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Central Bank of Ireland

Eurosystem

Private Motor Insurance Mid-Year Report 1

National Claims Information Database

April 2023

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Introduction

The Central Bank publishes the National Claims Information Database (NCID) Private Motor Insurance Reports in an effort to improve the overall transparency of the private motor claims environment. This is the first publication of the Private Motor Insurance Mid-Year Report and follows on from the series of annual reports.

Background

The National Claims Information Database¹ (NCID) was established in order to improve transparency in the Irish insurance claims environment and to support data driven policy. The NCID was a recommendation of the Cost of Insurance Working Group² (CIWG). Private motor insurance is one of two classes of non-life insurance in scope of the NCID, along with liability insurance.

Reporting Population

All insurers selling private motor insurance in Ireland were required to meet the same data submission requirements, regardless of country of authorisation. The insurers that submitted a return for mid-year ending 30 June 2022 are listed in Appendix 2.

The Central Bank identified firms writing private motor insurance in Ireland with reference to the list of members of the Motor Insurance Bureau of Ireland (MIBI). All companies underwriting motor insurance in Ireland are required to be members of MIBI, as provided for under Section 78 of the Road Traffic Act, 1961. These firms were contacted and advised that they came under the scope of the NCID legislation.

Data Contained within the Report

The focus of the mid-year report is to provide updated information on premium and settled claims trends and is based on data up to and including the first half of 2022. The term “H1 2022” is used throughout to refer to the period 1 January 2022 to 30 June 2022.

¹ <https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database>

² <https://www.gov.ie/en/organisation-information/fbc791-the-cost-of-insurance-working-group/>

The market coverage for different statistics may change from one report to the next. This may be due to changes in the reporting population (i.e., firms entering or leaving the market), or changes in the availability of data collected year-on-year. For this reason, it is recommended that trends over time are analysed within each report, rather than comparing across different iterations of the report. There may also be changes in the data over time due to insurers restating claims statistics of prior years.

At times, figures presented in this report are rounded to the nearest whole number (such as the nearest percentage) and in some cases, this may introduce minor rounding errors.

Additional Factors to Consider

Personal Injuries Guidelines

Effective from 24th of April 2021 injury compensation awards are assessed with reference to the Personal Injuries Guidelines which were adopted by the Judicial Council on the 6th of March 2021.

Prior to this date, claims were assessed with reference to the Book of Quantum. This provided data on the range of compensation payments for an assortment of injuries, based on actual figures from court cases, insurance company settlements, State Claims Agency cases and PIAB data.

In 2021 and H1 2022, some claimants received compensation awards calculated with reference to the Personal Injuries Guidelines and some with reference to the Book of Quantum. It should be noted that for a particular injury type the compensation awarded with reference to the Personal Injuries Guidelines may be different to that awarded using the Book of Quantum.

Inflationary Environment

2022 saw the re-emergence of inflation in Ireland and many other countries, driven by a range of factors including disruptions to supply chains from the COVID-19 pandemic, the Russian invasion of Ukraine and ensuing energy market volatility. As reported by the CSO³, the Consumer Price Index (CPI) rose by 8.2% between December 2021 and December 2022; the latter was the fifteenth straight month where the annual increase in the CPI has been at least 5.0%.

³ CSO website, Consumer Price Index December 2022 release
<https://www.cso.ie/en/releasesandpublications/ep/p-cpi/consumerpriceindexdecember2022/>

This high inflation has impacted on the motor insurance sector. For example, higher costs for replacement vehicle parts have led to an increase in the cost of certain claims.

As such, this high inflationary environment provides an important context to the cost of premiums and claims in 2022 and is referenced at times in this report.

Impact of COVID-19

Data for 2020, 2021 and 2022 is influenced by the impact of COVID-19 and subsequent government restrictions. This impact can be seen on insurers' premiums and claims, and should be borne in mind when considering this data. An example of this is the reduction in the number of injury claims arising in 2020 and 2021 and settling thereafter, due to reduced driving activity as a result of COVID-19 related restrictions.

Future Enhancements to the Report

The NCID private motor insurance data specification will continue to be reviewed, with the goal of increasing the insight that can be gained into the cost of claims in private motor insurance.

Executive Summary

Overview of the Report

The focus of the mid-year report is to provide updated information on premium amounts, settled claim amounts and analysis on the impact of the Personal Injuries Guidelines on private motor insurance. This is based on data up to and including the first half of 2022.

This report is organised as shown in Table 1.

Table 1: Overview Private Motor Insurance Mid-Year Report 1

Part	Content	Market Coverage (%) ⁴
1	Considers premiums for private motor insurance between 2009 and H1 2022	97%
2	Analyses how claims were settled between 2015 and H1 2022, and the various associated costs (claimant compensation, legal fees and other costs)	89% ⁵
3	Analyses the impact of the Personal Injuries Guidelines on claims settlements.	83%
4	Provides notes and information on the key terms and methodology employed in this report	n/a
Appendices	Provides further information on the background to the NCID and reporting population.	n/a

⁴ Market coverage is measured by the ratio of H1 2022 private motor gross earned premium of included submissions to the H1 2022 gross earned premium of all submissions. Certain submissions were excluded from the analysis due to insufficient quality of, or granularity in, the data.

⁵ Analysis is predominantly based on 89% market coverage, with some exceptions noted where relevant.

Private Motor Insurance Mid-Year Report 1 - Key Findings

Cost of Insurance 2021-H1 2022

Premium: The average earned premium per policy decreased by 5% to €578.

All Claim Settlements H1 2022

Total Claims	<p>Total settled claims in H1 2022 were approximately:</p> <ul style="list-style-type: none"> • €278m total costs <ul style="list-style-type: none"> • 55% related to Injury claim costs • 45% related to Damage claim costs • 67,000 total claims <ul style="list-style-type: none"> • 6% were Injury claims • 94% were Damage claims
Injury and Damage claims	<p>Two offsetting effects can be observed in the total settled claim costs and numbers in H1 2022 compared to previous years:</p> <ul style="list-style-type: none"> • An increase in the number and cost of damage claims • A decrease in the number and cost of injury claims

Injury Claim Settlements H1 2022

The nature or severity of the injury claims settled in the different channels could vary significantly. This should be borne in mind when comparing the cost and time of settling injury claims in the different channels.

Method of Claimant Settlement by Channel	% of injury claimants settled by channel: <ul style="list-style-type: none"> • 48% through the direct channel • 13% through PIAB • 39% through litigation
Method of Settlement (by Cost)	% of injury claim costs settled by channel: <ul style="list-style-type: none"> • 15% through the direct channel • 6% through PIAB • 79% through litigation
Time to Settlement by Channel	Average duration of injury claims settled by channel: <ul style="list-style-type: none"> • 1.8 years through the direct channel • 2.7 years through PIAB • 4.8 years through litigation
Claims with Total Costs < €100K	For 94% of claimants, the total cost of a claim was less than €100K
Direct Settlements <€100k	Average compensation €10,489 Average legal costs €2,401
PIAB Settlements <€100k	Average compensation €15,665 Average legal costs €1,156
Litigated Settlements <€100k	Average compensation €22,473 Average legal costs €17,813

Personal Injuries Guidelines H1 2022

The nature or severity of the injury claims settled in the different channels could vary significantly. This should be borne in mind when comparing the cost and time of settling injury claims in the different channels.

Settlement under the Guidelines	<p>For injury claims settled in H1 2022:</p> <ul style="list-style-type: none"> • 43% settled under the Guidelines • 57% settled with reference to the Book of Quantum
Settlement under the Guidelines by Channel	<p>% of injury claims settled under the Guidelines by channel in H1 2022:</p> <ul style="list-style-type: none"> • 80% of claims that settled Direct before PIAB • 64% of claimants that settled through PIAB • 48% of claimants that settled Direct after PIAB • 3% of claimants that settled through litigation
Impact on Claims Cost for Direct and PIAB Channels	<p>% impact on average injury claim cost by channel for injury claims settled in H1 2022, compared to claims settled under the Book of Quantum in 2020:</p> <ul style="list-style-type: none"> • 47% reduction for claims settled directly before PIAB • 34% reduction for claims settled through PIAB • 38% reduction for claims settled directly after PIAB
Impact on Claims Cost for Litigation Channel	<p>There have not been enough litigated claims settled under the Guidelines to assess the impact on the average cost of a claim in this channel.</p>

PART 1 - Premiums

Data was collected on premiums and the number of policies between 2009 and H1 2022.

Key Insights and Findings

The average earned premium per policy was €578 in H1 2022. This was 5% lower than in 2021.

For the average earned premium, there are three distinct periods of pricing behaviour leading up to H1 2022:

- A period of falling premiums from 2010-2013, when annual premiums decreased by 14%
- A period of increasing premiums from 2013-2018, when annual premiums increased by 63%
- A period of falling premiums from 2018, when premiums decreased by 18% to H1 2022

On a quarterly basis, Q4 2017 had the highest average earned premium per policy at €710. This has since decreased by 19% to €575 in Q2 2022.

Total Premiums

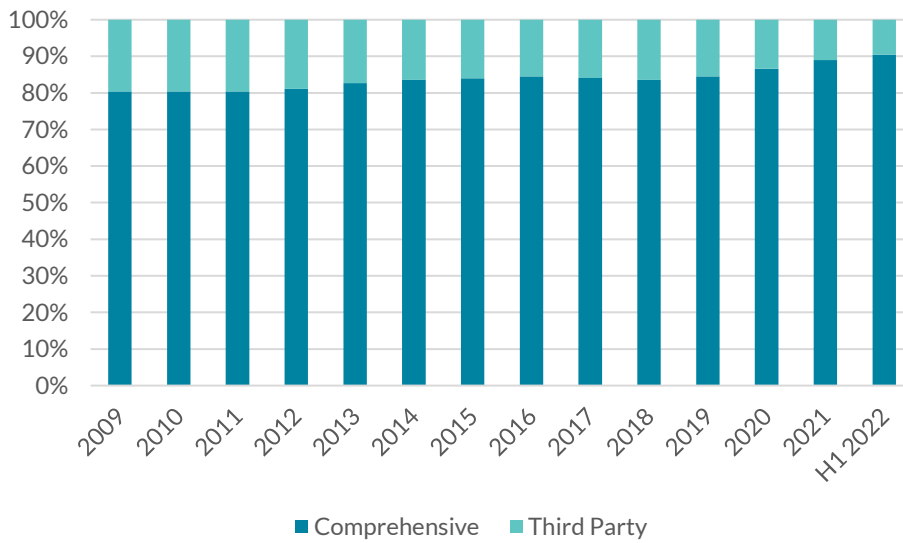
Table 2 shows that for firms that collected 97% of the private motor insurance premiums in H1 2022, there were approximately 1.1 million earned policies and €634 million in earned premium collected in this period. It should be noted that the proportion of the market captured in this data may be different in H1 2022 compared to previous years.

