

## Warning that insurance premiums may rise 20%

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INSURANCE PREMIUMS are set to rise by up to 20 per cent because of the turmoil in international markets, according to the Irish Brokers' Association.

The association's chairman Canice O'Reilly said rising re-insurance costs and the increasing frequency of damage claims would also contribute to rising premiums over the next year. Premiums had fallen by up to 45 per cent over the past five years and the market was at an all-time low, he said.

A number of leading Irish insurers had been affected by the downturn in the financial services market and their investment income was down, Mr O'Reilly told RTE radio. While profits in recent years had been healthy, the margin between profits and costs was narrowing and profits were

falling. However, his predictions were rejected by the Injuries Board, which processes personal injuries claims for the State. Its chief executive, Patricia Byron, said there was no justification for premium increases due to international financial market conditions.

Ms Byron said claims costs were the main factor behind premium levels and these had not changed in recent months. Since the board was set up to handle personal injuries claims in 2004, the cost of handling cases had fallen from 50 per cent per award to less than 8 per cent, thereby driving down the cost of insurance.

"At a time of economic downturn, it is important that the hard-earned cuts in insurance premiums are not reversed on the basis of tenuous or unsubstantiated links to global investment market turmoil," Ms Byron added.