

Injuries board proves Law Society wrong

It's time for a few slices of humble pie. In May 2003, the Law Society of Ireland made a submission to the Cabinet Sub-Committee on the Reduction of Insurance Costs.

The Law Society shared its views on a number of issues, but saved most of its energies for a critique of the proposed Personal Injuries Assessment Board.

PIAB, as it has come to be known, was the centre piece of the Motor Insurance Advisory Board report. Its purpose was to reduce the cost of settling personal injuries cases where liability is not contested, by sidestepping the courts and cutting out the lawyers.

In its 2003 submission, the Law Society questioned the economic sense of such a move. It expressed concern that "PIAB would merely represent an additional layer of cost and delay in the system".

It cited a number of reports to support its thesis and in the process dragged in most of the other opponents of PIAB.

They included the economist, Dr Peter Bacon, who had written a report on PIAB for the Bar Council. In it he "argued cogently and concluded that 'the PIAB approach is inappropriate for Ireland', that billions of euro in additional tax revenue would be required to create the completely different social model which would make it appropriate and that the delays in the existing system should be tackled instead", according to the Law Society.

The next authority quoted by the Law Society was the accountant and business consultant Mr Des Peelo. In a report commissioned by the Law Society itself Mr Peelo "concluded that the PIAB would need 305 staff and would cost €38 million to set up. He concluded

that the idea for the PIAB was simplistic and would not work".

The final expert referred to by the Law Society was none other than a number of members of the Government's own PIAB Implementation Group, chaired by Mr Frank Cunneen. They, according to the society, had cast doubt over the plan for a PIAB on the basis that 'it could add another and more expensive layer to the compensation system'.

The society then went on to call for "a proper cost benefit analysis of the PIAB proposals to be undertaken before any further steps are taken to implement it."

They then told Cabinet that "It seems extraordinary that a proposal such as the PIAB should have reached such an advanced stage without, as the Tánaiste acknowledged as recently as 25th October, 2002, a proper cost benefit analysis being undertaken."

Last week PIAB published its first annual report and gave an update on its activities in 2005.

Here are the salient facts:

- Three out of every four PIAB assessments have been accepted by claimants;
- The cost of settling the claims was 10 per cent of the amount awarded. Under the old litigation system, costs would have been 46 per cent of the amount awarded;
- This is the equivalent of a financial saving of €4 million per thousand claims settled by PIAB rather than through the old litigation system;
- The number of personal injury cases in the High Courts has fallen from 115,293 in 2004 to 297 in the first eight months of 2005.

To quote PIAB's chief executive, Ms Patricia Byron: "PIAB has not only cut the cost and time to deliver the same compensation levels to

accident victims, the new system has had a very positive impact by freeing up the courts. This is good for society at large and all the more significant when it is noted that the new body will be self financing by year end".

As the Law Society, the Bar Council, Dr Bacon, Mr Peelo and others are munching away on their pie, it is worth reflecting on the following.

The Government currently faces an equally controversial decision as the one to establish PIAB. It is whether or not to abolish the Groceries Order as per the recommendation of the National Consumer Strategy Group, which is to retail prices what MIAB was to insurance premiums.

If one thing is clear from the PIAB saga, it is that the arguments advanced for retaining the Groceries Order by various vested interests - complete with independent expert's reports predicting apocalyptic consequences - can safely be ignored.

Establishing PIAB was common sense. So is abolishing the groceries order.

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