



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Private Motor Insurance Report 5

## National Claims Information Database

December 2023

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# Introduction

The Central Bank is publishing the National Claims Information Database (NCID) Private Motor Insurance Report in an effort to improve the overall transparency of the private motor claims environment. This is the fifth publication of the annual Private Motor Insurance Report.

## Background

The National Claims Information Database<sup>1</sup> (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 Group<sup>2</sup> (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 year ending 31 December 2022 are listed in the appendices.

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.

The total earned premium for private motor insurance in Ireland in 2022 was €1.3bn. Part 1 of this report is based on data from firms that collected 97% of the private motor insurance premiums in Ireland in 2022<sup>3</sup>; Part 2 of the report is based on 94% market coverage; Part 3 is predominantly based on 98% market coverage (with some exceptions which are noted); Part 4 and Part 5 (settled claims and personal injuries guidelines) is predominantly based on 88% market coverage (with some exceptions which are noted);

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

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

<sup>3</sup> As measured by the ratio of 2021 gross earned premium of included submissions to the 2021 gross earned premium of all submissions.

and Part 6 includes sections based on 94% market coverage. Certain submissions were excluded from our analysis due to insufficient quality of, or granularity in, the data.

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.

## Data Contained within the Report

The data collected for the purpose of this report relates to the time period up to 31 December 2022. Therefore, this year's report will contain the impact on private motor insurance in Ireland from the introduction of Personal Injuries Guidelines by the Judicial Council in April 2021.

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

### 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 CSO<sup>4</sup>, 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%.

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.

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<sup>4</sup> CSO website, Consumer Price Index December 2022 release  
<https://www.cso.ie/en/releasesandpublications/ep/p-cpi/consumerpriceindexdecember2022/>

## Personal Injuries Guidelines

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

## 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

This report is organised as follows:

**Part 1** considers premiums for private motor insurance between 2009 and 2022.

**Part 2** examines claims related to motor accidents that occurred between 2009 and 2022.

**Part 3** gives a breakdown of insurers' income and expenditure for private motor insurance in financial years 2009 to 2022.

**Part 4** analyses how claims were settled between 2015 and 2022 and the various associated costs (claimant compensation, legal fees and other costs).

**Part 5** analyses the impact of the Personal Injuries Guidelines on claims settlements.

**Part 6** analyses the change in the ultimate cost of claims from 2018 to 2022, and provides information on claim development patterns and large claims from 2009 to 2022.

**Part 7** provides notes and information on the key terms and methodology employed in this report.

**Appendices** provide further information on the background to the NCID and reporting population.

## Note on the Grouping of Claims

Private motor insurance claims are discussed in Parts 2, 3, 4, 5 and 6 of this report. It is important to note that the claims discussed in Parts 2 and 6 were collected on a different basis to the claims in Part 3, which in turn were collected on a different basis to the claims in Part 4 and 5. An explanation is provided below.

**Accident year (Parts 2 and 6):** the year in which the accident occurred. It may take several years for all claims relating to a particular accident year to be fully paid. In the interim period, insurers need to estimate how much it will ultimately cost to pay all claims that occurred in a particular accident year. This estimate is called the ultimate claims cost<sup>5</sup>. Estimates of ultimate claims costs are regularly updated based on the most recent data available.

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<sup>5</sup> The concept of ultimate claims costs is explained in Part 7.



**Financial year (Part 3):** the year for which financial accounts are stated.

When stating the claims incurred in a financial year, insurers include: claims which were paid in the year; reserves that they put aside for claims that happened that year; and changes to the reserves put aside for claims that happened in previous years.

**Settlement year (Parts 4 and 5):** 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.

## Private Motor Insurance Report 5 - Key Findings

### Cost of Insurance 2022

**Premium:** The average earned premium per policy decreased by **7%** to €568.

**Claims cost per policy:** increased by **20%** in 2022 but are still **2%** below pre-COVID levels in 2019.

**Claims as % of premiums:** increased to **61%** in 2022 from **47%** in 2021.

**Claims frequency:** increased by **20%** in 2022, and are now similar to the pre-COVID levels in 2019.

**Average cost per claim:** increased by **1%** in 2022.

### Cost of Insurance 2009-2022

<b>Premium per policy</b>	<p>Average earned premium increased <b>15%</b> from 2009 to 2022, following:</p> <ul style="list-style-type: none"> <li>• ↓ <b>14%</b> from 2010 to 2013</li> <li>• ↑ <b>63%</b> from 2013 to 2018</li> <li>• ↓ <b>19%</b> from 2018 to 2022.</li> </ul>
<b>Premium levels by quarter</b>	<p>On a quarterly basis, as at Q4 2022, the average earned premium has decreased by <b>22%</b> since its highest point in Q4 2017.</p>
<b>Claims cost per policy</b>	<p>Claims cost per policy decreased <b>20%</b> from 2009 to 2022, following:</p> <ul style="list-style-type: none"> <li>• ↓ <b>15%</b> from 2009 to 2010</li> <li>• ↑ <b>12%</b> from 2010 to 2014</li> <li>• ↓ <b>16%</b> from 2014 to 2022.</li> </ul>
<b>Claims as % of premiums</b>	<p>Claims costs were on average <b>65%</b> of premiums from 2009 to 2022.</p> <p>Claim costs as a percentage of premiums were at their highest point in 2014 at <b>92%</b> and at their lowest point in 2020 at <b>45%</b>.</p>

<b>Claims frequency (claims count per policy)</b>	<p>Injury claims frequency decreased <b>41%</b> from 2009 to 2022, following:</p> <ul style="list-style-type: none"> <li>• ↓ <b>26%</b> from 2009 to 2019</li> <li>• ↓ <b>20%</b> from 2019 to 2022.</li> </ul> <p>Damage claims frequency decreased <b>44%</b> from 2009 to 2022, following:</p> <ul style="list-style-type: none"> <li>• ↓ <b>45%</b> from 2009 to 2019</li> <li>• ↑ <b>2%</b> from 2019 to 2022.</li> </ul>
<b>Average cost per claim</b>	<p>The average cost per injury claim increased by <b>36%</b> from 2009 to 2022, following:</p> <ul style="list-style-type: none"> <li>• ↑ <b>34%</b> from 2009 to 2019</li> <li>• ↑ <b>1%</b> from 2019 to 2022.</li> </ul> <p>The average cost per damage claim increased by <b>42%</b> from 2009 to 2022, following:</p> <ul style="list-style-type: none"> <li>• ↓ <b>19%</b> from 2009 to 2013</li> <li>• ↑ <b>30%</b> from 2013 to 2020</li> <li>• ↑ <b>35%</b> from 2020 to 2022.</li> </ul>

The table below is a summation of the key premium and claim metrics over the period.

Premium and claims trends between 2010-2022			
	2010-2013	2013-2018	2018-2022
<b>Average Earned Premium</b>	↓ 14%	↑ 63%	↓ 19%
<b>Average Cost of Claims per Policy</b>	↑ 2%	↓ 1%	↓ 6%
<b>Claim Frequency</b>	↓ 19%	↓ 22%	↓ 5%
<b>Avg Cost per injury Claim</b>	↑ 29%	↑ 5%	↓ 2%
<b>Avg Cost per damage claims</b>	↓ 5%	↑ 11%	↑ 46%

## Income & Expenditure 2022

### 2022 Summary

- **Operating profit: 12%** of total income.
- **Combined Operating Ratio (COR)<sup>6</sup>:** 88% gross and net of reinsurance.
- **Reinsurance cost: 4%** of total income.
- **Investment income: 4%** of total income.

## Income & Expenditure 2009-2022

### Private motor revenue results<sup>7</sup>

#### Insurers' Operating Profit

Between 2009 and 2022, operating profit was **5%** of total income.

The operating result was on average:

- A profit of **8%** of total income from 2009 to 2012
- A loss of **9%** of total income from 2013 to 2016
- A profit of **11%** of total income from 2017 to 2022.

### Combined Operating Ratio (COR)<sup>6</sup>

Between 2009 and 2022, the COR was on average **96%** gross of reinsurance and **99%** net of reinsurance.

The COR averaged:

- **101%** gross, **102%** net 2009 to 2012
- **118%** gross, **123%** net 2013 to 2016
- **83%** gross, **85%** net 2017 to 2022.

<sup>6</sup> The Combined Operating Ratio is a key measure of the profitability of an insurance business. It is defined in Part 3.

<sup>7</sup> As some firms do not account for private motor insurance business separately, an income and expenditure statement was prepared on a proportioned basis.

<b>Reinsurance Cost as % of Total Income</b>	<p>Across all years, 2009 to 2022, reinsurance costs were <b>4%</b> of total income.</p> <p>Reinsurance costs were on average:</p> <ul style="list-style-type: none"> <li>• <b>1%</b> of total income from 2009 to 2012</li> <li>• <b>0%</b> of total income from 2013 to 2016</li> <li>• <b>7%</b> of total income from 2017 to 2022.</li> </ul>
<b>Investment Income as % of Total Income</b>	<p>Across all years, 2009 to 2022, investment income was <b>5%</b> of total income.</p> <p>Investment income was on average:</p> <ul style="list-style-type: none"> <li>• <b>11%</b> of total income from 2009 to 2012</li> <li>• <b>6%</b> of total income from 2013 to 2016</li> <li>• <b>3%</b> of total income from 2017 to 2022.</li> </ul>

## All Claim Settlements 2022

<b>Total Claims</b>	<p>Total settled claims in 2022 were approximately:</p> <ul style="list-style-type: none"> <li>• <b>€548m</b> total costs <ul style="list-style-type: none"> <li>○ 54% related to Injury claim costs</li> <li>○ 46% related to Damage claim costs</li> </ul> </li> <li>• <b>134,000</b> total claims <ul style="list-style-type: none"> <li>○ 6% were Injury claims</li> <li>○ 94% were Damage claims</li> </ul> </li> </ul>
<b>Injury and Damage claims</b>	<p>Two offsetting effects can be observed in the total settled claim costs and numbers in 2022 compared to previous years:</p> <ul style="list-style-type: none"> <li>• An increase in the number and cost of damage claims</li> <li>• A decrease in the number and cost of injury claims.</li> </ul>