Table 2: The total earned policy count and gross earned premium over 2009 to H1 2022.

Year	Earned Policy Count (000's)	Gross Earned Premium (€m)
2009	1,877	926
2010	1,751	884
2011	1,804	883
2012	1,871	852
2013	1,875	810
2014	1,858	824
2015	1,815	894
2016	1,795	1,076
2017	1,865	1,286
2018	1,880	1,325
2019	1,968	1,322
2020	2,117	1,320
2021	2,181	1,330
H1 2022	1,095	634

Figure 1 shows the proportion of earned comprehensive policies compared to third-party policies (i.e., third party only and third party fire and theft combined). Policies that provide comprehensive cover accounted for at least 80% of policies in each year since 2009. Since 2018, there has been a further increase in the proportion of comprehensive policies. In the period H1 2022, 90% of policies were comprehensive.

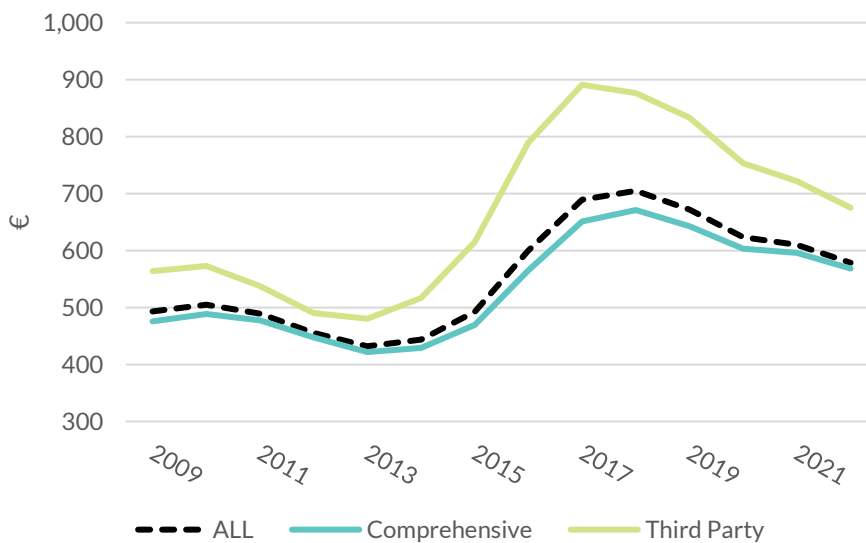
Figure 1: The proportion of comprehensive policies compared to third party policies.



Trends in Premium Costs

Figure 2 shows the average earned premium per policy for different levels of cover. As described previously, the vast majority of policies provide comprehensive cover and as such, the average premium paid for all policies is significantly weighted by the average premium paid for comprehensive policies.

Figure 2: The average earned premium per policy for different levels of cover from 2009 to H1 2022.

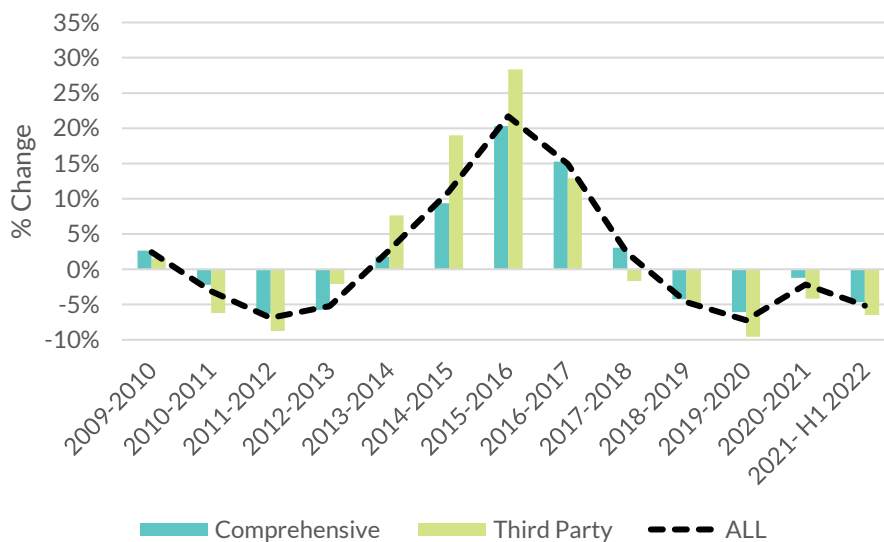


Overall, average earned premiums per policy increased by 17% from 2009 to H1 2022. This was characterised by three distinct periods:

- a period of falling premiums from 2010-2013, when premiums decreased by 14%;
- a period of rising premiums from 2013-2018, when premiums increased by 63%; and
- a period of falling premiums from 2018 when premiums decreased by 18% (comparing annual premiums).

The average earned premium decreased by 5% to €578 in H1 2022 compared to 2021. The year-on-year changes in average earned premiums are shown in Figure 3.

Figure 3: Annual year-on-year changes in average earned premium per policy for different levels of cover from 2009 to H1 2022.



Within this time series, the increases and decreases in average earned premium per policy are more pronounced for third party policies than for comprehensive policies. However, comprehensive policy premiums drive the overall trend, as they account for 84% of all policies on average each year. The vast majority of third party policies include cover for fire and theft.

Figure 4: Quarterly average earned premium per policy for all policy types Q1 2009-Q2 2022.

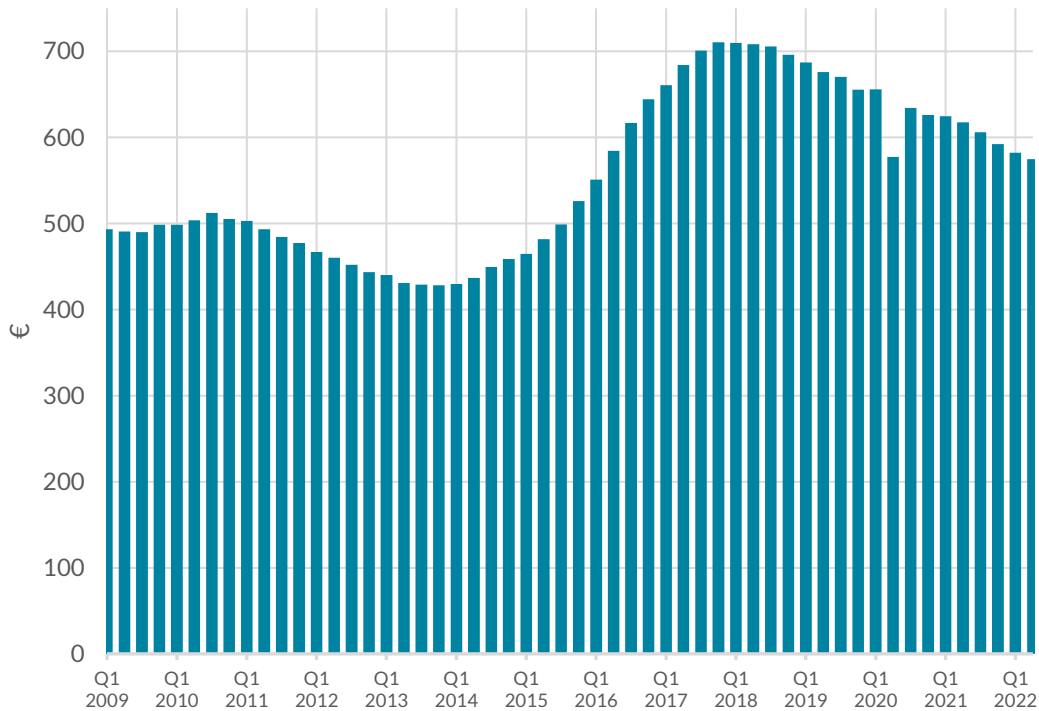


Figure 4 shows the average earned premium per policy across all policy types by quarter. The average earned premium increased by 66% from its lowest point of €428 in Q4 2013 to its highest point of €710 in Q4 2017. The average earned premium has been decreasing since Q4 2017, leading to an average earned premium of €575 in Q2 2022, a 19% reduction from the peak.

The drop in average earned premium in Q2 2020 is as a result of premium rebates which are discussed below.

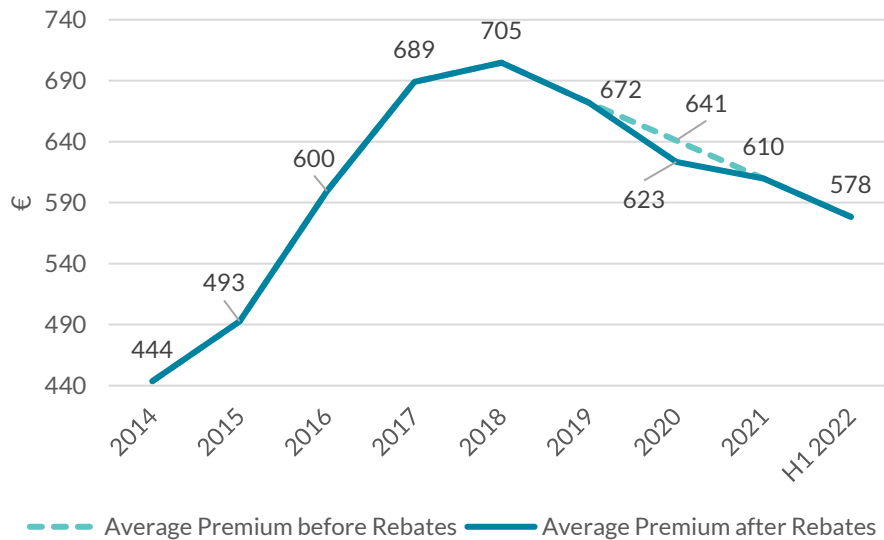
Premium Rebates in 2020

During 2020, several insurers issued premium rebates to customers because of the impact of the COVID-19 pandemic. Rebates took a variety of forms including cash, shop vouchers, charitable donations and discounts on future policy renewals. Where a discount was applied to policies on the following year's renewal, these are not included in the rebate figures. Also, a small proportion of the rebates issued were not treated as a reduction to premium and therefore these are not included in Figure 5.

