayer's money, it is refreshing to hear such positive sounds coming from a public body.

For years, right across the board, from the home to the factory floor, the car, the school playground and even the countryside, Ireland's long-suffering consumers have been paying through the nose for cover.

Covering the period between April and December 2004, the board's first report concentrates on the business of employer liability and public liability where premiums remain extremely high. This goes to the heart of the compo mentality among so-called victims — con-artists might be more appropriate — have engineered spurious claims in a wide range of bogus accidents.

According to the report, the average cost of settling a claim under the umbrella of the PIAB has been less than 10% of the total level of awards. This compares with a cost of 46% if those clients had gone down the traditional legal avenue.

The figures are truly astonishing. In awards totalling €2.8 million, the cost of settling claims amounted only €185,000. It is estimated that if those cases had gone through the courts, the costs would have run to a staggering €1.2m in legal fees.

No wonder members of the legal profession, who regard the board as inimical to their own selfish interests, are fighting a rearguard action to protect their unconscionable share of insurance awards.

Assessed in overall terms, and based on around 15,000 High Court cases a year, the annual savings in legal fees by going through the PIAB would amount to a whopping €60m.

Apart from the obvious financial savings, other benefits to society would be sure to flow from the board's operations, including the freeing up of court time to deal with other more pressing matters.

There can be denying the success of the PIAB during

the relatively brief period covered by the report. Under this operation, clients lodge a fixed fee with the board and its rewards are based on the 'book of quantum', in other words the precedents already established in similar cases in the past.

Arguably, handsome savings will be made when the PIAB gets around to examining the contentious area of motor insurance in accident cases where there is no legal dispute.

Legal costs of 10% should be achievable right across the board, according to Dorothea Dowling, chairperson of the board and a long time advocate of cheaper insurance.

Politically, the PIAB report is a vindication of Tánaiste Mary Harney's decision to confront the Irish insurance industry, a sector where excessively high premiums had become the norm and where vast profits have been made in the past.

When she unveiled the PIAB, Ms Harney predicted both consumers and business would benefit from greatly reduced premiums since litigation invariably inflated the cost of personal injury claims by between 40% and 50%.

Predictions the board would make inroads in this figure, by reducing the number of insurance cases that end up in court, have been well and truly fulfilled.

In a market where competition is so rare it is tantamount to a cartel, anything that succeeds in lowering the exorbitant cost of insurance to consumers deserves to be roundly applauded.