## Injury Claim Settlements 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.

<b>Method of Claimant Settlement by Channel</b>	% of injury claimants settled by channel: <ul style="list-style-type: none"> <li>• 48% through the direct channel</li> <li>• 15% through PIAB</li> <li>• 37% through litigation.</li> </ul>
<b>Method of Settlement (by Cost)</b>	% of injury claim costs settled by channel: <ul style="list-style-type: none"> <li>• 16% through the direct channel</li> <li>• 7% through PIAB</li> <li>• 77% through litigation.</li> </ul>
<b>Time to Settlement by Channel</b>	Average duration of injury claims settled by channel: <ul style="list-style-type: none"> <li>• 1.8 years through the direct channel</li> <li>• 2.7 years through PIAB</li> <li>• 4.8 years through litigation.</li> </ul>
<b>Claims with Total Costs &lt; €100K</b>	For 94% of claimants, the total cost of a claim was less than €100K.
<b>Direct Settlements &lt;€100k</b>	Average compensation €9,754 Average legal costs €2,130
<b>PIAB Settlements &lt;€100k</b>	Average compensation €15,500 Average legal costs €755
<b>Litigated Settlements &lt;€100k</b>	Average compensation €22,390 Average legal costs €17,872

## Personal Injuries Guidelines 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.

<b>Settlement under the Guidelines</b>	<p>For injury claims settled in 2022:</p> <ul style="list-style-type: none"> <li>• 50% settled under the Guidelines</li> <li>• 50% settled with reference to the Book of Quantum</li> </ul>
<b>Settlement under the Guidelines by Channel</b>	<p>% of injury claims settled under the Guidelines by channel in H2022:</p> <ul style="list-style-type: none"> <li>• 85% of claims that settled Direct before PIAB</li> <li>• 75% of claimants that settled through PIAB</li> <li>• 61% of claimants that settled Direct after PIAB</li> <li>• 6% of claimants that settled through litigation</li> </ul>
<b>Impact on Claims Cost for Direct and PIAB Channels</b>	<p>% impact on average injury claim cost by channel for injury claims settled in 2022, compared to claims settled under the Book of Quantum in 2020:</p> <ul style="list-style-type: none"> <li>• 47% reduction for claims settled directly before PIAB</li> <li>• 32% reduction for claims settled through PIAB</li> <li>• 41% reduction for claims settled directly after PIAB</li> </ul>
<b>Impact on Claims Cost for Litigation Channel</b>	<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 2022.

## Key Insights and Findings

### *2022 Findings*

The average earned premium per policy was €568 in 2022. This was 7% lower than in 2021.

The proportion of policies that include comprehensive cover rather than third party cover, has increased over recent years, from 84% of policies in 2018 to 91% in 2022.

### *Premium Trends 2009-2022*

For the average earned premium, there are three distinct periods of pricing behaviour leading up to 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%; and
- A period of falling premiums from 2018-2022, where annual premiums decreased by 19%.



## Total Premiums

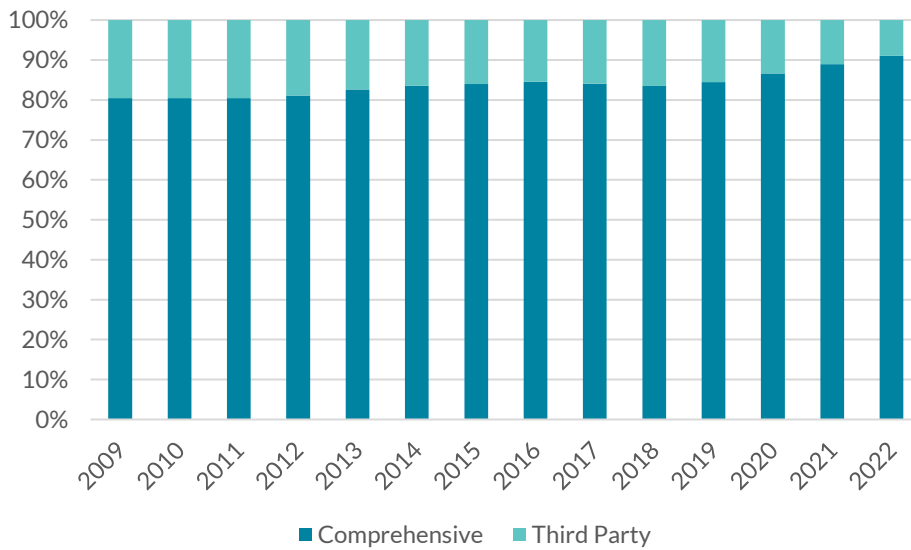
Table 1 shows that for firms that collected 97% of the private motor insurance premiums in 2022, there were 2.2 million earned policies and €1.27bn in earned premium in 2022. It should be noted that the proportion of the market captured in this data may be different in 2022 compared to previous years.

**Table 1: The total earned policy count and gross earned premium over 2009-2022.**

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	1,866	1,286
2018	1,880	1,325
2019	1,968	1,322
2020	2,116	1,319
2021	2,180	1,330
2022	2,237	1,271

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 an increasing trend in the proportion of comprehensive policies, from 84% of policies in 2018 to 91% of policies having comprehensive cover in 2022.

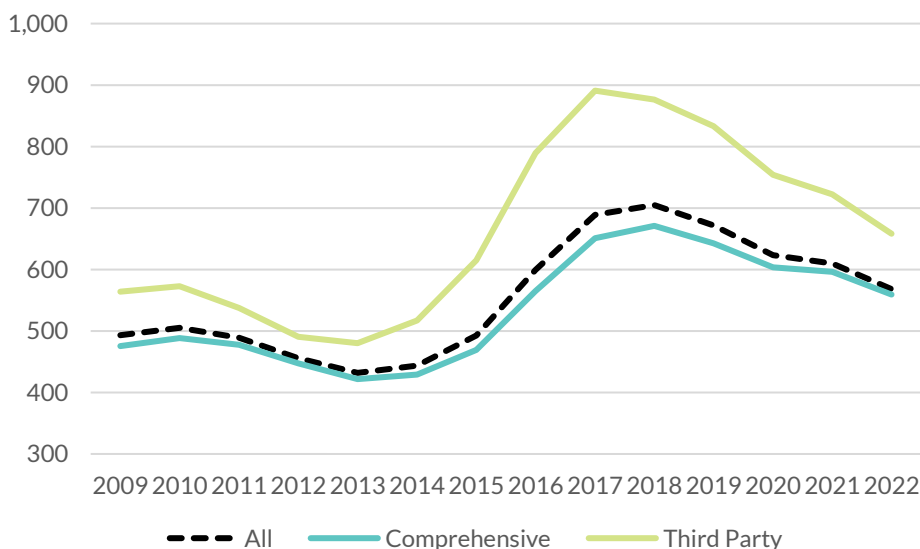
**Figure 1: The proportion of comprehensive policies earned compared to third party policies from 2009 to 2022.**



## Trends in Premium Costs

Figure 2 shows the average earned premium per policy<sup>8</sup> for different levels of cover. As the majority of policies are comprehensive, the average earned premium 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 for years 2009-2022.**



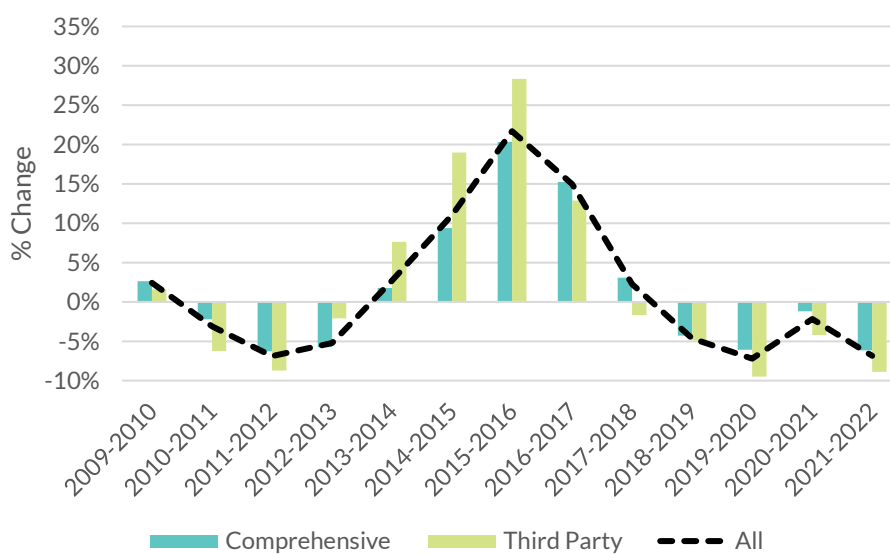
<sup>8</sup> See Part 7 for an explanation of earned premium and policy count.

Overall, average earned premiums per policy increased by 15% from 2009 to 2022. This was characterised by three distinct periods:

- 14% decrease in average earned premiums 2010 to 2013.
- 63% increase in average earned premiums 2013 to 2018.
- 19% decrease in average earned in premiums 2018 to 2022.

The average earned premium decreased by 7% to €568 in 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 for years 2009-2022.**

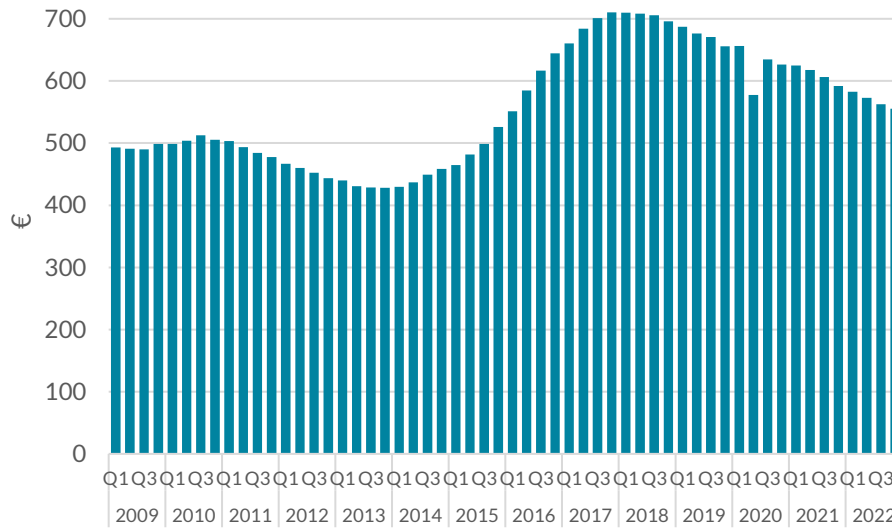


Within the time series, the increases and decreases in average earned premium per policy are more pronounced for third party policies than for comprehensive policies. However, comprehensive policy premiums drive the overall trend.

Across all policies, the largest year-on-year increase in average earned premium over the time series was 22% between 2015 and 2016. The largest annual decrease was 7% which was seen in 2012, 2020 and 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 €555 in Q4 2022, a reduction of 22% compared to the highest point.