The data in Part 1 has shown earned premium amounts after rebates were given to policyholders. Figure 5 shows the impact of rebates on the average earned premium in 2020. Before rebates, the average earned premium

would have been €641 in 2020. After rebates (as shown in Part 1), the average earned premium was €623 in 2020.

Figure 5: Average earned premium before and after rebates from 2014 to H1 2022.

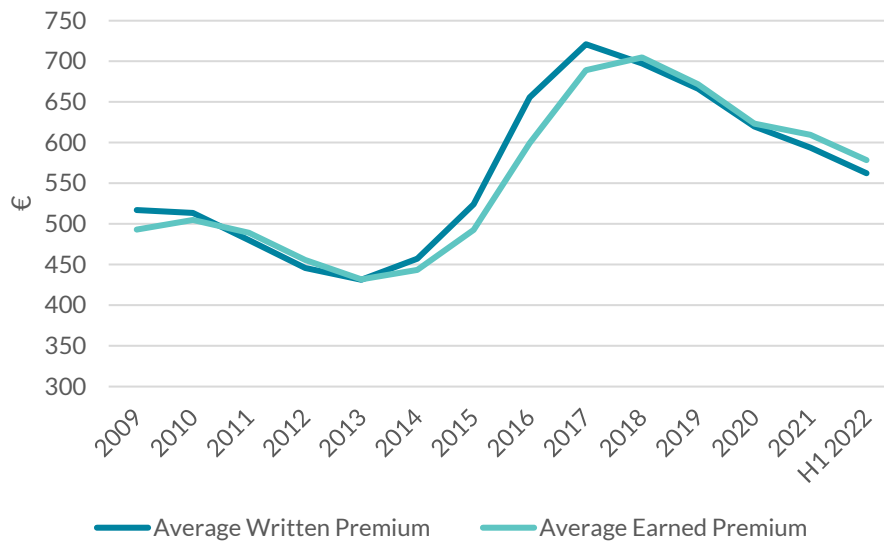


The total premium rebate amount earned for private motor insurance in 2020 was €42.5m. To put this in context, this is equivalent to 3% of gross earned premium before rebates in 2020. Figure 5 shows the impact of this rebate amount when spread across all policies earned in the market in 2020. Not all policies were issued rebates so the actual rebate amount per policy would be higher for policies with firms that did give rebates.

Trends in Written Premium

The data in Part 1 has so far focused on the trends in earned premium and policy counts. Additional data on written premium and policy count is now collected as part of the NCID reporting and has been analysed below.

Figure 6 provides a comparison of the average written premium and earned premium trends. The average written premium is the average premium of policies which start during the year, in contrast to the average premium of policies earned in the year; see Part 3 for an explanation of these terms. Changes to the average premium are reflected more quickly in written premium trends than earned premium trends.

Figure 6: Average written and earned premium from 2009 to H1 2022.

Overall, average written premiums per policy increased by 9% from 2009 to H1 2022. This was characterised by three distinct periods:

- a period of falling premiums from 2009-2013, when premiums decreased by 17%;
- a period of rising premiums from 2013-2017, when premiums increased by 67%; and
- a period of falling premiums from 2017 to H1 2022 when premiums decreased by 22%.

The average written premium decreased by 5% to €562 in H1 2022 compared to 2021.

PART 2 – Claim Settlements

Data was collected on claimants who settled claims between 2015 and H1 2022. The number of claimants and the aggregate cost of settling their claims was collected by claim type and settlement channel, and provides insight into trends in the settlement channel used, and the associated costs.

Key Insights and Findings

The cost of claims that settled in the period H1 2022 totalled approximately €278m, and this was spread across 67,000 claims. Two contrasting effects are evident compared to previous years:

- An increase in the number and cost of damage claims settled in H1 2022
- A decrease in the number and cost of injury claims settled in H1 2022

Damage claims made up 45% of overall claim costs in H1 2022.

There has been a reduction in the number of injury claims settled in H1 2022 across all settlement channels. Fewer injury claims were settled in H1 2022 than any other period in the dataset.

For claimants who settled injury claims in H1 2022:

- 48% settled directly with the insurer and accounted for 15% of the total cost of injury claims
- 13% settled through PIAB and accounted for 6% of the total cost of injury claims
- 39% settled through litigation and accounted for 79% of the total cost of injury claims.

The average duration of injury claims settled by channel varied from 1.8 years for claims settled directly, 2.7 years for those settled via PIAB, and 4.8 years for those settled through litigation.

For injury settlements less than €100k in H1 2022, legal costs are highest in the litigated channel, accounting for 44% of the total cost of an average claim (79% of compensation cost). Legal costs accounted for 18% and 6% of the total cost in the Direct and PIAB channels respectively.

Background

Grouping of Claims

Private motor insurance claims are discussed in this section. These claims were collected and are discussed on a settlement year basis i.e., the settlement year refers to the year in which the final payment is made in respect of a claim. Claims settled in a particular settlement year may be in respect of accidents that happened in prior years.

Structure of Part 2

In this part of the report, information is first provided on the total number and cost of settled claims, before damage and injury claims are then analysed separately.

The cost of damage claims increased noticeably in H1 2022, likely influenced by the high inflationary environment, and this is discussed later in this chapter.

Injury claims are then analysed in detail, exploring differences in the number and cost of claims settled across the various settlement channels, the distribution of the cost of these claims and the time taken to settle.

Settlement Channels

Data Collected

The settlement channels analysed in this report are of two types. For claims settled in 2019 onwards, claims are collected in five settlement channels:

- **Direct before PIAB:** Claims settled directly between claimant and insurer before PIAB involvement and before the initiation of legal proceedings.
- **Direct after PIAB:** Claims settled directly between claimant and insurer after PIAB involvement but before the initiation of legal proceedings.
- **PIAB:** Claims settled through the Personal Injuries Assessment Board (PIAB).
- **Litigated before Court Award:** Claims settled following the initiation of legal proceedings, but which did not proceed to an award set by a judge.
- **Litigated with Court Award:** Claims settled following the initiation of legal proceedings, for which the compensation award was set by a judge.

For years 2015 to 2018, claims are collected in three settlement channels only:

- **Direct:** both before and after PIAB.
- **PIAB**
- **Litigated:** both before and with court award.

Settlement of Claims

The least complex claims are expected to be settled early between a claimant and insurer. If settlement is not reached, all injury claims then pass through PIAB.

PIAB releases cases where an insurer does not consent to PIAB assessing the case, the injury is of a nature that is not appropriate for PIAB to assess, or an insurer/claimant rejects PIAB's award. In these instances, the claimant may pursue the case through litigation. It is common for complex cases or claims where liability is contested to be settled through litigation.

Basis for Compensation Award

For data collected in this report until April 2021, PIAB calculated compensation amounts using the ranges set out in the Book of Quantum⁶, with additional consideration given to any financial loss incurred by the claimant. From April 2021, the Book of Quantum was replaced by Personal Injuries Guidelines adopted by the Judicial Council. This is discussed in more detail in Part 3 of the report.

In 2021 and H1 2022, some claims were settled under the Personal Injuries Guidelines and some with reference to the Book of Quantum. A particular injury assessed under the Personal Injuries Guidelines may be awarded a different compensation amount than if it was assessed using the Book of Quantum.

⁶ The Book of Quantum provided data on the range of compensation payments for an assortment of injuries, based on actual figures from court cases, insurance company settlements, State Claims Agency cases and Personal Injuries Assessment Board (PIAB) data. It provided compensation ranges for six categories and 34 sub-categories of injury, and for four levels of injury severity.

Settlement of Claims

Total Claims

Table 3 shows the total number of claimants that settled and the total cost of claims in each year, based on firms that collected 89% of the private motor insurance premiums in H1 2022. It can be seen that the cost of claims that settled in the period H1 2022 totalled approximately €278m, and this was spread across 67,000 claims.

Table 3 also allocates the total cost of settling claims into the amount of compensation, legal and other costs incurred in the course of settling those claims. An example of other costs incurred by an insurance firm would be the cost of medical assessment. In aggregate, compensation costs are the largest component of claims costs.

Table 3: Total number of claimants settled and total cost of settlements for settlement years 2015 to H1 2022.

Settled Year	Total Claimants (000's)	Sub Costs (€)			Total Cost (€m)
		Compensation Cost	Legal Cost	Other Cost	
2015	148	486	102	13	601
2016	136	474	101	14	589
2017	121	488	113	16	617
2018	129	475	112	17	603
2019	126	498	119	9	627
2020	112	438	102	11	551
2021	114	439	99	6	544
2022	67	228	47	4	278

Table 3 includes claims that were closed with no compensation paid to the claimant. While no compensation was paid, insurers may still incur costs in settling these claims.

Nil Compensation Claims

Table 4 shows that for the H1 2022 settlement period, approximately 5,000 claimants settled without receiving compensation with a total cost to insurers of €3.2m. This was 8% of total claim settlements and 1% of total settlement costs.

Table 4: Total number of claimants that settled without compensation and the total cost of settling those claims, for settlement years 2015 to H1 2022.

Settled Year	Number of Claimants Settled (000's)	Legal Cost (€m)	Other Cost (€m)
2015	10.2	2.3	2.3
2016	8.7	2.2	2.1
2017	8.3	2.4	2.3
2018	8.6	3.2	2.7
2019	9.0	3.1	2.9
2020	7.5	2.4	2.6
2021	7.2	2.6	2.6
H1 2022	5.2	1.5	1.7

These claims will be removed for the remainder of the claim settlement analysis to focus on claims where compensation was paid, which is consistent with previous reports.

Injury vs. Damage

As this report only includes data on claims settled in the first half of 2022, Table 5 has been included to provide a clearer comparison to previous half year periods. This table provides a more granular breakdown of the damage and injury claim numbers and amounts for prior half year periods.

Table 5 shows that both the number and overall cost of damage claims increased in H1 2022 and is high relative to recent periods. Indeed, more damage claims were settled in H1 2022 (approximately 58,400) than any other half year period since H1 2016. Furthermore, the total cost of these damage claims in H1 2022 (€122m) was significantly higher than any other half year period in the data set.

Conversely, there has been a reduction in the number of injury claims settled in H1 2022. Fewer injury claims (approximately 3,600) were settled in H1 2022 than any other period in the dataset.

