
For Written Answer on : 20/09/2018
Question Number(s): 57 Question Reference(s): 38195/18
Department: Finance
Asked by: Brendan Smith T.D.

QUESTION

To ask the Minister for Finance if consideration will be given to the concerns outlined by an association (details supplied) in relation to fraudulent claims and increasing insurance costs; his plans to implement measures to deal with these issues; and if he will make a statement on the matter. (Details Supplied) sent @ 12.29pm on 17/09/2018/

REPLY

I welcome the proactive role that the Alliance for Insurance Reform is taking in regard to the issue of the cost of insurance, particularly for businesses and voluntary organisations. Both the Minister of State for Financial Services and Insurance, Mr. Michael D'Arcy TD, and I are very conscious of the problems arising from false or exaggerated personal injury claims and the impact that the volatility in insurance prices generally in the last few years has had on Alliance members, as well as other businesses and organisations.

Minister D'Arcy has formally met with the Alliance on a number of occasions, mostly recently on Tuesday last (September 18th), and issues related to the Alliance's "10 asks" were discussed to some level of detail, including the four specifically related to the issue of insurance fraud highlighted in the Alliance's press release last week.

All four relevant issues were comprehensively examined and considered by the Cost of Insurance Working Group in the course of producing its two reports, namely the *Report on the Cost of Motor Insurance* and the *Report on the Cost of Employer and Public Liability Insurance*. Indeed, at least two of the four measures proposed by the Alliance are in the process of being implemented.

The Department of Justice and Equality has prepared Draft Heads in relation to amending section 8 of the Civil Liability and Courts Act 2004 to ensure defendants are notified within one month of a claim having been lodged against their policy and it is expected that the amendments will be progressed by the end of the year.

Pursuant to Recommendation 13 from the Liability Insurance Report, a procedure to ensure exaggerated and misleading claims are referred to the Gardaí for investigation and prosecution, if appropriate, has been established. In particular, a new set of guidelines in respect of the reporting of suspected fraudulent insurance claims has been agreed between An Garda Síochána and insurance entities. These guidelines are due to become operational shortly. A separate stream of work relates to an examination of the court process in circumstances where the court believes

there to be an element of fraud or exaggeration in the claim which should be investigated by the Gardaí. Measures which could be taken to ensure that the appropriate action is taken in such circumstances are being examined.

In addition, another “spin-off” occurrence from the implementation of this recommendation has been a commitment for the Garda National Economic Crime Bureau and Insurance Ireland’s Anti-Fraud Forum to meet on a regular basis in order to discuss and act upon current and ongoing general issues which arise in the area of insurance fraud. This positive development is an opportunity for greater communication and improved processes and it is hoped that it will lead to a better understanding on both sides of the issues arising in the investigation and reporting of fraud.

In relation to the establishment of a dedicated Garda insurance fraud unit, Insurance Ireland communicated the outcome of its cost/benefit analysis at the start of July 2018, recommending industry funding of such a unit. I understand that the new Garda Commissioner has yet to form a view on the proposal, and there are a number of serious issues which will require further consideration before any decision whether or not to proceed in this manner is taken. It is important to note that while the idea of a dedicated Garda Fraud Unit has been the focus of a lot of attention, it was in fact one proposal within the overarching Recommendation 26 in the Motor Report which called for “*further cooperation between the insurance sector and An Garda Síochána in relation to insurance fraud investigation*”, and, as outlined above, significant progress has been achieved in this regard.

Finally, in relation to the proposal to regulate claims management companies, my officials have been looking at this issue to understand the precise scale and nature of the perceived problem. Engagement has taken place with the relevant regulatory authority in the UK, as well as relevant parties here, including the Law Society of Ireland and the insurance industry. It should be noted that the Law Society has taken a very proactive role against “claims harvesting” websites operating in Ireland, and its investigations have led to a number of websites having been taken down over the past couple of years. I understand that the number of such websites operating in Ireland has decreased significantly over the past couple of years overall, but my officials will continue to examine this issue and take appropriate action accordingly.