**Figure 4: Quarterly average earned premium per policy for all policy types Q1 2009-Q4 2022.**



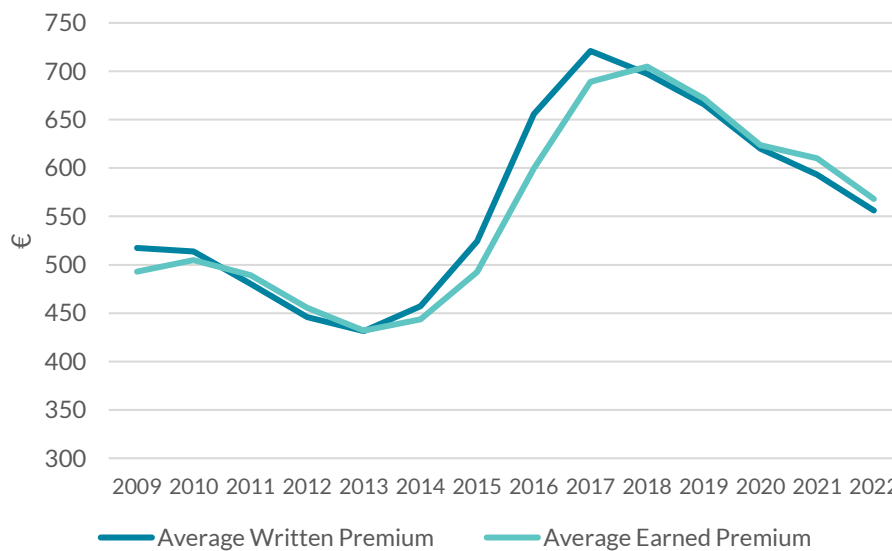
The drop in average earned premium within one quarter in Q2 2020 is as a result of premium rebates that were issued in response to COVID-19. More detail is provided in the appendices.

## 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 also collected as part of the NCID reporting and has been analysed below.

Figure 5 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 7 for an explanation of these terms. Changes to the average premium are reflected more quickly in written premium trends than earned premium trends.

**Figure 5: Average written and earned premium for years 2009-2022.**



Overall, average written premiums per policy increased by 7% from 2009 to 2022. This was characterised by three distinct periods:

- 17% decrease in written premiums 2009 to 2013.
- 67% increase in written premiums 2013 to 2017.
- 23% decrease in written premiums 2017 to 2022.

The average written premium decreased by 6% to €556 in 2022 compared to 2021.

## PART 2 - Claims

Data was collected on the ultimate number and cost<sup>9</sup> of private motor insurance claims relating to accidents that occurred between 2009 and 2022. Data was collected separately for different types of claims: third party injury; accidental damage; fire & theft; third party damage; and windscreen.

### Key Insights and Findings

#### *Cost of claims*

Insurer's ultimate cost per policy increased 20% in 2022 accident year compared to 2021, which was impacted by reduced driving activity as a result of COVID-19 and government restrictions.

#### *Damage Claims*

Much of this increase is driven by damage claims. The average cost per policy for damage claims increased by 44% in 2022:

- Claim frequency increased by 20% in 2022, to levels similar to those seen in 2019 and prior years
- The average cost per damage claim increased by 20% in 2022, this is higher than any other year in the time series
- The total cost of damage claims is impacted by the high inflationary environment in 2022.

#### *Injury Claims*

Injury claim costs have increased to a lesser extent. The average cost per policy for injury claims increased by 8% in 2022:

- Claim frequency increased by 16% in 2022, but is lower than levels seen in 2019 and prior years
- The average cost per injury claim decreased by 7% in 2022

#### *Loss Ratio*

The industry gross loss ratio (claims as a percentage of premiums) averaged 65% between 2009 and 2022. The gross loss ratio increased from 47% in 2021 to 61% in 2022.

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<sup>9</sup> As calculated at 31 December 2022.

## Total Claims

**Table 2: Total ultimate claim numbers and ultimate claim costs for accident years 2009-2022.**

Accident Year	Ultimate Claim Numbers (000's)			Ultimate Claim Costs (€m)		
	Damage	Injury	Total	Damage	Injury	Total
2009	279	16	295	334	471	804
2010	243	13	256	250	385	635
2011	218	12	231	215	462	677
2012	210	14	224	203	484	687
2013	210	13	223	204	490	694
2014	205	14	219	216	540	756
2015	186	13	199	205	512	717
2016	168	13	181	181	511	692
2017	157	13	169	178	513	691
2018	163	12	175	190	501	691
2019	158	12	171	201	485	687
2020	126	9	135	160	400	560
2021	146	9	155	207	396	603
2022	181	11	192	309	442	751

Table 2 shows the total ultimate claim numbers and ultimate claim costs for 94% of the private motor insurance market in 2022. It is estimated that the total claims cost for 2022 will be approximately €751m across 192,000 claims. This represents an increase of approximately €148m in claim costs and 37,000 in the number of claims compared to the 2021 accident year.

## Frequency of Claims

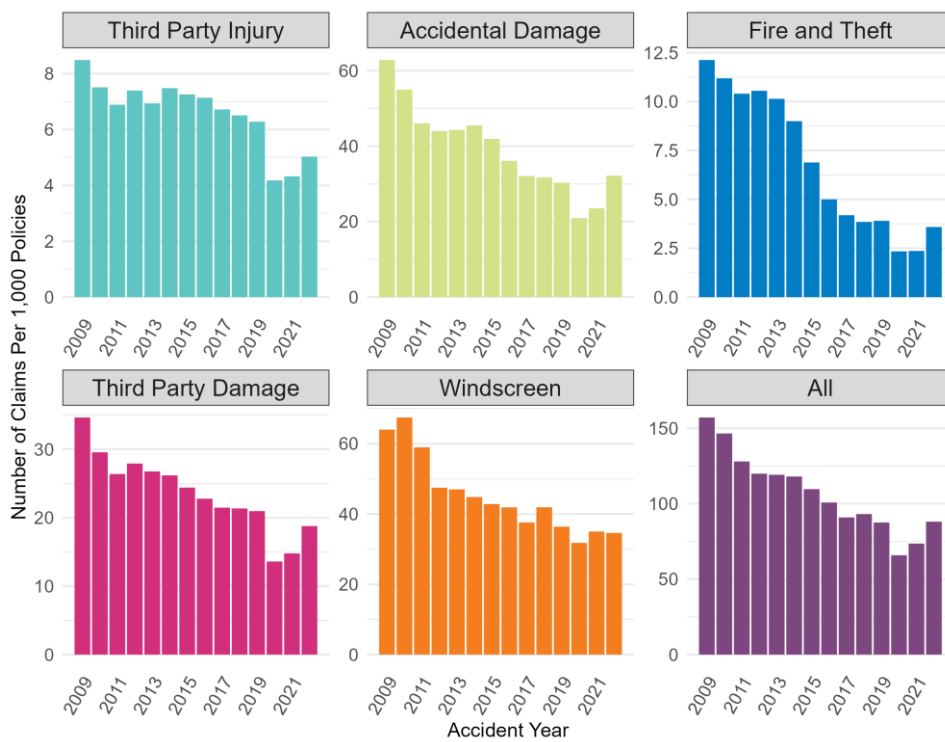
Figure 6 shows the number of each type of claim per 1,000 policies<sup>10</sup>. Claims frequency has been reducing for all claim types and overall is down 44% from 2009 to 2022. Over the course of the time series the combined frequencies of injury and damage claims:

- Reduced by 44% from 2009 to 2019:
  - Driven by a 45% reduction in damage claim frequency.
  - Injury claims decreased by 26% from 8.5 per thousand policies in 2009 to 6.3 in 2019.
- Decreased 25% between 2019 and 2020:

<sup>10</sup> Note that not every policy will cover each claim type – e.g., accidental damage is only covered by comprehensive policies. The frequency by cover has been calculated as the average number of claims per policy that covers the claim type in question. The overall frequency per policy has been calculated as the average number of claims per policy, including all policies, regardless of coverage.

- As a result of the COVID-19 pandemic in 2020 the frequency of both injury (-33%) and damage claims (-24%) decreased significantly.
- Increased by 12% in 2021:
  - Injury claims by 4% and damage claims by 12%.
- Increased by 20% in 2022:
  - Injury and damage claims by 16% and 20% respectively.
  - Frequency levels in 2022 are at a similar level to 2019 and earlier years for damage claims, but still at a lower level for injury claims.

**Figure 6: Number of claims per 1,000 policies by claim type for accident years 2009-2022.**





## Average Cost of a Claim

The average cost of a claim increased 43% between 2009 and 2022 from €2,729 to €3,905. The trend in average injury claim costs can be seen in Figure 7 and the trend for damage claims in Figure 8.

**Figure 7: Average cost per injury claim for accident years 2009-2022.**



Figure 7 shows the average cost of an injury claim, which increased 36% from €29,552 in 2009 to €40,234 in 2022. However, the average cost of claims in 2020 and 2021 were the highest values in the time series. This period was affected by the COVID-19 related restrictions which resulted in reduced driving activity. The subsequent claim averages were influenced by smaller claims numbers with a higher component of larger claims. As driving activity increased in 2021 and 2022 the average cost of injury claims decreased. The introduction of the Personal Injuries Guidelines in April 2021 could also have had an impact on the average cost of injury claims in 2021 and 2022, as these are expected to reduce the cost of new injury claims.

Average injury claims in 2022 were similar to the values in the years before the COVID pandemic between 2016 and 2019, however the mix of claims less than €250k and greater than €250k in 2022 has changed compared to the previous years. In comparison to the 2016 to 2019 period, in 2022 the average cost of claims less than €250k has fallen while the average cost of claims more than €250k has increased. Chapter 6 provides more detail on this.

The average cost of a damage claim increased 42% between 2009 and 2022 from €1,198 to €1,705. However there has been a 35% increase since 2020 with a 20% increase from €1,417 in 2021 to €1,705 in 2022. The high

inflationary environment in 2021 and 2022 has affected the average cost of damage claims.

