

Avoiding court means savings for consumers

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INSURANCE premiums for consumers should drop as a result of savings made in omitting the courts system for personal injuries, it was claimed yesterday.

The Personal Injuries Assessment Board (PIAB) has reported savings of €40m so far since motor, employer and public liability claims have had to go through the statutory body as a first point of call.

As a result, the body says the savings which are normally bound up in legal costs, should be passed on to the consumer.

"Under the PIAB model, it is no longer necessary for consumers to enter into an adversarial process to resolve personal injury claims," said chairperson Dorothea Dowling on the launch of the body's 2006 annual report.

"This has helped to remove unnecessary litigation costs and stress for the consumer and should assist in further driving down insurance premium rates."

Recent years have seen significant drops in the cost of insurance in a number of areas, most notably in motor insurance.

The drop has been attributed to a number of measures, including public awareness campaigns, the establishment of a fraud line and the PIAB among other factors.

Yesterday, the PIAB announced awards to accident victims of €115.3m in 2006, up 600pc on the 2005 figure.

Chief executive Patricia Byron said last year was effectively the first period when the body reached its full activity.

However, Law Society director general Ken Murphy

said the effect had been an explosion in the profit level of insurance companies which had not been passed on to the consumer.

In addition, he claimed that claimants do not do as well through the PIAB as the courts system.

Since the PIAB opened in mid-2004, all claims for motor, employer or public liability accidents have to go through the body.

Last night, CEO of the Irish Insurers Federation (IIF) Mike Kemp said the effect of the PIAB had already been felt on the insurance market.

"Probably all of those savings have been passed on to customers in the sense that when companies are setting their rates they are looking at the future as well as the past and they are looking at the expected cost handling," he said.

In 2005, just €16.3m was awarded to accident victims as a large number of claims were processed through the courts, having been lodged before the creation of the PIAB.

Complaints can only go through the courts system once they have been processed and a reward assessed by the PIAB.

It is estimated that the awards will rise to €170m in 2007. They will then reach a roughly stagnant level as the remaining cases from before the PIAB will have reached completion, said Ms Byron.

In line with the rise in the number of cases assessed by the PIAB, cases dealt with and awards given by the courts have been dropping.

Last year saw €37.77m awarded in 1,278 cases.

This was down from €56.68m in 1,805 cases in 2005.

In 2006, the PIAB awarded €115.3m in 5,573

cases.

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