

Injuries board has saved €24m, says report

PAUL CULLEN,
CONSUMER AFFAIRS
CORRESPONDENT

A new system for assessing personal injuries has saved €24 million in litigation costs since it was set up in 2004, according to a report.

The Personal Injuries Assessment Board (Piab), which took over the assessment of claims from the courts, says the change will result in savings of up to €48 million this year.

Insurance premiums have dropped significantly since the PIAB was set up. However the analysis of its work by Dr Vincent Hogan, of University College Dublin, says "it remains to be shown" that insurance companies have passed on these savings to consumers.

Nevertheless, motor premiums are at their lowest since 1999, and house premiums are their lowest since 2001, with premiums overall dropping 32 per cent since they reached an all-time high in 2002.

Piab chairwoman Dorothea Dowling said there was "undoubtedly" scope for further savings in insurance premiums.

"The Piab can only influence some of the underlying cost drivers. It is for others to determine the extent to which these factors have been tackled, and whether there has yet been sufficient reduction in premium charges to reflect the reforms that have been delivered."

Minister for Enterprise Micheál Martin welcomed the "extraordinary progress" in reducing premiums, and said the Piab was a critical factor behind this trend.

He acknowledged that insurance companies were making big profits, but stressed their importance to the health of the sector.

However, the legal profession resumed its attack on the Piab, saying it had dealt with only a fraction of the claims brought to its attention.

"There may have been some savings on the cases handled, but the reduction in costs is not nearly as dramatic as claimed," said Stuart Gilhooly of the Law Society. "There were always a number of claims that settled quickly, and the Piab has made

practically no difference here."

He said people were "flocking" to solicitors to complain about their treatment by the Piab.

Dr Hogan says the board has been largely successful in reducing legal costs in personal injuries cases. Litigation costs have fallen from almost 50 cent on top of every euro paid out in compensation to less than 10 cent. Cases are resolved four times faster than traditional litigation, while the average payout is roughly the same.

Dr Hogan says under the old system legal fees were usually based on a percentage of compensation awarded, rather than the work done. While it took an average of three years to process a claim through the courts, 90 per cent of claims through the Piab are dealt with in 12 months.

The advent of the board has decimated lawyers' personal injury work. Before it was set up an average of 33,000 personal injury writs were moved each year. This figure has now dropped to 4,000 a year.

Mr Gilhooly said it was too early to say whether the new system had resulted in a reduction in writs because many claims were caught up in the piab's backlog. The Piab deals only with cases where liability is not contested. Claims are decided on the documents submitted rather than the arguments of lawyers.