**Figure 8: Average cost per claim of damage claims for accident years 2009-2022.**



## Average Cost of Claims per Policy

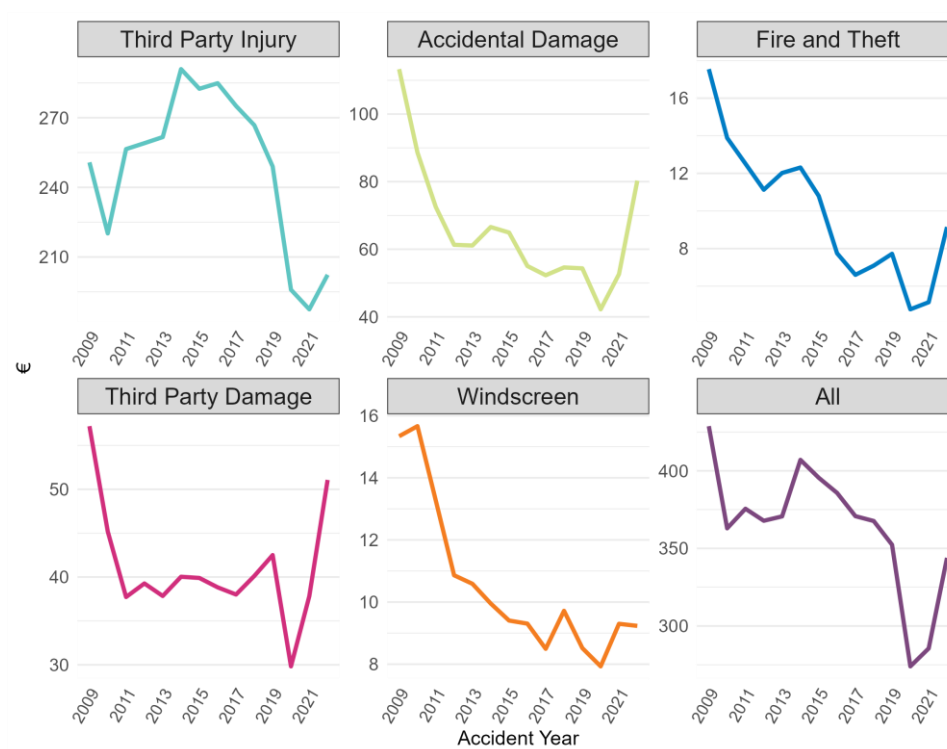
Figure 9 shows the average cost per policy of each claim type<sup>11</sup>. Overall, the cost per policy of all claims reduced by 20% from 2009 to 2022.

Over this period, the average cost per policy decreased by 15% from 2009 to 2010, increased by 12% from 2010 to 2014 before decreasing again by 13% to 2019. In 2020, the average cost per policy fell by 22% followed by an increase of 4% from 2020 to 2021 and an increase of 20% during 2022.

The average cost of injury claims per policy increased by 32% from 2010 to 2014 where it steadily decreased from €291 in 2014 to €267 in 2018. It decreased by 7% in 2019 followed by 21% in 2020, and a further 4% in 2021. The trend reversed in 2022 with an 8% increase in the average cost per policy of injury claims to €202. The trend in the cost per policy of injury claims drives much of the aggregate trend as this makes up a large proportion of the €344 average cost of claims per policy in 2022.

<sup>11</sup> The average cost is per the policy that covers the claim type in question, e.g., accidental damage is only covered by comprehensive policies.

**Figure 9: Average cost per policy of each claim type for accident years 2009-2022.**



The cost per policy of all damage claims decreased by 20% from 2009 to 2022. This was comprised of a reduction of 56% from 2009 to 2020, followed by an increase of 26% during 2021 and 44% during 2022. This increase can be seen across accidental damage, third party damage and fire & theft claim types in 2022.

The large decrease in average cost of claims per policy shown from 2019 to 2020 is driven primarily by reduced driving activity as a result of COVID-19 related restrictions. These restrictions continued during 2021 and the average cost per policy was still at a lower level in 2021 compared to 2019 and earlier years.

The average cost per policy increased significantly in 2022, which is likely influenced by both increased driving activity and the high inflationary environment experienced in 2022. The impact of inflation will primarily be seen on damage claims in the 2022 accident year.

The 2021 and 2022 accident years could also include the impact of the introduction of the Personal Injuries Guidelines on the cost of claims per policy. The guidelines were introduced in April 2021. They set out updated awards for any new injury claims and are expected to reduce overall injury claim amounts. The average cost per claim for the 2021 and 2022 accident years will account for the expected impact of the guidelines in those years.

The Personal Injuries Guidelines are discussed in more detail in Part 5.

## Premiums and Claims Costs

The trends in claims costs shown in this Part are based on an estimate of claims costs calculated as at 31 December 2022. This may differ from the estimates that insurers made when setting their premium levels. The difference between the estimates calculated at 31 December 2018 and 31 December 2022 are shown in Part 6.

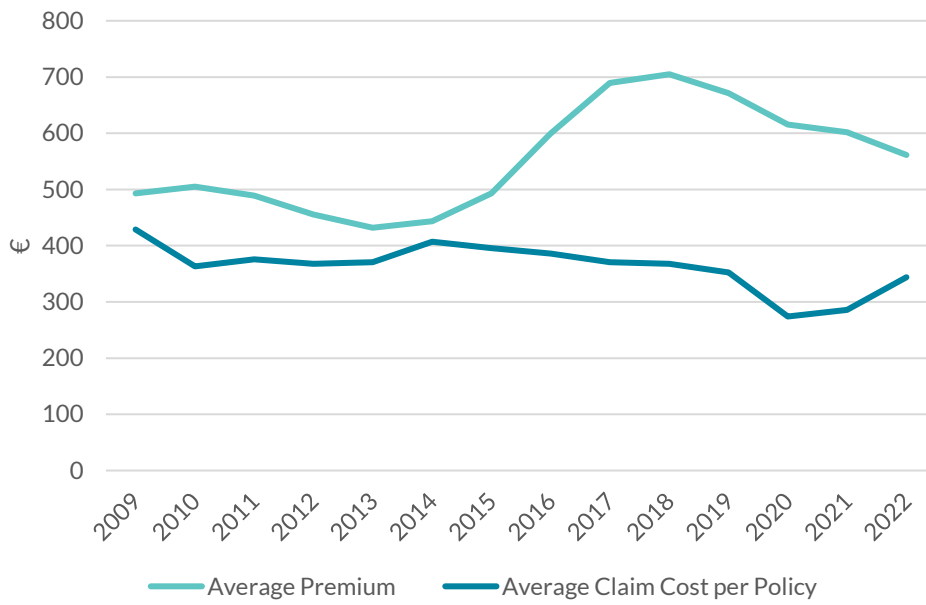
Figure 10 shows claims as a percentage of premiums, known as the loss ratio. Between 2009 and 2022, claims costs have been, on average, 65% of premiums earned. The loss ratio peaked in 2014 at 92%. By 2017 this had reduced to 54%, and remained stable from 2017 to 2019. The loss ratio fell to 45% in 2020, increased slightly to 47% in 2021 before increasing to 61% in 2022.

**Figure 10: The ratio of ultimate claims costs to earned premiums (loss ratio) for accident years 2009-2022.**



Figure 11 is an alternative view of claim costs and premiums over time. It can be seen that in 2022 premiums decreased and costs increased. The volatility in loss ratio seen in Figure 10 is mainly driven by changes in premium over the time series as opposed to movements in claim values which have been relatively stable (excluding 2020 and 2021 which were impacted by COVID-19 related restrictions).

**Figure 11: Comparison of the average earned premiums per policy and the average cost of claims per policy for accident years 2009-2022.**



## PART 3 - Income and Expenditure

Statements of income and expenditure for private motor insurance were collected from firms across financial years 2009 to 2022.

### Key Insights and Findings

#### 2022 Findings

- Insurers' operating profit was 12% of total income.
- The Combined Operating Ratio (COR) for 2022 was 88% both gross and net of reinsurance.
- The net cost of reinsurance was 4% of total income.
- Investment Income was 4% of total income.

#### Income Trends 2009-2022

Over the period 2009 to 2022 insurers' operating profit was 5% of total income:

- 2009 to 2012, the operating profit was 8% of total income
- 2013 to 2016 there was an operating loss of 9%
- 2017 to 2022 there was an 11% operating profit.

Across all years the Combined Operating Ratio was:

- 96% gross of reinsurance
- 99% net of reinsurance.

The net cost of reinsurance across all years has averaged 4% of total income:

- 3% for related reinsurance
- 1% for third party reinsurance.

Investment income has averaged 5% of total income across all years:

- 14% of total income in 2009
- Reduced to 1% of total income by 2020
- Increased to 4% of total income in 2022.

## Breakdown of Income and Expenditure

Table 3 and Table 4 provide a breakdown of the income and expenditure components for the latest financial year 2022. From Table 3, it can be seen that the profit for the 2022 financial year was 12% of total income.

The remainder of the income and expenditure section will concentrate on the financial performance of firms providing private motor insurance cover from 2009 to 2022.

**Table 3: Breakdown of total income and expenditure for 2022.**

Category	2022
<b>Income (€m)</b>	
Gross Earned Premium	1,295
Investment Income and Other Earnings	82
<b>Expenses (€m)</b>	
Gross UW Expenses	-1,137
Reinsurance Impact	-54
Other Expenses	-7
Interest & Tax	-20
<b>Profit (€m)</b>	
Profit	159
Profit (%)	12%

**Table 4: Breakdown of gross underwriting expenses for 2022.**

Category	2022
<b>Gross Underwriting Expenses (€m)</b>	
Gross Claims Incurred	-699
Claims Management Expenses	-69
MIBI Expenses	-48
Gross Commission	-116
Management Expenses	-206
<b>Total (€m)</b>	
Total - Gross UW expenses	-1,137

## Profitability of Private Motor Insurance

Figure 12 shows the total income and total expenses across all firms over the period 2009 to 2022. These results are limited to those firms still writing private motor insurance in Ireland in 2022 i.e., it does not include firms that exited the market prior to 2022.

Operating profit as a percentage of total income is also shown. The aggregate operating profit for private motor insurance across all years 2009 to 2022 was 5% of total income.