Table 5: Total number of damage and injury claimants settled and total cost of these settlements for settlement periods H1 2015 to H1 2022, excluding non-compensation claims.

Settlement Period	Settled Claimant Numbers (000)			Settled Claim Costs (€m)		
	Damage	Injury	Total	Damage	Injury	Total
H1 2015	66.5	6.1	72.6	97	203	300
H2 2015	58.5	6.3	64.8	85	211	296
H1 2016	59.7	6.1	65.8	91	203	295
H2 2016	55.6	6.2	61.8	76	214	290
H1 2017	51.5	5.8	57.4	74	245	319
H2 2017	49.6	6.0	55.5	73	221	294
H1 2018	55.7	5.9	61.6	88	219	306
H2 2018	53.5	5.6	59.1	79	213	291
H1 2019	53.1	5.8	58.9	85	228	314
H2 2019	52.3	6.0	58.3	85	222	307
H1 2020	46.8	5.6	52.4	89	220	308
H2 2020	48.0	4.4	52.4	71	167	238
H1 2021	46.7	4.8	51.5	75	211	286
H2 2021	51.5	3.7	55.2	87	165	252
H1 2022	58.4	3.6	61.9	122	152	275

From Table 6, it can be seen that 91% of claimants made damage claims between 2015 and H1 2022 and this accounted for 29% of the total claims cost. Injury claims accounted for 9% of claimants and 71% of total settlement costs between 2015 and H1 2022. The proportion made up by damage claims increased to 94% of settled claimants and 45% of total settled costs in H1 2022.

Table 6: Breakdown of claimant numbers and claim costs for injury and damage claims for 2015 to H1 2022.

Years	2015	2016	2017	2018	2019	2020	2021	H1 2022	All
Settled Claimant Numbers									
Injury	9%	10%	10%	10%	10%	9%	8%	6%	9%
Damage	91%	90%	90%	90%	90%	91%	92%	94%	91%
Settled Claim Costs									
Injury	69%	71%	76%	72%	73%	71%	70%	55%	71%
Damage	31%	29%	24%	28%	27%	29%	30%	45%	29%

Settlement Channels

Table 7 provides a breakdown of claimant numbers and claimant costs between the different settlement channels. This table shows the results for both injury and damage claims.

Table 7: Breakdown of claimant numbers and claim costs, for all claim types, between the different settlement channels for settlement years 2015 to H1 2022.

Years	2015	2016	2017	2018	2019	2020	2021	H1 2022	All
Settled Claimant Numbers									
Direct	95%	94%	94%	94%	94%	95%	95%	97%	95%
PIAB	2%	2%	2%	2%	2%	2%	1%	1%	2%
Litigated	3%	4%	4%	4%	4%	4%	3%	3%	4%
Settled Claim Costs									
Direct	45%	44%	39%	43%	44%	46%	43%	53%	44%
PIAB	9%	10%	9%	8%	8%	7%	6%	3%	8%
Litigated	46%	46%	52%	49%	48%	47%	51%	44%	48%

During the period from 2015 to H1 2022, 95% of claimants settled directly with the insurer, 2% settled through PIAB and 4% settled through litigation. Over this period, 44% of total claim costs were settled through the direct channel, 8% through PIAB and 48% through litigation.

From Table 7 it can also be seen that in the period H1 2022, there was an increase in both the proportion of claimants settling directly with the insurer (97%), and the proportion of total cost of claims settled directly (53%), compared to previous years. This is due to the noted increase in the number and total cost of damage claims, which are predominately settled directly with the insurer and do not require PIAB involvement or litigation; indeed, 99% of damage claims are settled directly with the insurer.

Damage Claims

Table 8 shows the average cost of damage claims. From 2015 to H1 2022 there was a 44% increase in the average cost, with a 27% increase from 2021 to H1 2022. The increase in H1 2022 is driven by an increase in the average compensation cost of damage claims. This is likely reflective of a higher inflationary environment, as noted in the Introduction section of this report.

Legal and other costs are not a significant proportion of damage claim costs. It should be noted that the negative other costs relate to recoveries from a third party (where a third party was found to be partially or wholly liable for the claim).

Table 8: Average cost of settling damage claims in the years 2015 to H1 2022.

Cost Component (€)	2015	2016	2017	2018	2019	2020	2021	H1 2022
Compensation	1,455	1,440	1,437	1,508	1,616	1,690	1,702	2,120
Legal	10	8	8	8	7	6	7	5
Other	-10	1	8	6	-8	-18	-56	-28
Total	1,455	1,449	1,452	1,522	1,614	1,678	1,652	2,097

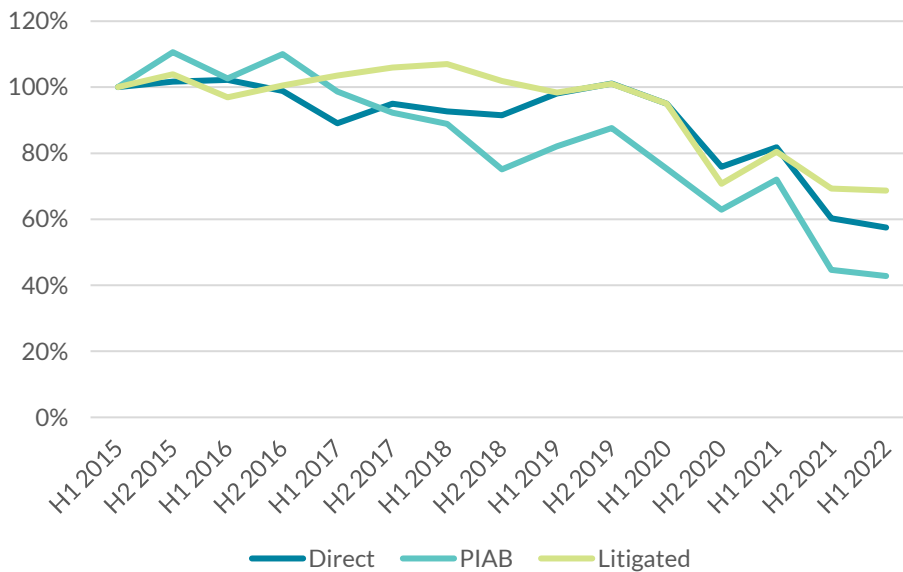
Given that less than 1% of damage claims were settled via PIAB and litigated channels combined, comparison of damage claims by settlement channel is not meaningful and has not been included here.

Injury Claims

Settlement Channels

Table 5 showed that there has been an overall reduction in the number of injury claims settled in recent years. Figure 7 provides further insight on this, showing the number of claims settled in each channel per half year period, relative to H1 2015.

Figure 7: Index of the number of injury claims settled in each channel in each settlement period, compared to H1 2015.



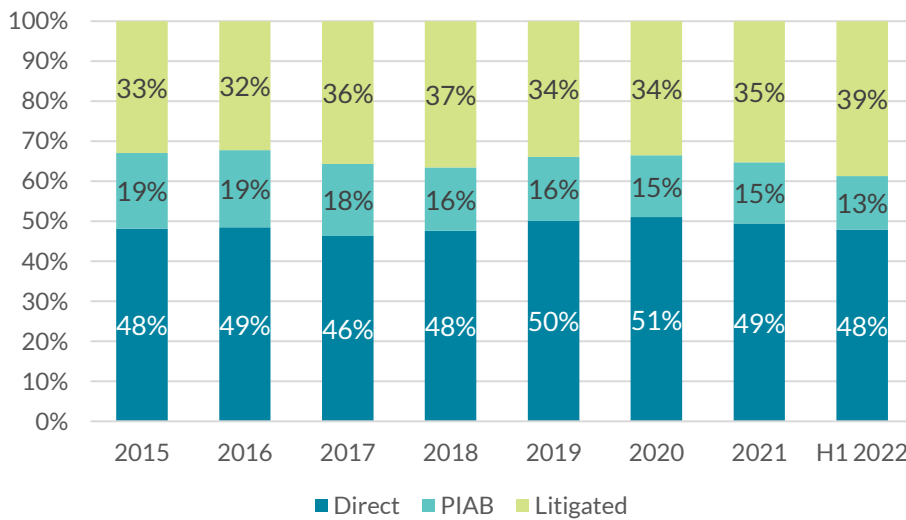
Across all channels, there has been a reduction in the number of claims settled over time. Overall, the number of injury claims settled in H1 2022 was 41% lower than in H1 2015; there was a 31% decrease in the number settling through litigation, a 43% decrease in the number settling directly and a 57% decrease in the number settling through PIAB. Across all settlement channels fewer claims settled in H1 2022 than in any other half year period in the data set.

The reduction in the number of claims settled likely reflects lockdowns and restrictions on movement that were implemented during the COVID-19 pandemic. As highlighted in previous NCID reports, the restrictions on movement led to a significant decrease in the number of claims reported in 2020 and 2021, and it's likely that this decrease can now be seen in the number of claims settling in H2 2021 and H1 2022. The introduction of the Personal Injuries Guidelines may also have had an effect on the number of claims settling.

The reductions in the number of claims settled in each settlement channel described above has also impacted on the relative mix of settlement channels observed in the data.

From Figure 8, it can be seen that 48% of all injury claimants settled directly with the insurer in the period H1 2022. The proportion of claimants who settled via litigation was 39% in this period, and the proportion who settled through PIAB was 13%.

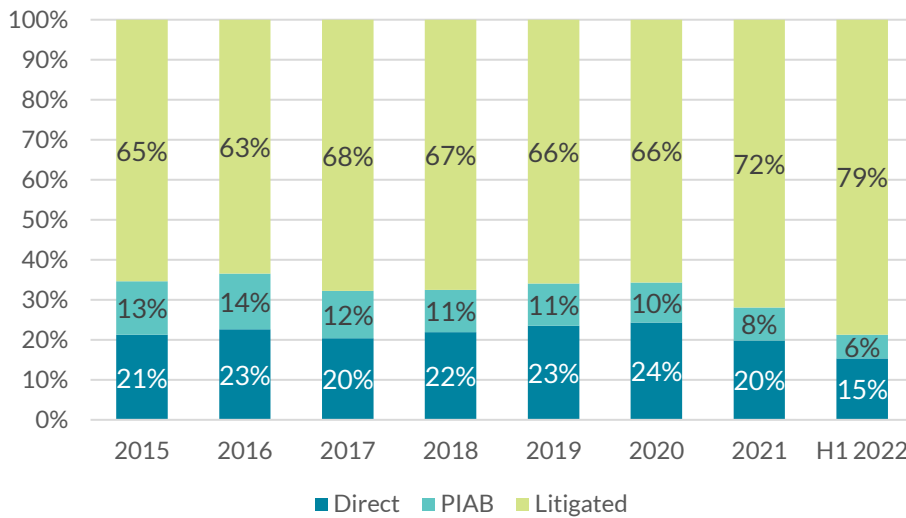
Figure 8: The proportion of injury claimants who settled through each settlement channel in years 2015 to H1 2022.