For Written Answer on : 20/09/2018
Question Number(s): 58 Question Reference(s): 38196/18
Department: Finance
Asked by: Brendan Smith T.D.

QUESTION

To ask the Minister for Finance the progress to date in implementing the report of the Cost of Insurance Working Group; and if he will make a statement on the matter.

REPLY

As the Deputy is aware, the Cost of Insurance Working Group undertook an examination of the factors contributing to the cost of insurance in order to identify what short, medium and long-term measures could be introduced to help reduce the cost of insurance for consumers and businesses.

The initial focus of the Working Group was the issue of rising motor insurance premiums and the Report on the Cost of Motor Insurance was published in January 2017, containing 33 recommendations with 71 associated actions.

In its second phase, the Working Group examined the cost of business insurance, in particular employer liability insurance and public liability insurance. This work culminated in the publication in January 2018 of the Report on the Cost of Employer and Public Liability Insurance, with 15 recommendations and 29 associated actions to be carried out.

Both of the primary Reports contain an Action Plan, setting out the agreed timelines for implementation, and also a commitment that the Working Group will prepare quarterly updates on its progress. The Working Group has published six such updates, most recently in August.

The Sixth Quarterly Update shows that 58 of the 71 deadlines placed on actions across the two reports to date have been completed. One of the actions achieved during this time was the delivery of the final report of the Personal Injuries Commission, which merges the content of what had been intended to be two reports. This report was published on Tuesday this week and the implementation of its key recommendations should have an impact upon the awarding of personal injury damages in the future.

As well as the actions which have been finalised, it is important also to consider the continued progress being made on some of the large scale actions. One area of significant progress has been the markedly enhanced levels of engagement and cooperation between An Garda Síochána and the insurance industry since the creation of the Fraud Roundtable. This has led not only to the agreement of a protocol between An Garda Síochána and insurers in relation to the reporting

of suspected fraudulent personal injury claims but also a commitment for the Garda National Economic Crime Bureau and Insurance Ireland's Anti-Fraud Forum to meet on a regular basis in order to discuss and act upon current and ongoing relevant issues in this area.

Much progress has also been made on putting in place a National Claims Information Database with the recently published Central Bank (National Claims Information Database) Bill 2018. The second stage debate on that legislation is scheduled to take place in the Dáil today. The enactment of this Bill will provide us with much greater insight into, in particular, the identification of settlement channel information which should lead to a greater consistency in award levels and a greater use of the Personal Injuries Assessment Board. This would result in a more stable claims environment, in turn positively influencing the price of insurance paid by consumers.

I believe that the reforms which we have been implementing since January 2017 are already showing positive results. The cost of private motor insurance as measured by the Central Statistics Office on a monthly basis has fallen by over 20% since the high premiums seen in July 2016. I appreciate that these figures represent a broad average however we have to recognise that these are the same figures that showed the large increase that many commentators regularly reference. Therefore, I think it has to be recognised that the overall trend currently is downward, which is welcome.

For Written Answer on : 20/09/2018
Question Number(s): 92 Question Reference(s): 38197/18
Department: Justice and Equality
Asked by: Brendan Smith T.D.

QUESTION

To ask the Minister for Justice and Equality the progress to date in establishing a Garda insurance fraud unit; and if he will make a statement on the matter.

REPLY

I understand that the Garda National Economic Crime Bureau (GNECB) have engaged with Insurance Ireland in relation to this matter and submitted a mechanism for establishing an insurance fraud unit to Insurance Ireland in the first half of 2017.

Following receipt of the reply from Insurance Ireland in July 2018, I met with the GNECB and the Assistant Commissioner, Special Crime Operations, on 30th August to discuss this recommendation further. I understand that, at this stage, the Garda Commissioner has yet to form a view on the recommendation, and no proposal or recommendation has yet been submitted to me as Minister.