**Figure 12: Breakdown of total income and expenditure from 2009-2022.**

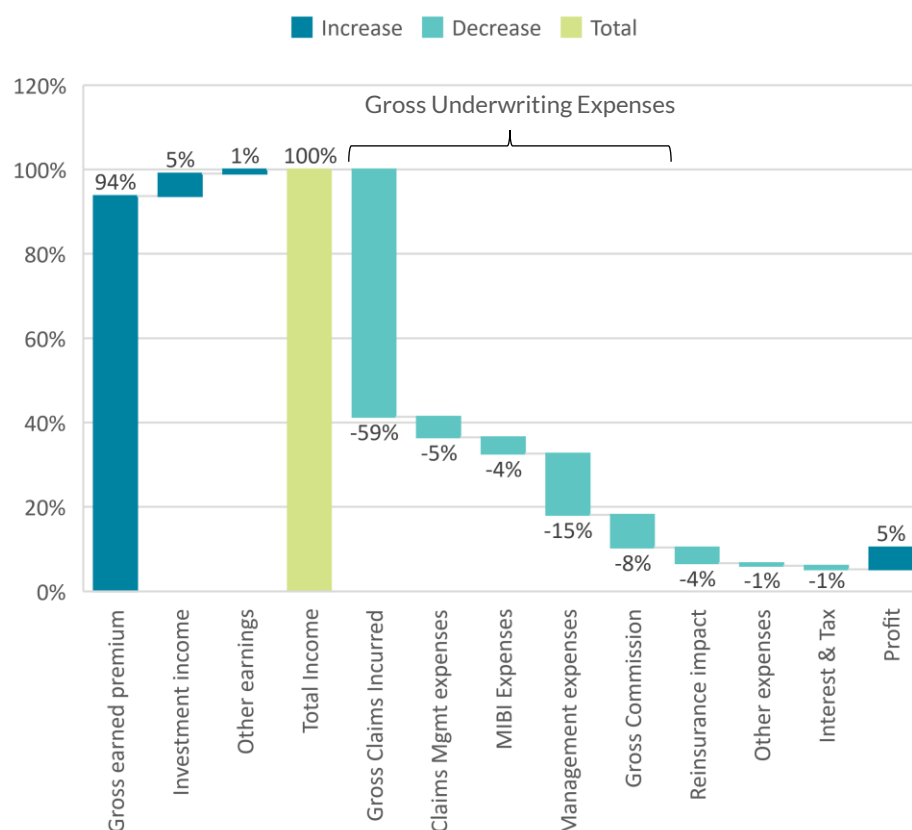
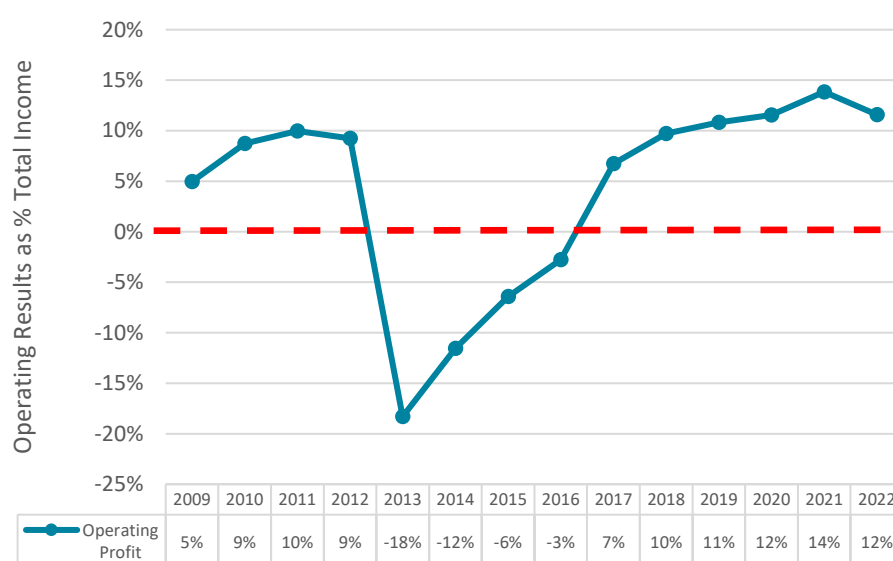


Figure 13 shows how insurers' operating results varied across the time series for private motor insurance. There are three distinct periods in the data: 2009-2012, 2013-2016 and 2017-2022.

From 2009 to 2012, private motor insurance was predominantly profitable, with an operating profit of 8% of total income across this period. From 2013 to 2016, it was predominantly unprofitable and the market had an operating loss of 9% of total income across these years.

The private motor market was profitable again from 2017 to 2022 with a combined operating profit of 11% of total income. In summary, over the time period from 2009-2022, there has been an average operating profit of 5% across all firms for private motor insurance.



**Figure 13: Operating result by financial year from 2009 to 2022.**

As highlighted previously, the data collection includes any firm writing private motor business in 2022. The profitability figures will have an element of survivor bias; they will not include the results of those firms that exited the market prior to 2022.

## Operating Performance split by Key Components

### Overview

The key income components are gross earned premium and investment income; the key expense components are gross underwriting expenses and reinsurance.

Table 5 shows the key components of operating performance as a percentage of total income split between the net insurance-related result (including reinsurance impact), investment income and other earnings, tax and expenses.

**Table 5: Profit, investment income and other earnings and expenses  
2009-2022 as proportion of total income.**

Year	Gross Insurance Related Result*	Reinsurance	Net Insurance Related Result	Investment Income	Other Earnings, Tax and Expenses	Operating Result
2009	-7%	0%	<b>-8%</b>	14%	-1%	<b>5%</b>
2010	0%	-1%	<b>-2%</b>	11%	-1%	<b>9%</b>
2011	6%	-2%	<b>4%</b>	8%	-2%	<b>10%</b>
2012	0%	0%	<b>0%</b>	9%	0%	<b>9%</b>
2009-2012	-1%	-1%	<b>-1%</b>	11%	-1%	<b>8%</b>
2013	-26%	0%	<b>-26%</b>	8%	0%	<b>-18%</b>
2014	-19%	-1%	<b>-20%</b>	7%	2%	<b>-12%</b>
2015	-17%	2%	<b>-14%</b>	6%	2%	<b>-6%</b>
2016	-7%	0%	<b>-8%</b>	4%	1%	<b>-3%</b>
2013-2016	-17%	0%	<b>-16%</b>	6%	1%	<b>-9%</b>
2017	8%	-4%	<b>4%</b>	4%	-1%	<b>7%</b>
2018	17%	-8%	<b>8%</b>	3%	-1%	<b>10%</b>
2019	17%	-7%	<b>10%</b>	2%	-1%	<b>11%</b>
2020	22%	-10%	<b>12%</b>	1%	-1%	<b>12%</b>
2021	20%	-7%	<b>13%</b>	3%	-1%	<b>14%</b>
2022	12%	-4%	<b>8%</b>	4%	-1%	<b>12%</b>
2017-2022	16%	-7%	<b>9%</b>	3%	-1%	<b>11%</b>
Total (2009-2022)	4%	-4%	<b>0%</b>	5%	0%	<b>5%</b>

\* Gross Insurance-related result:

*Gross Earned Premium - Gross UW Expenses*

*Total Income (including Investment Income)*

## Insurance-related results

The gross insurance-related result indicates if there is a profit or loss in relation to insurance activities, gross of any reinsurance impact; we have shown this as a percentage of total income. This includes the performance of premiums, claims, and expenses related to writing insurance business. Across all years, there has been a gross insurance-related profit of 4% as a proportion of total income (-1% from 2009-2012, -17% from 2013-2016 and +16% from 2017-2022).

The net insurance-related result indicates if there is a profit or loss in relation to insurance activities net of reinsurance; we have shown this as a percentage of total income. This calculates the insurance-related result using premiums, claims and expenses net of reinsurance. Across all years,

there has been a net insurance-related result of 0% as a proportion of total income (-1% from 2009-2012, -16% from 2013-2016 and +9% from 2017-2022). From 2009-2016, the market experienced an insurance-related loss each year with the exception of 2011, both gross and net of reinsurance. From 2017 to 2022, there was an insurance-related profit each year both gross and net of reinsurance. The reinsurance impact will be discussed in more detail in the next section.

Over time insurers will revise their estimates of the ultimate cost of claims for a given accident as more information becomes available and the results become more certain. When the ultimate cost of claims are revised upwards or downwards for a given accident year, or across multiple accident years, this will impact the profitability of the financial year in which those revisions occur.

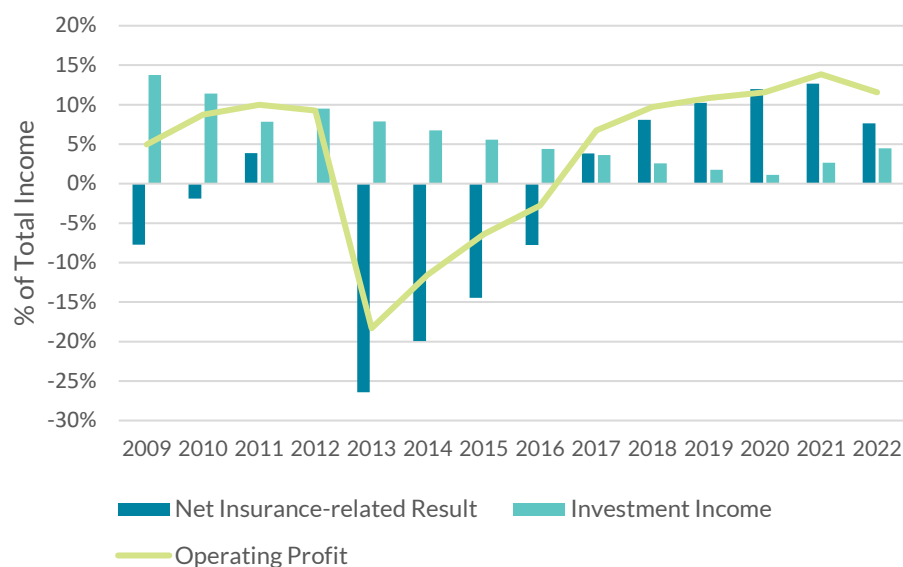
A reduction in the estimate of ultimate claims costs will increase profitability (or reduce losses) in a given financial year as reserves are released, while an increase in the estimate of ultimate claims cost will reduce profitability (or add to losses) in a given financial year as reserves would be increased to match the revised ultimate claims cost.

Reserve releases (or increases) can impact on the insurer's profit (or loss) for the year and are captured in the insurance-related result. As described in Part 6, reserve releases have supported insurer's profits in 2022.

## Investment Income

Investment income as a proportion of total income across all years has averaged 5%. As detailed in Table 5, investment income as a percentage of total income gradually reduced across the time period; from a high of 14% in 2009 to a low of 1% in 2020, subsequently increasing to 4% in 2022.

**Figure 14: Interaction between profit and investment income for 2009-2022.**



Investment income reported through insurer's income and expenditure does not include unrealised gains or losses to investments. Therefore, fluctuations in the overall value of insurer's asset are not reflected here. For example, the impact of rising interest rates in 2022 on the value of insurer's assets is not reflected within this data.

Figure 16 shows the interaction of the net insurance-related result, investment income and operating profit for the 2009 to 2022 financial years.

- For the 2009 and 2010 financial years, the net insurance-related result was negative, but this was offset by investment income leading to a positive operating result;
- For the 2011 and 2012 financial years, 4% and 0% net insurance-related results respectively combined with investment income, resulted in positive operating results;
- For the 2013 to 2016 financial years, the operating result was negative as a result of negative net insurance-related results which falling levels of investment income could not offset fully;
- For the 2017 to 2022 financial years, although investment income is lower than previous years, a positive net insurance-related result has led to an operating profit over this period.