Notably, in H1 2022, there has been a decrease in the proportion of claimants settling directly and via PIAB (and a corresponding increase in the proportion of injury claimants who settled via litigation) compared to 2021. Whilst all three settlement channels have experienced a reduction in the number of settlements, these reductions are most pronounced in the Direct and PIAB settlement channels. Consequently, these channels now represent a smaller proportion of the total number of settlements.

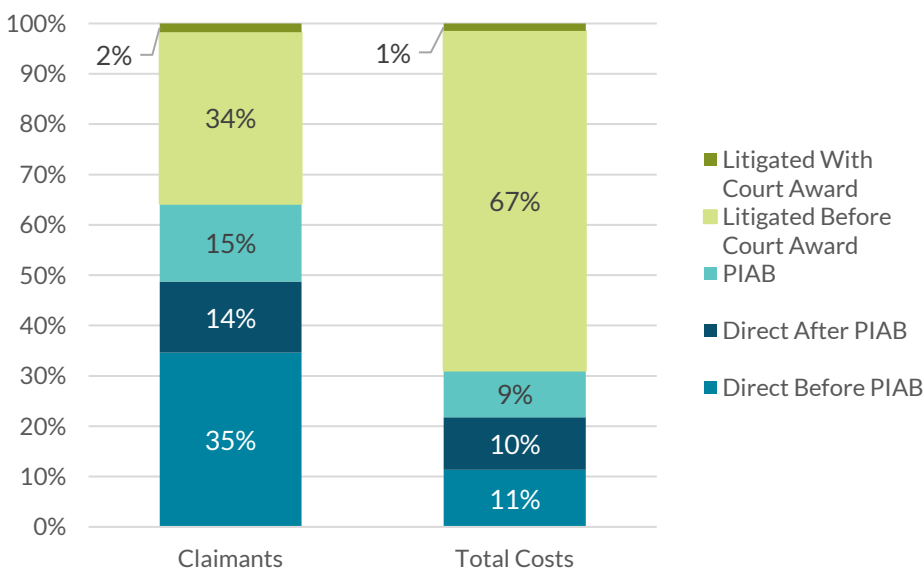
As can be seen in Figure 9, in the period H1 2022, injury claimants who settled directly (48%) accounted for 15% of total settlement costs; injury claimants who settled through litigation (39%) accounted for 79% of settlement costs; injury claimants who settled through PIAB (13%) accounted for 6% of settlement costs.

Figure 9: The proportion of total cost to insurers of settling injury claims in each of the settlement channels in settlement years 2015 to H1 2022.



Litigated settlements have become a larger component of total injury settlement costs since 2020. PIAB settlements have become a less material component, decreasing from 10% in 2020 to 6% of costs in H1 2022. Similarly, direct settlements have decreased from 24% of costs in 2020 to 15% in H1 2022. As discussed in Part 3, average claims costs in the direct and PIAB settlement channels have reduced following the introduction of the Personal Injuries Guidelines in April 2021.

Figure 10: The proportion of settled claimants and total cost of injury claims through each of the five settlement channels from 2019 to H1 2022⁷.



⁷ Based on 93% of market coverage in H1 2022.

Figure 10 shows the proportion of settled injury claimants and costs that went through the five settlement channel split from 2019 to H1 2022. The claimants that settled directly over these years can be divided into 35% that settled directly before PIAB involvement, and 14% that settled directly after PIAB involvement (but before the initiation of any legal proceedings).

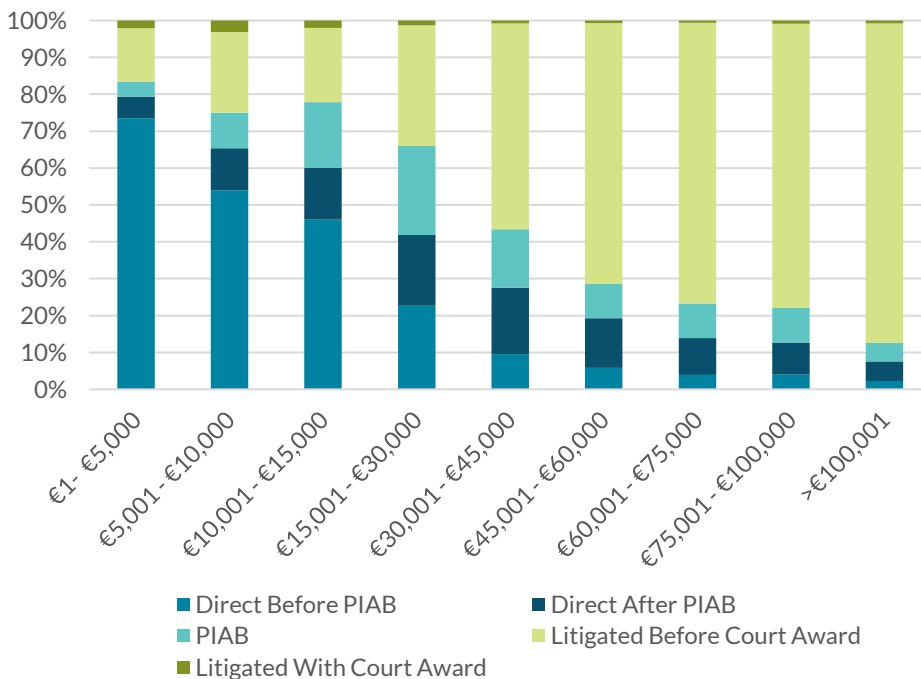
The claimants that settled through litigation can be divided into 34% that settled before a court award and 2% that settled with a court award.

It can be seen that while 35% of claimants settled directly before PIAB, only 11% of total settlement costs were attributable to this channel. Litigated claims that settled before a court award accounted for 67% of total settlement costs.

Distribution of Injury Claims

Figure 11 provides the distribution of claimants across compensation cost bands using the five settlement channel splits between 2019 and H1 2022 combined. It can be seen that a high proportion of claims in the lowest compensation cost band are settled directly before PIAB, which decreases as claim compensation amounts increase. The proportion of claimants that settled through PIAB was at its highest at 24% of settlements in the €15,001 - €30,000 band.

Figure 11: The proportion of injury claimants that settled in each channel, by compensation cost band in 2019 to H1 2022 collectively⁷.



The proportion of claimants that settled through litigation before a court award increased as claim settlement amounts increased, with more than

50% of claimants settling through this channel for each compensation cost band above €30,000. Claimants who settled through litigation with a court award accounted for between 1% and 3% of claimants in each band.

Taking €30,000 as a benchmark settlement cost, it can be seen that there was a shift towards higher claims costs from 2015 to 2021, as shown in Table 9. The proportion of claims with a total cost less than €30,000 to settle decreased over the period, and the proportion with a total cost more than €30,000 to settle increased. In 2015, 42% of litigated settlements cost less than €30,000, while in 2021, only 30% of such settlements cost less than €30,000. This trend is also visible for direct settlements.

Notably though, this trend appears to have reversed in H1 2022 for claims settled directly and via PIAB. In H1 2022, 89% of claims settled directly had a total cost less than €30,000 compared to 85% of claims settled directly in 2020 and 2021. Similarly, 90% of claims settled via PIAB in H1 2022 had a total cost less than €30,000 compared to 80% of claims settled via PIAB in 2020 and 2021. These changes may be related to the introduction of the Personal Injuries Guidelines, as discussed in Part 3 of this report.

Table 9: Proportion of injury claimants settling with a total cost less than €30k.

Channel	2015	2016	2017	2018	2019	2020	2021	H1 2022
Direct	92%	91%	88%	88%	86%	85%	85%	89%
PIAB	82%	80%	78%	78%	79%	80%	80%	90%
Litigated	42%	36%	34%	32%	29%	28%	30%	31%

Average Costs of Injury Claims

Table 10 shows the average costs of settling injury claims per claimant, split into compensation paid to the claimant, legal fees and other costs⁸ (e.g., the cost of medical assessment). The nature or severity of the injury claims settled in the different channels could vary significantly. This should be borne in mind when comparing the cost and time of settling injury claims in the various channels.

⁸ Note that “other costs” include recovery of costs in the case that another party is found (partially) liable for the claim. Large recoveries can lead to volatility in the average “other costs”.

Table 10: Breakdown of the average injury settlement costs in each settlement channel in the years 2015 to H1 2022.

Settled Year	Compensation €	Legal €	Other €	Total €
Direct				
2015	13,178	1,130	435	14,744
2016	14,093	1,247	509	15,849
2017	15,231	1,495	673	17,400
2018	15,045	1,618	653	17,316
2019	15,162	2,047	692	17,902
2020	15,572	2,297	717	18,585
2021	14,617	2,408	693	17,718
H1 2022	10,853	2,469	402	13,724
PIAB				
2015	22,040	465	1,035	23,540
2016	22,974	532	1,017	24,522
2017	24,135	754	1,052	25,941
2018	23,116	818	1,032	24,966
2019	23,340	913	931	25,184
2020	23,260	838	951	25,049
2021	21,670	1,022	1,074	23,766
H1 2022	16,655	1,149	1,109	18,914
Litigated				
2015	42,322	22,081	1,720	66,122
2016	42,617	22,461	1,694	66,771
2017	49,441	23,822	1,696	74,959
2018	44,374	23,161	1,825	69,361
2019	48,557	25,332	333	74,222
2020	49,059	25,823	1,482	76,364
2021	60,421	28,010	1,528	89,959
H1 2022	56,114	28,996	1,649	86,759

Within the Direct and PIAB settlement channels, the average injury claim cost was relatively stable between 2015 and 2021 and significantly decreased in H1 2022, following the introduction of the Personal Injuries Guidelines. This is discussed in more detail in Part 3.

Within the Litigation settlement channel, the average injury claim cost has increased by 31% from €66,122 in 2015 to €86,759 in H1 2022, driven by both increases in compensation awards and legal cost. A reduction of 4% in average injury claim cost was observed between 2021 and H1 2022.

Table 11: Breakdown of the average injury settlement costs, where the total cost of settlement is less than €100k, in the years 2015 to H1 2022.

Settled Year	Compensation €	Legal €	Other €	Total €
Direct (<€100k)				
2015	12,458	963	425	13,846
2016	13,467	1,126	494	15,087
2017	14,284	1,338	666	16,288
2018	14,313	1,491	641	16,445
2019	14,514	1,877	659	17,050
2020	15,010	2,162	714	17,886
2021	13,711	2,251	664	16,626
H1 2022	10,489	2,401	364	13,254
PIAB (<€100k)				
2015	21,279	423	1,026	22,728
2016	22,014	527	1,026	23,567
2017	22,422	649	966	24,036
2018	22,566	750	1,017	24,333
2019	22,062	882	845	23,789
2020	21,798	810	893	23,502
2021	20,712	985	1,033	22,730
H1 2022	15,665	1,156	1,094	17,915
Litigated (<€100k)				
2015	21,785	14,517	809	37,111
2016	23,942	15,115	998	40,055
2017	24,793	14,978	949	40,720
2018	24,765	15,542	871	41,178
2019	24,855	16,484	737	42,076
2020	25,015	16,549	600	42,164
2021	24,315	16,188	516	41,019
H1 2022	22,473	17,813	536	40,822

Table 11 shows the average cost for claims with a total settled cost less than €100k in each of the three channels. This includes 94% of all claimants and 84% of litigated claimants who settled injury claims between 2015 and H1 2022. Litigated settlements costing more than €100k account for 16% of claimants settling through litigation yet they account for 54% of total settlement costs in that channel. This category includes some very large settlements, which impact the average costs.

The compensation awards for claims with a total settled cost less than €100k in the PIAB and litigated channels were similar, over the period 2015 to 2021. Over this period, the average compensation cost in the litigated channel was €24,179, whilst the average compensation for claims through PIAB was €21,880.

However, legal costs were substantially higher in the litigated channel compared to PIAB over this period, as the average legal costs were €15,561 in the litigation channel compared to €685 in the PIAB channel. Consequently, across the period 2015 to 2021, the average total cost for these claims was higher in the litigated channel (€40,540) than through PIAB (€23,541).

Across all settlement channels legal costs are the most significant for litigated settlements, averaging 38% of the total cost (or 64% of the compensation cost) over the period 2015 to H1 2021 for injury claims with a total cost less than €100k.

Notably, in H1 2022 the average compensation costs were lower for claims settled through PIAB (€15,665) than those settled through litigation (€22,473). This comparison was impacted by the Personal Injury Guidelines in H1 2022 as the majority of claims settled through PIAB in H1 2022 settled under the Personal Injuries Guidelines, whereas very few claims that settled via litigation were settled under this basis. Due to the longer settlement duration of claims in the litigation channel, it will likely take a number of years for the effect of the Personal Injuries Guidelines to be seen in this channel. The Personal Injuries Guidelines are discussed in more detail in Part 3.

Table 12 shows the average costs of settling injury claims per claimant, using the 5-way settlement costs and channels for 2019 to H1 2022 combined, for all claims and those with a total settled cost less than €100k. Here, compensation costs are split into general damages and special damages, where general damages are those that compensate for non-monetary loss suffered by the claimant, e.g., pain and suffering; and special damages are those that compensate for financial loss, e.g., loss of earnings or medical expenses. Legal costs are split into the insurer's own legal costs and those of the claimant (third party) which were paid by the insurer. Claimants may incur further legal costs privately beyond those captured by the settling insurer.

Table 12: Breakdown of the average injury settlement costs by settlement channel, using the 5-way settlement channel and cost splits, for 2019 to H1 2022⁹.

Settlement Channel	Comp General (€)	Comp Special (€)	Legal Own (€)	Legal Third Party (€)	Other (€)	Total (€)
All Claims						
Direct Before PIAB	10,804	880	123	915	610	13,332
Direct After PIAB	20,710	1,832	317	5,053	865	28,777
PIAB	20,396	1,745	977		987	24,104
Litigated Before Court Award	40,327	14,084	8,220	18,860	1,057	82,547
Litigated With Court Award	15,662	1,933	5,898	10,735	718	34,946
Claims < €100k						
Direct Before PIAB	10,519	748	106	848	603	12,824
Direct After PIAB	19,769	1,544	276	4,806	798	27,194
PIAB	19,386	1,615	947		925	22,873
Litigated Before Court Award	23,873	1,335	5,170	11,655	585	42,618
Litigated With Court Award	12,498	549	5,068	9,117	601	27,833

Duration of Injury Claims

Settlement duration in this report is the time lag between the accident being reported to the relevant insurer and the claim being settled by the insurer. These are based on the quarters in which the claim is reported and settled.

Overall, 86% of all claimants (damage and injury claimants) have their claims settled within 12 months of the accident being reported, and 92% within 24 months of the accident being reported. However, certain claims, and in particular litigated injury claims, can take significantly longer to settle.

⁹ The statistics in this table relating to all claims and claims with a total settled cost less than €100k are based on data from firms that insured 82% of the private motor insurance market in Ireland in H1 2022. Please note that that it is not possible to publish information on all data points due to statistical confidentiality rules applied to the data.

Table 13 shows the average number of years after the accident was reported to the insurer that claims were settled in years 2015 to H1 2022. Damage claims settled much faster than injury claims, with an average settlement duration after reporting of 0.3 years and 3.1 years respectively for claims settled in H1 2022. Of the injury claims, those settled directly took the shortest time to settle, with an average duration of 1.8 years for claims settled in H1 2022. Injury claims that settled via PIAB in H1 2022 had an average duration of 2.7 years, whilst those settled via litigation took the longest time to settle, with an average duration of 4.8 years. Settlement durations increased for injury claims over the period 2015 to H1 2022 in all settlement channels, particularly in 2020 and 2021 which were impacted by COVID-19 related delays.

Table 13: The average time (years) between claims being reported to the insurer and claims being settled between 2015 and H1 2022 by channel.

Channel	2015	2016	2017	2018	2019	2020	2021	H1 2022	All Years
Injury Claims									
Direct	1.1	1.3	1.3	1.3	1.4	1.6	1.7	1.8	1.4
PIAB	1.8	1.8	2.0	2.0	2.1	2.3	2.6	2.7	2.1
Litigated	3.7	3.7	3.8	3.9	4.0	4.1	4.5	4.8	4.0
All Claims									
Injury	2.1	2.2	2.3	2.3	2.4	2.5	2.8	3.1	2.4
Damage	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.4

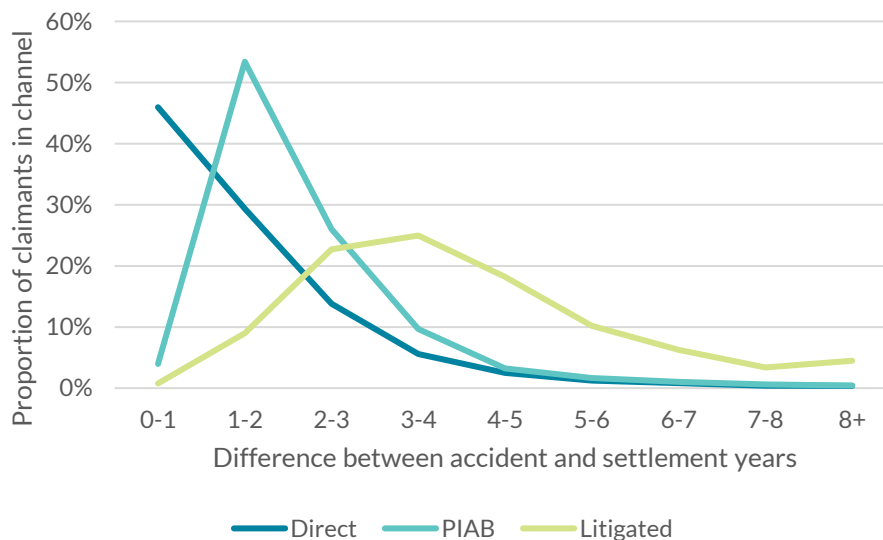
Table 14 shows the average number of years after the accident was reported that claims were settled in years 2019 to H1 2022 for the 5-way settlement channel split. As can be seen across all years, claims settled directly before PIAB in H1 2022 had the shortest settlement duration at 1.4 years. Claims settled directly after PIAB in H1 2022 had a slightly longer settlement duration (3 years) compared to those that were settled through PIAB (2.7 years). On average, claims settled through litigation before a court award in H1 2022 had a slightly longer duration of 4.7 years compared to claims settled with a court award at 4.6 years.

Table 14: The average time (years) between claims being reported to the insurer and claims being settled between 2019 and H1 2022 by channel.

Settlement Channel	2019	2020	2021	H1 2022
Direct before PIAB	1.1	1.2	1.3	1.4
Direct after PIAB	2.2	2.4	2.5	3.0
PIAB	2.1	2.3	2.6	2.7
Litigated before Court Award	3.9	4.1	4.4	4.7
Litigated with Court Award	3.7	3.6	4.3	4.6

Figure 12 shows the distribution of injury claimants in each of the settlement channels across different reported to settlement durations. 75% of claimants who settled directly and 57% of claimants who settled through PIAB had their claim settled by the end of the second year after the accident was reported. However, only 10% of claimants who settled through litigation had their claim settled by this time.

Figure 12: Distribution of injury claimants by duration of settlement process, for injury claims settled between 2015 and H1 2022.



Litigated claims also have a greater spread of settlement durations. Although 32% of claimants who settled through litigation had their claim settled in the first three years after the accident was reported, 14% of claimants took six or more years to have their claim settled.

PART 3 – Personal Injuries Guidelines

Claim settlement data was collected identifying those that settled with reference to the Personal Injuries Guidelines following their introduction in April 2021.

Key Insights and Findings

43% of all injury claimants settled in H1 2022 settled under the Personal injuries Guidelines.

For claims that settled through PIAB in H1 2022:

- 64% settled under the Personal Injuries Guidelines. The average cost of claims was 34% lower for claims settled under the Guidelines in H1 2022 compared to those settled with reference to the Book of Quantum in 2020.