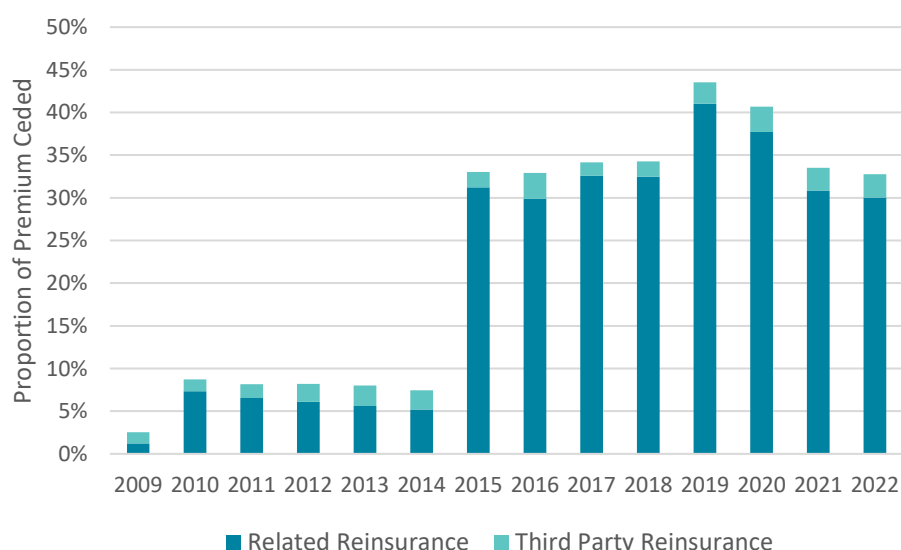
## Reinsurance

Figure 15 shows how the proportion of premium ceded to reinsurers has changed from 2009-2022. Premium ceded refers to the premium paid by an insurer for a reinsurance contract. In exchange, the reinsurer covers an agreed level of claim experience therefore reducing the claims risk borne by an insurer. The reinsurer may also cover a proportion of the expenses incurred by the insurer in writing the business. Premiums can be ceded to a third party reinsurer, i.e., an external provider of reinsurance cover; or through a reinsurer within the same group as the firm which is defined here as related reinsurance.

The percentage of premium ceded by insurers increased from an average of 7% for 2009-2014 to 36% for 2015-2022. This increase is driven by the increase in related reinsurance cover which has increased from 5% on average for 2009-2014 to 33% for 2015-2022. The proportion of premium ceded was at its highest at 44% in 2019 and has since reduced to 33% in 2022.

This metric can be influenced by one-off reinsurance arrangements that are put in place to cover losses for previous accident years e.g., following a merger or re-structure. This would result in firms ceding large volumes of premium compared to the actual premium received for a particular financial year.

**Figure 15: Proportion of premium ceded by insurers for reinsurance, split between related and third party reinsurers for years 2009-2022.**



For the most part, the increase in related reinsurance cover from 2015 is attributable to the use of quota share reinsurance arrangements which are used to share premiums, claims and expenses between the insurer and a reinsurer in pre-determined proportions. This facilitates the sharing of

losses in poor-performing years and profits in well-performing years. These arrangements can reduce the level of risk within each firm and provide benefit through a reduction in the amount of capital that an individual firm, or a group, has to hold to satisfy regulatory requirements.

Figure 16 illustrates the net cost of reinsurance for each year from 2009 to 2022 for related and third party reinsurance. The total net cost across all financial years 2009-2022 equates to a cost of 4% of total income. This is shown as -4% in Table 5 to signify that reinsurance was an expense to the insurer. This is the case where the insurer paid more to a reinsurer in premium than they received back in claims and expense payments. This varies across the time period for related and third party reinsurance. Where the net cost is positive, this signifies that reinsurance was an income to the insurer, with claims and expense payments from the reinsurer being larger than the premium paid to them.

**Figure 16: Net cost of related and third party reinsurance cover for years 2009-2022.**

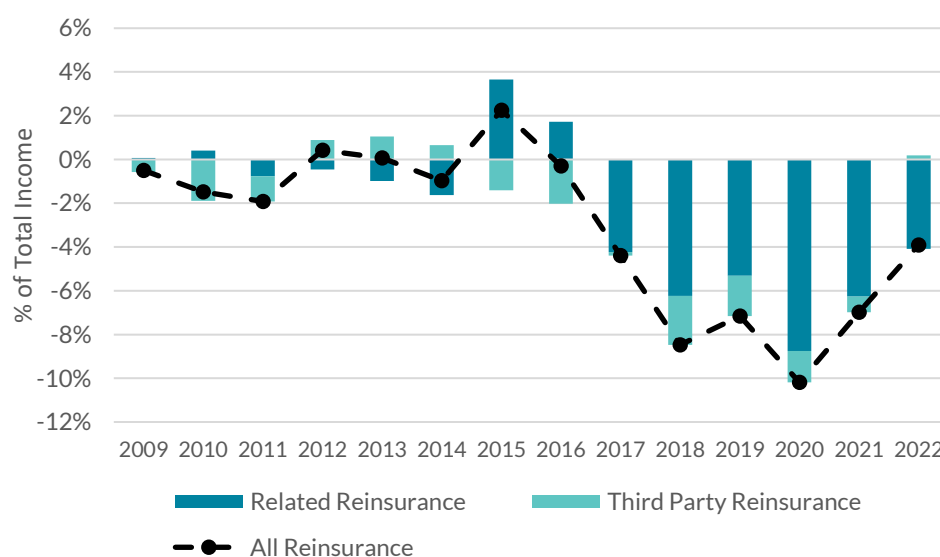


Table 6 below shows how the net cost of reinsurance varies for related and third party reinsurance cover across various time periods.

At a total level, the impact of third party reinsurance was -1% across all years and this has been relatively stable across the time period; this averaged -1% for 2009-2011, 1% for 2012-2014, -2% for 2015-2016 and -1% for 2017-2022.

For related reinsurance, the total impact was -3% across all years and this has varied across the time period; this averaged 0% for 2009-2011, -1% for 2012-2014, 3% for 2015-2016 and -6% for 2017-2022.

**Table 6: Net cost of related and third party reinsurance cover.**

Year	Third Party Reinsurance	Related Reinsurance
2009-2011	-1%	0%
2012-2014	1%	-1%
2015-2016	-2%	3%
2017-2022	-1%	-6%
<b>Total</b>	<b>-1%</b>	<b>-3%</b>

## Combined Operating Ratio (COR)

The operating result in the earlier section looked at the split of the key components of income and expenditure as a percentage of total income, with a particular focus on the net cost of reinsurance. However, a key ratio used by insurers to measure the underlying performance of their insurance related activities is the Combined Operating Ratio (COR). The COR describes insurance related outgoings as a proportion of earned premium.

This is defined as:

$$\text{COR} = \frac{\text{Claims incurred}^{12} + \text{Other underwriting expenses}^{13}}{\text{Earned premium}}$$

This metric is an important performance indicator used by insurers in making pricing and underwriting decisions. The COR can be calculated either gross (before the effect) or net (after the effect) of reinsurance, and is unchanged by the quota share reinsurance arrangements described previously in the Reinsurance section. The Net COR will differ from the Gross COR as a result of other types of reinsurance arrangements.

Further information on gross underwriting expenses is provided in subsequent sections.

From an insurer's perspective, a high COR represents an unfavourable result. A COR greater than 100% represents a higher level of insurance related outgoings than insurance-related income.

Figure 17 provides the Gross and Net COR from 2009 to 2022. The total Gross COR was 96% across all financial years; the Net COR was 99%. Between 2009 and 2016, 2011 was the only year where the Gross and Net

<sup>12</sup> Incurred claims include: claims paid in the year; reserves for claims which occurred in the year; and changes in reserves for claims which occurred in prior years.

<sup>13</sup> Other underwriting expenses include: commissions; other acquisition costs; policy administration; and claims handling expenses.

COR were less than 100%, i.e., where underwriting was profitable. From 2017 to 2022 the COR has been less than 100%.

**Figure 17: Gross and Net COR for 2009-2022.**

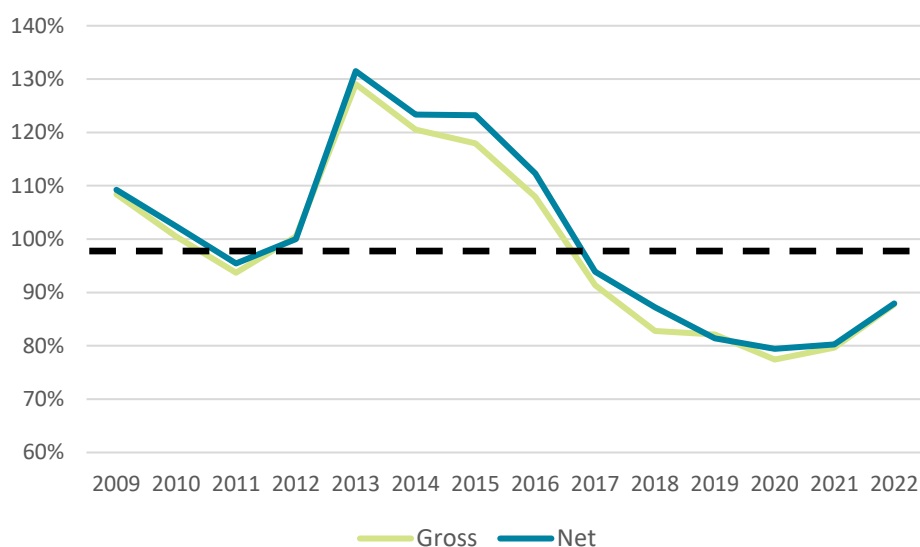


Table 7 shows the Gross and Net COR across the distinct periods of profit and loss. Between 2009 and 2012 both the Gross and Net COR were slightly above 100%, which meant insurance outgoings slightly exceeded premium income for this period. For the period between 2013 and 2016 the ratio was very high, with a Gross COR of 118% and a Net COR of 123%, indicating that the insurance business was loss making.

From 2017 to 2022 the Gross and Net CORs averaged 83% and 85% respectively, indicating that the insurance business has been profitable. The lowest COR results were achieved during 2020, which had a Gross COR of 77% and a Net COR of 79%. The Gross and Net COR both increased to 88% in 2022.