For claims that settled directly with the insurer in H1 2022:

- 80% of those that settled directly before PIAB settled under the Guidelines and the average cost of these claims was 47% lower compared to those settled with reference to the Book of Quantum in 2020.
- 48% of those that settled directly after PIAB settled under the Guidelines and the average cost of these claims was 38% lower compared to those settled with reference to the Book of Quantum in 2020.

To date only a small number of litigated claims have settled under the Personal Injuries Guidelines and therefore their impact in this channel cannot be determined.

It should be noted that damage claims are not impacted by the Personal Injury Guidelines.

Background

Grouping of Claims

Similar to Part 2, claims discussed in this section have been collected on a settlement year basis i.e., the settlement year refers to the year in which the final payment is made in respect of a claim. Claims settled in a particular settlement year may be in respect of accidents that happened in prior years.

Background to the Guidelines

The Personal Injuries Guidelines were adopted by the Judicial Council on the 6th of March 2021 and implemented with effect from the 24th of April 2021.

The Guidelines set out the level of general damages that may be awarded in respect of varying types of personal injuries. They apply to new claims reported after the 24th of April 2021, or where claims were already reported, the Guidelines apply to claims where PIAB had not made an assessment of damages, or where legal proceedings had not been commenced before the 24th of April 2021.

Prior to this date, claims were assessed with reference to the Book of Quantum. This provided data on the range of compensation payments for an assortment of injuries, based on actual figures from court cases, insurance company settlements, State Claims Agency cases and PIAB data.

In 2021 and H1 2022, some claims were settled under the Personal Injuries Guidelines and some with reference to the Book of Quantum which was in force before the Personal Injuries Guidelines. A particular injury assessed under the Personal Injuries Guidelines may be awarded a different compensation amount than if it was assessed using the Book of Quantum.

It is worth noting that claims that settle outside of the PIAB or Litigated with Court Award settlement channels are settled after negotiations between the relevant parties. Claims labelled in this report as having settled under the Guidelines in the Direct before PIAB, Direct after PIAB or the Litigated before Court Award settlement channels refer to claims that would have been assessed under the Guidelines if they were assessed by PIAB or settled through litigation with a court award.

Points to Note

Given the relative recency of the introduction of the Personal Injuries Guidelines, there are limitations to the insight that can be derived from the data as at H1 2022.

Specifically, there is an insufficient number of claims settled under the Guidelines to provide a consistent comparison across all channels of average award levels under the Guidelines against claim settlements prior to the Guidelines. As shown in Figure 13, very few claims settled via litigation have settled under the Guidelines.

Furthermore, the current sample of claims that settled under the Guidelines in 2021 and H1 2022 is biased towards claims that took less time to settle, which may be an indication of less severe or less complex cases.

These limitations should be considered when looking at the results presented herein.

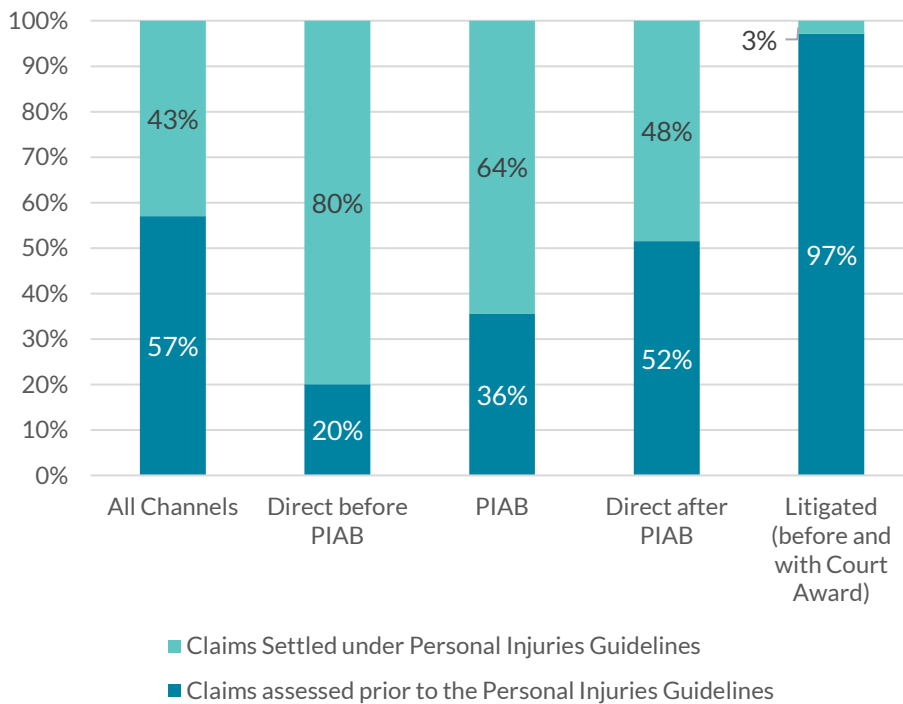
Settlements under the Guidelines

As shown in the Part 2, it may take many years for injury claims to settle and the average time to settlement varies significantly by settlement channel. Therefore many of the claims that were assessed under the Guidelines would not have settled by H1 2022, and so will not yet feature in this data. It will take some time for insight on the impact of the Guidelines to be fully available.

For 83% of the private motor insurance market, Figure 13 shows that 43% of claimants that settled claims in H1 2022 across all channels settled under the Personal Injuries Guidelines. A higher proportion of claimants settled under the Guidelines in those settlement channels where it takes less time on average to settle claims, for example in H1 2022:

- 80% of claimants that settled directly before PIAB, where it takes 1.4 years on average to settle claims, settled under the Guidelines.
- 64% of claimants that settled through PIAB, where it takes 2.7 years on average to settle claims, settled under the Guidelines.
- 48% of claimants that settled directly after PIAB, where it takes 3.0 years on average to settle claims, settled under the Guidelines.
- 3% of claimants that settled through litigation, where it takes 4.7 years on average to settle claims, settled under the Guidelines.

Figure 13: Proportion of claimants settled in H1 2022 under the Personal Injuries Guidelines and the Book of Quantum, i.e., assessed prior to the Guidelines.¹⁰

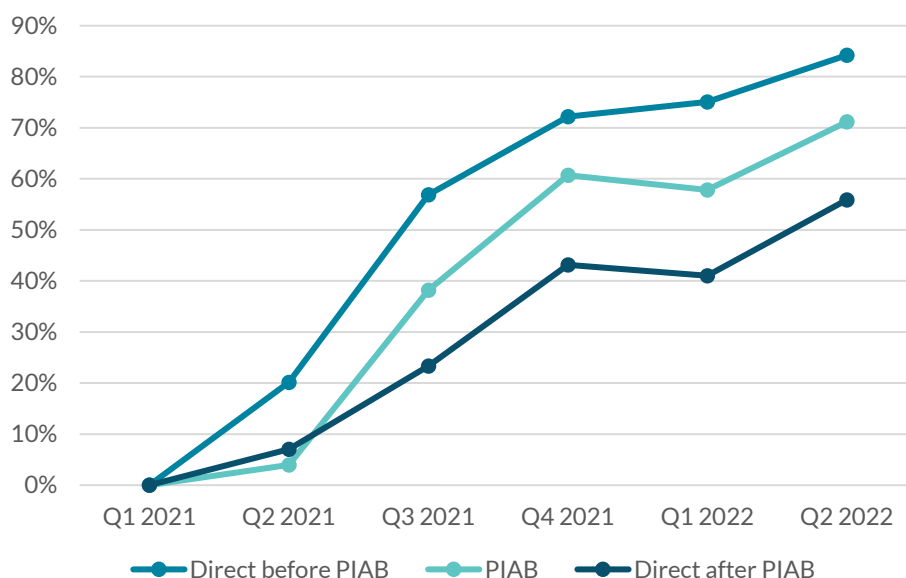


Across all settlement channels, 43% of injury claimants settled under the Personal injuries Guidelines in H1 2022 compared to 16% in 2021. For claims settling through PIAB, 64% settled with reference to the Guidelines in H1 2022, compared to 20% in 2021. For claims settling directly with the insurer before going to PIAB it was 80% in H1 2022 compared to 33% in 2021. For claims that settled directly with the insurer after going to PIAB, 48% settled with reference to the Guidelines in H1 2022 compared to 14% in 2021.

Figure 14 provides additional insight on the proportion of claims settled under the Personal Injuries Guidelines across each settlement channel, showing how this proportion has changed over the period Q1 2021 to Q2 2022. As evident from the graph, the proportion of claims settled under the Guidelines has significantly increased across the Direct before PIAB, PIAB and Direct after PIAB channels since Q1 2021.

¹⁰ It is not possible to publish this analysis separately for the litigated before court award and with court award settlement channels due to statistical confidentiality rules which are applied to the data.

Figure 14: Proportion of claimants settled in each quarter between Q1 2021 and Q2 2022 under the Personal Injuries Guidelines.¹¹



The Personal Injuries Guidelines were introduced on 24th April 2021 and all new claims assessed since then are expected to be assessed under the Personal Injuries Guidelines.

However, any claims that had already been initiated and were ongoing prior to the introduction of the Guidelines, have continued to settle under the Book of Quantum. As noted previously, it can take several years for injury claims to settle and as such, it may take several years until all remaining Book of Quantum claims are settled.

Impact of the Guidelines on average claim costs

Direct and PIAB Channels

A comparison of the impact of the Personal Injuries Guidelines on average claims cost is provided for the Direct before PIAB, Direct after PIAB and PIAB settlement channels, as there are a reasonable number of claims settled under the Guidelines for these channels.

2020, the last full year of data prior to the introduction of the Guidelines, has been used as the base year for this comparison¹². As can be seen in Table 15, for these channels the average number of years between when a claim is reported to the insurer and settled is similar for claims settled

¹¹ It is not possible to publish this analysis separately for the litigated before court award and with court award settlement channels due to statistical confidentiality rules which are applied to the data.

¹² 2019 was also considered as the base year for this comparison. However, it was shown relatively similar to 2020.

under the Guidelines in H1 2022 and those settled under the Book of Quantum in 2020. The average settlement time has been selected as a proxy for the complexity and severity of the claims. As the settlement times are similar between both cohorts of claims, it suggests that the comparison may be reasonable in these channels. However, there may be differences between the claims settled under the Book of Quantum in 2020 and those settled under the Personal Injuries Guidelines in H1 2022. As such, the comparison described below provides an indication of the impact of the Guidelines only.