**Table 7: Gross and Net COR for various time periods.**

Year	Gross COR	Net COR
2009-2012	101%	102%
2013-2016	118%	123%
2017-2022	83%	85%
All Years	96%	99%

## Underwriting Expenses

Figure 18 provides a breakdown of the underwriting costs as shown in the Combined Operating Ratio section above. Gross claims-related costs (i.e., claims incurred and claims handling expenses) were the greatest

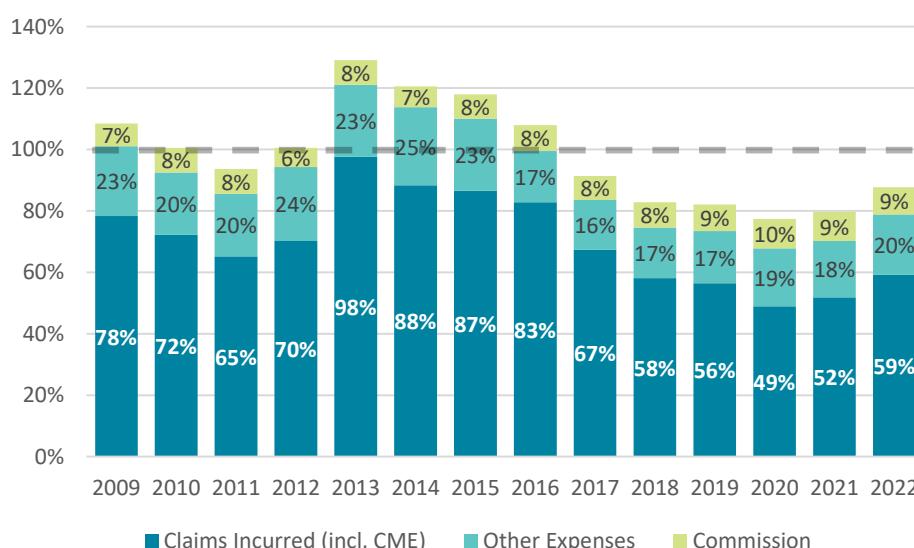


expenditure accounting for 68% of gross earned premium between 2009 and 2022.

Other expenses are a combination of management expenses and MIBI<sup>14</sup> expenses. These amounted to 20% of gross earned premium across 2009-2022, while commission expenses amounted to 8% of gross earned premium over the same period.

Management expenses are the expenses related to product development, system improvements, salaries, auditing costs and regular day-to-day costs i.e., electricity bills, rent for accommodation, and IT costs. Claims management expenses are the expenses related to the processing and resolving of claims, including certain legal and adjusters' fees and internal costs of processing claims payments.

**Figure 18: Breakdown of the gross underwriting costs for 2009-2022 as a percent of gross earned premium.**



## Commission

Figure 19 provides a breakdown of gross earned premium by distribution channel between third party distribution, i.e., brokers and comparison websites; direct distribution, i.e., the firm's own distribution networks; and related distribution, i.e., distribution through companies related to the firm. Policies sold through third party intermediaries made up 45% of gross earned premium across all years, 2009 to 2022. The proportion sold

<sup>14</sup> MIBI expenses are amounts payable to the Motor Insurance Bureau of Ireland (MIBI). MIBI's principal role is to compensate victims of road traffic accidents caused by uninsured and unidentified vehicles and is funded by all companies underwriting motor insurance in Ireland.

through this channel increased from 38% of premium in 2012 to 48% in 2017 and has remained relatively stable between 2017 and 2022.

Policies sold through related distribution and direct distribution made up 16% and 38% of gross earned premium respectively across all years, 2009 to 2022.

**Figure 19: Split of gross earned premium between third party, direct and related distribution channels<sup>15</sup>.**

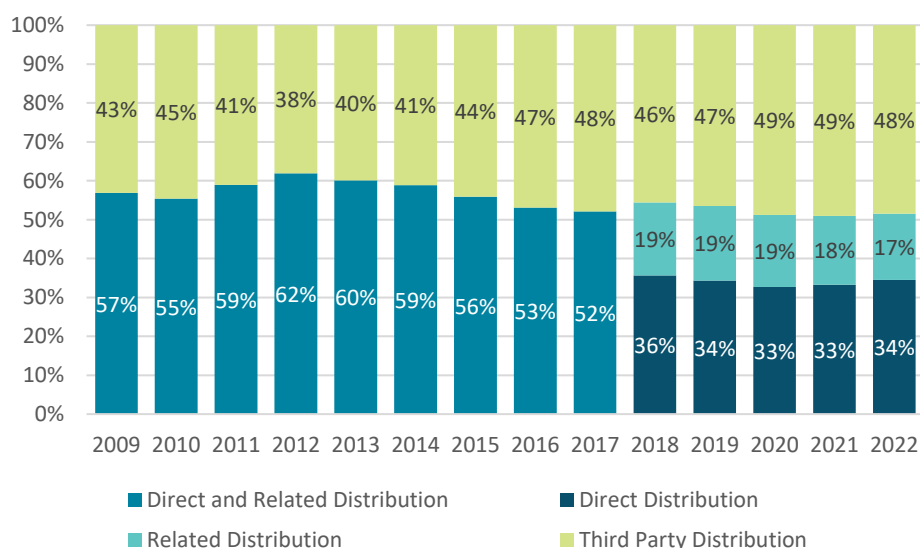
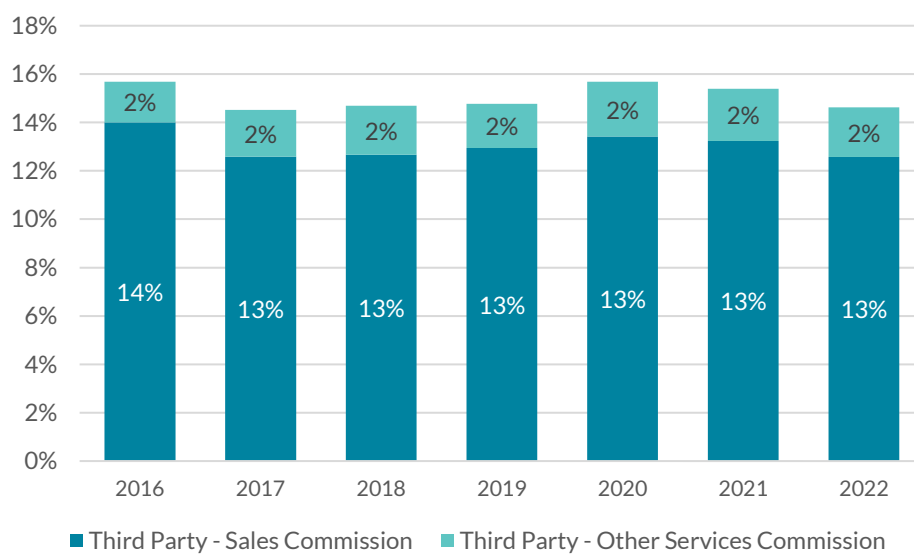


Figure 20 highlights commission costs as a percentage of premium on policies sold through third party intermediaries. On average, the total amount of commission as a percentage of premium sold through third party intermediaries was 15% from 2016 to 2022. This remained relatively stable across the time series.

Figure 20 also provides the split of commission costs between sales commission, i.e., amounts paid to a distributor in respect of the sale of a policy; and other services, i.e., all other amounts paid to the intermediary that are not related to the selling of a policy. On average, the total amount of sales commission as a percentage of premium sold through third party intermediaries was 13% from 2016 to 2022; costs for other services were 2% of premium sold through third party intermediaries.

<sup>15</sup> It is not possible to publish direct and related distribution percentages separately for 2009-2017 due to statistical confidentiality rules applied to the data.

**Figure 20: Commission as a percentage of earned premium for policies sold through third party intermediaries<sup>16</sup>.**



<sup>16</sup> Based on 95% of market coverage in 2022.

## PART 4 – Claim Settlements

Data was collected on claimants who settled claims between 2015 and 2022. The number of claimants and the aggregate cost of settling their claims was collected by claim type and settlement channel.

### Key Insights and Findings

The total cost of claims settled in 2022 was approximately €548m, and this was spread across 134,000 claims. Two contrasting movements are evident compared to previous years:

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

Damage claims made up 46% of overall settled claim costs in 2022.

Fewer injury claims were settled in 2022 than any other year in the dataset, this decrease is evident across all settlement channels.

For claimants who settled injury claims in 2022:

- 48% settled directly with the insurer and accounted for 16% of the total cost of injury claims
- 15% settled through PIAB and accounted for 7% of the total cost of injury claims
- 37% settled through litigation and accounted for 77% of the total cost of injury claims.

The average time taken to settle injury claims varied by channel, it was 1.8 years for claims settled directly in 2022, 2.7 years for those settled via PIAB, and 4.8 years for those settled through litigation.

For injury settlements less than €100k in 2022 (94% of claims), legal costs are highest in the litigated channel, accounting for 44% of the total cost of an average claim (80% of compensation cost). Legal costs accounted for 17% and 4% of the total cost of an average claim 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 4

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 2022, 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 Quantum<sup>17</sup>, 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 5 of the report.

In 2021 and 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.

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<sup>17</sup> 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 8 shows the total number of claimants that settled and the total cost of claims in each year, based on firms that collected 88% of the private motor insurance premiums in 2022. It can be seen that the cost of claims that settled in the period 2022 totalled approximately €548m, and this was spread across 134,000 claims.

Table 8 also allocates the total cost of settled 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 8: Total number of claimants settled and total cost of settlements for settlement years 2015 to 2022.**

Settled Year	Total Claimants (000's)	Sub Costs (€m)			Total Cost (€m)
		Compensation Cost	Legal Cost	Other Cost	
2015	148	486	102	13	601
2016	136	473	101	14	589
2017	121	487	113	16	617
2018	129	475	111	17	603
2019	126	496	118	10	624
2020	112	436	101	11	548
2021	113	427	96	6	529
2022	134	453	89	6	548

### Nil Compensation Claims

Table 9 shows that for the 2022 settlement period, approximately 10,000 claimants settled without receiving compensation with a total cost to insurers of €6.8m. This was 8% of total claim settlements and 1% of total settlement costs.

**Table 9: Total number of claimants that settled without compensation and the total cost of settling those claims, for settlement years 2015 to 2022.**

Settled Year	Number of Claimants Settled (000's)	Legal Cost (€m)	Other Cost (€m)
2015	10.3	2.3	2.3
2016	8.8	2.3	2.1
2017	8.3	2.4	2.3
2018	8.6	3.2	2.7
2019	9.1	3.1	2.9
2020	7.5	2.4	2.6
2021	7.2	2.6	2.5
2022	10.3	3.0	3.8

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

Table 10 shows that both the number and overall cost of damage claims increased in 2022 and is high relative to previous periods. Indeed, more damage claims were settled in 2022 (approximately 116,000) than any other year since 2015. Furthermore, the total cost of these damage claims in 2022 (€251m) was significantly higher than any other year in the dataset.