Table 15: The average time (years) between a claim being reported to the insurer and settled, for claims settled under the Book of Quantum in 2020 and settled under the Personal Injuries Guidelines in H1 2022.

Settlement Channel	Book of Quantum 2020	Personal Injuries Guidelines H1 2022
Direct before PIAB	1.1	0.8
Direct after PIAB	2.3	1.9
PIAB	2.1	2.0

To assess the impact of the introduction of the Guidelines, the average cost of claims settled under the Personal Injuries Guidelines in H1 2022 is compared to the average cost of claims settled under the Book of Quantum in 2020.

Table 16 provides a comparison of the average cost for claims that settled through the Direct before PIAB, PIAB, and direct after PIAB settlement channels in H1 2022 under the Personal Injuries Guidelines against those that settled in 2020 with reference to the Book of Quantum.

The average cost of claims was 47% lower for claims that settled directly before PIAB, 38% lower for claims settling directly after PIAB and 34% lower for claims settling via PIAB under the Personal Injuries Guidelines compared to the Book of Quantum.

Table 16: Comparison of the average cost of claims settled under the Personal Injuries Guidelines in H1 2022 and those settled under the Book of Quantum in 2020.

Settlement Channel	Book of Quantum 2020	Personal Injuries Guidelines H1 2022	% Difference vs 2020
Direct before PIAB	13,940	7,432	-47%
Direct after PIAB	30,642	19,008	-38%
PIAB	24,970	16,600	-34%

Litigation Channel

The Personal Injuries Guidelines have not yet materially impacted the cost of claims settled via litigation. Only 1% of claims settled via litigation in 2021 and H1 2022 were settled under the Guidelines.

It will likely take time for the Personal Injuries Guidelines to take effect in the Litigated settlement channel due to the long duration between the accident being reported and the settling of a claim (4.8 years on average for claims settled in H1 2022).

Consequently, whilst the impact of the Personal Injuries Guidelines on claims settled directly and via PIAB is significant, they have not yet had a significant impact on the overall claims settlement cost.

Claims settled via litigation represent the largest proportion of the total claims cost and the Personal Injuries Guidelines have not yet significantly impacted on this settlement channel.

Table 17 provides a breakdown of total claims cost between each settlement channel in 2020 (before the introduction of the Personal Injuries Guidelines) and H1 2022. In 2020, the direct and PIAB channels accounted for 35% of the total claims cost. As such, a large reduction in these channels, such as that shown in

Table 16, would have a smaller impact on the total cost of claims. Litigation is the largest settlement channel and it will likely take time for the Personal Injuries Guidelines to take effect in this channel.

Furthermore, as highlighted in Table 6, injury claims account for 55% of the overall settled claims cost in H1 2022; damage claims account for 45% of the cost. These damage claims are not impacted by the Personal Injuries Guidelines.

Table 17: Breakdown of the proportion of total claims costs settled through each settlement channel and under the Personal Injuries Guidelines and Book of Quantum in 2020 and H1 2022.

	2020	H1 2022	
Settlement channel	Settled under Book of Quantum	Settled under Book of Quantum	Settled under Personal Injuries Guidelines
Direct before PIAB	13%	3%	5%
PIAB	10%	3%	3%
Direct after PIAB	12%	5%	3%
Litigated	66%	78%	1%
All settlement channels	100%	88%	12%

PART 4 - Key Terms and Report Methodology

Definition of Key Terms

Policy

An insurance contract between an insurer and a policyholder. Policies may cover more than one person or vehicle.

Premium

The amount that an insured person pays an insurer in exchange for an insurance policy.

The premiums shown in this report are gross of reinsurance.

Claim

An insured person, or an aggrieved third party, may claim against an insurer in the event that they suffer a financial loss which is covered by an insurance policy. The person who makes the claim is known as a claimant. A single claim may involve multiple claimants (e.g., in the event of a car crash that involved multiple vehicles and/or passengers).

The claims costs shown in this report are gross of reinsurance and net of salvage and subrogation.

Salvage

Insurers receive salvage rights over property on which they have paid claims, such as cars that have been written off. The insurer may sell the car (e.g., for parts) in order to offset the cost of the claim.

Subrogation

An insurer's legal right to pursue a third party that caused a claim which was paid for by the insurer. This is done in order to recover the amount of the claim paid by the insurer.

Accident

An event that gave rise to a claim.

Cost of a Claim

The average cost of a claim is calculated as the total cost of claims divided by the number of claims that could have given rise to those costs.

Types of Insurance Cover

Comprehensive: The majority of motor insurance policies purchased in Ireland have comprehensive cover. Comprehensive policies cover all claim

types: third party injury, accidental damage, fire & theft, third party damage and windscreen.

Third Party Fire & Theft: Third party fire & theft policies cover fire & theft, third party damage and third party injury.

Third Party Only: Third party only policies only cover third party injury and third party damage claims. Third party only cover is the mandatory minimum cover for motor insurance in Ireland.

Types of Claims

Throughout this report, third party injury claims are referred to as “**injury**” claims. The other claim types are collectively referred to as “**damage**” claims.

Third Party Injury: Claims arising from injuries caused by the policyholder while driving. This does not include injury of the insured person.

Accidental Damage: Claims arising from damage to the policyholder’s own vehicle.

Third Party Damage: Claims arising from damage caused by the policyholder while driving. This does not include damage to the policyholder’s own vehicle.

Fire & Theft: Claims arising from arson or theft of the policyholder’s vehicle.

Windscreen: Claims arising from damage to the policyholder’s windscreen.

Components of Settlement Costs

Compensation: The amount paid to a claimant in respect of a claim they have made. For the 2019 to H1 2022 settlement years, compensation costs are split by:

General Damages: Compensation for non-monetary loss suffered by the claimant, e.g., pain and suffering; and

Special Damages: Compensation for financial loss, e.g. loss of earnings or medical expenses.

Legal: The legal fees paid by an insurer in the course of settling a claim. For the 2019 to H1 2022 settlement years, legal costs are split by:

Own Legal Costs: Legal costs incurred by the insurer in the course of settling a claim; and

Third Party Legal Costs: Legal costs incurred by the claimant in the course of settling a claim, and which were paid by the insurer.

Other: All other expenses incurred by an insurer in the course of settling a claim. This may include the cost of assessing claims (e.g., medical or engineering), administration costs or recoveries from a third party claimant (where they are found to be liable).

Explanation of Key Concepts and Methodologies

Earned Premium and Policy Count

Where premiums and policy numbers presented in this report were collected on an “earned” basis. This means that they are allocated to the year(s) they were in force. A policy can be in force over more than one calendar year. For example, a typical motor policy will provide cover for 12 months. If a policy comes into force on 1 October 2018, with a premium of €800, that policy will be in force from 1 October 2018 to 30 September 2019. 25% of the premium for that policy will be accounted for (i.e., earned) in 2018, and the other 75% will be accounted for (i.e., earned) in 2019.

Written Premium and Policy Count

Where premiums and policy numbers presented in this report were collected on a “written” basis. This means they are allocated to the year(s) in which the policy comes into force, regardless of whether the policy is in force in whole or in part over a later calendar year. In contrast to earned premium, if an annual policy comes into force on 1 October 2018, all of the premium for that policy will be accounted for in 2018 on a written basis.

The Underwriting Cycle

The pricing of insurance risks will generally depend on the position in the insurance underwriting cycle. The cyclical nature of property and casualty (liability) insurance is well recognised. Insurance markets tend to move between hard and soft markets, as illustrated in Figure 15.

A hard market is characterised by higher premiums, stricter underwriting criteria and (relative) profitability. A soft market is characterised by lower premiums, less strict underwriting criteria and (relative) unprofitability. An underwriting cycle lasts a number of years, typically 6-9 years.

The Irish Private Motor underwriting cycle is particularly pronounced.

Figure 15: An illustration of the insurance underwriting cycle.



Appendix 1 – Background to the National Claims Information Database

The Cost of Insurance Working Group (CIWG)¹³ was established by the Minister for Finance in 2016, in response to volatility in the pricing of non-life insurance in Ireland – particularly motor and liability insurance. The CIWG published its Report on the Cost of Motor Insurance¹⁴ in January 2017, which made 33 recommendations within six broad themes:

- Protecting the consumer
- Improving data availability
- Improving the personal injuries claims environment
- Reducing costs in the claims process
- Reducing insurance fraud and uninsured driving
- Promoting road safety and reducing collisions.

Recommendation 11 in this report required the Central Bank of Ireland to establish a National Claims Information Database (NCID), to improve data availability. Legislation was required to confer this new function on the Central Bank, and the Central Bank (National Claims Information Database) Act 2018 commenced in January 2019. After consultation with the Minister for Finance, private motor insurance was selected to be the initial class of insurance in scope of the NCID. The legislation requires that the bank publish a report on a yearly basis.

A data sub-group of the CIWG (with representatives from the Department of Finance, the Personal Injuries Assessment Board (PIAB), the State Claims Agency, the Central Statistics Office (CSO), the Society of Actuaries in Ireland and the Central Bank) developed a Data Submission Requirement¹⁵, specifying the data to be collected from insurers.

¹³ <https://www.finance.gov.ie/what-we-do/insurance/the-cost-of-insurance-working-group/>

¹⁴ <https://www.gov.ie/en/publication/466182-report-on-the-cost-of-motor-insurance/>

¹⁵ <https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database>

Appendix 2 - List of Participating Insurers

The NCID referred to the list of Motor Insurance Bureau Ireland (MIBI) members in order to identify firms in scope. Only those firms who write private motor insurance were required to participate. MIBI members who write commercial motor insurance only were not in scope of this report. Here we list those firms that submitted data to the NCID.

Table 18: Firms that submitted data for the NCID 2022 Mid-Year Report.

Authorisation Status	Undertaking Name
Irish Authorised	Allianz PLC
	Arch Insurance (EU) DAC
	Aviva Insurance Ireland DAC
	AXA Insurance DAC
	XL Insurance Company SE
	FBD Insurance PLC
	Irish Public Bodies CLG
	RSA Insurance Ireland DAC
	Zurich Insurance Company
EU/EEA Authorised, Freedom of Establishment basis	AIG Europe S.A. (Irish Branch)
	Liberty Seguros Compañía De Seguros y Reaseguros, S.A.
EU/EEA Authorised, Freedom of Services basis	Accredited Insurance (Europe) Limited
	Ageas Insurance Limited
	Chubb European Group PLC
	WAKAM



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