**Table 10: Total number of damage and injury claimants settled and total cost of these settlements for settlement years 2015 to 2022, excluding non-compensation claims.**

Settled Year	Settled Claimant Numbers (000's)			Settled Claim costs (€m)		
	Damage	Injury	Total	Damage	Injury	Total
2015	125.0	12.4	137.4	181.9	414.3	596.2
2016	115.2	12.3	127.5	166.9	417.4	584.4
2017	101.1	11.8	112.8	146.8	465.2	612.0
2018	109.2	11.5	120.7	166.1	430.9	597.0
2019	105.2	11.8	117.0	169.7	448.3	617.9
2020	94.5	9.9	104.4	158.2	384.5	542.8
2021	97.4	8.4	105.8	159.1	364.8	523.9
2022	116.4	7.2	123.6	250.9	290.3	541.2



Conversely, there has been a reduction in the number of injury claims settled in 2022. Fewer injury claims (approximately 7,200) were settled in 2022 than any other year in the dataset.

From Table 11, it can be seen that 91% of claimants made damage claims between 2015 and 2022 and this accounted for 30% of the total claims cost. Injury claims accounted for 9% of claimants and 70% of claims costs over the same period. The proportion made up by damage claims increased to 94% of settled claimants and 46% of total settled costs in 2022.

**Table 11: Breakdown of claimant numbers and claim costs for injury and damage claims for 2015 to 2022.**

Year	2015	2016	2017	2018	2019	2020	2021	2022	All
<b>Settled Claimant Numbers</b>									
Injury	9%	10%	10%	10%	10%	9%	8%	6%	9%
Damage	91%	90%	90%	90%	90%	91%	92%	94%	91%
<b>Settled Claim Costs</b>									
Injury	69%	71%	76%	72%	73%	71%	70%	54%	70%
Damage	31%	29%	24%	28%	27%	29%	30%	46%	30%

## Settlement Channels

Table 12 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 12: Breakdown of claimant numbers and claim costs, for all claim types, between the different settlement channels for settlement years 2015 to 2022.**

Year	2015	2016	2017	2018	2019	2020	2021	2022	All
<b>Settled Claimant Numbers</b>									
Direct	95%	94%	94%	94%	94%	95%	95%	96%	95%
PIAB	2%	2%	2%	2%	2%	2%	1%	1%	2%
Litigated	3%	4%	4%	4%	4%	4%	3%	3%	4%
<b>Settled Claim Costs</b>									
Direct	45%	44%	39%	43%	44%	46%	44%	54%	45%
PIAB	9%	10%	9%	8%	8%	7%	6%	4%	8%
Litigated	46%	46%	52%	49%	48%	47%	50%	42%	48%

During the period from 2015 to 2022, 95% of claimants settled directly with the insurer, 2% settled through PIAB and 4% settled through litigation. Over this period, 45% of total claim costs were settled through the direct channel, 8% through PIAB and 48% through litigation.

From Table 12 it can also be seen that in 2022, there was an increase in both the proportion of claimants settling directly with the insurer (96%), and the proportion of total cost of claims settled directly (54%), 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 13 shows the average cost of damage claims. From 2015 to 2022 there was a 48% increase in the average cost, with a 12% increase from 2015 to 2021 and a 32% increase from 2021 to 2022. The increase in 2022 is driven by an increase in the average compensation cost of damage claims and is likely reflective of a higher inflationary environment, as noted earlier in 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 13: Average cost of settling damage claims in the years 2015 to 2022.**

Year	2015	2016	2017	2018	2019	2020	2021	2022
Compensation	1,455	1,440	1,437	1,507	1,614	1,685	1,683	2,197
Legal	10	8	8	8	7	6	7	6
Other	-10	0	8	7	-9	-17	-55	-47
Total	1,455	1,448	1,452	1,521	1,612	1,674	1,634	2,155

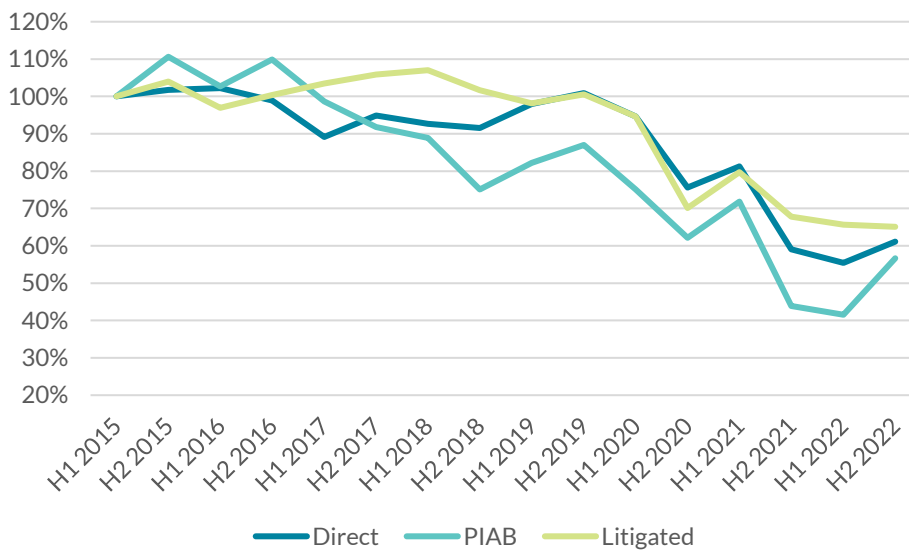
Given that less than 1% of damage claims were settled via PIAB or litigated channels, the comparison of damage claims by settlement channel is not meaningful and has not been included here.

## Injury Claims

### Settlement Channels

Table 10 showed that there has been an overall reduction in the number of injury claims settled in recent years. Figure 21 provides further insight on this, showing the number of claims settled in each channel per half year period, relative to 2015.

**Figure 21: 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 H2 2022 was 38% lower than in H1 2015; there was a 35% decrease in the number settling through litigation, a 39% decrease in the number settling directly and a 43% decrease in the number settling through PIAB.

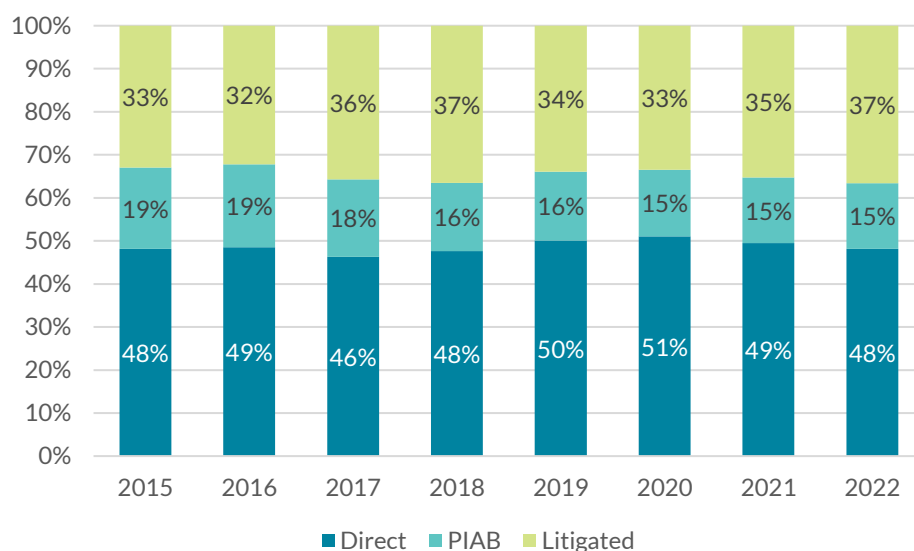
The numbers of injury claims settling both directly and through PIAB have increased in H2 2022 for the first time since H2 2020. The number of claims settling through litigation has been relatively stable since H2 2021.

The reduction in the number of claims settled over recent years 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 settled in 2021 and 2022. The introduction of the Personal Injuries Guidelines may 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.

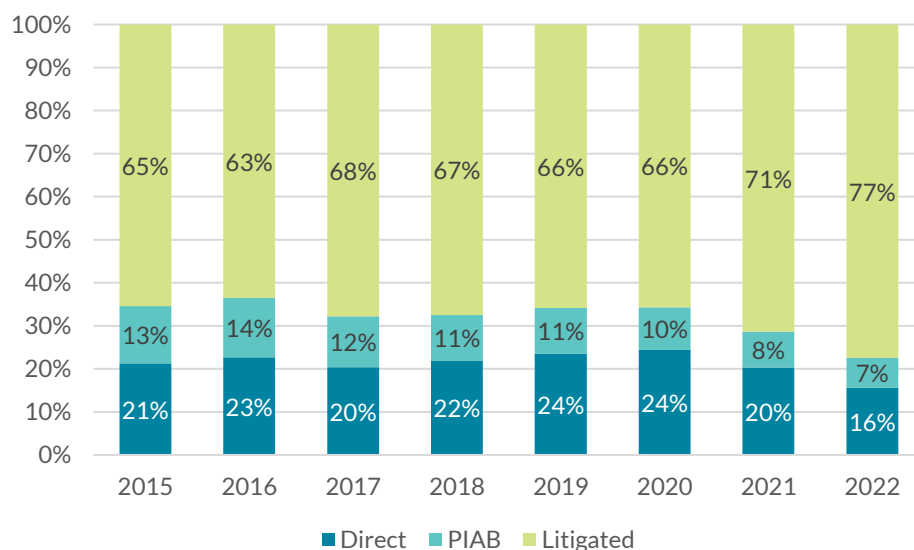
From Figure 22, it can be seen that 48% of all injury claimants settled directly with the insurer in 2022, a slight reduction on 2021. The proportion of claimants who settled via litigation increased to 37% in this period, and the proportion who settled through PIAB was 15%.

**Figure 22: The proportion of injury claimants who settled through each settlement channel in years 2015 to 2022.**



As can be seen in Figure 23, in 2022, injury claimants who settled directly (48%) accounted for 16% of total settlement costs; injury claimants who settled through litigation (37%) accounted for 77% of settlement costs; injury claimants who settled through PIAB (15%) accounted for 7% of settlement costs.

**Figure 23: The proportion of total cost to insurers of settling injury claims in each of the settlement channels in settlement years 2015 to 2022.**



Litigated settlements have become a larger component of total injury settlement costs since 2020. PIAB settlements are now a smaller component, decreasing from 10% in 2020 to 7% of costs in 2022. Similarly, direct settlements have decreased from 24% of costs in 2020 to 16% in 2022. As discussed in Part 5, average claims costs in the direct and PIAB

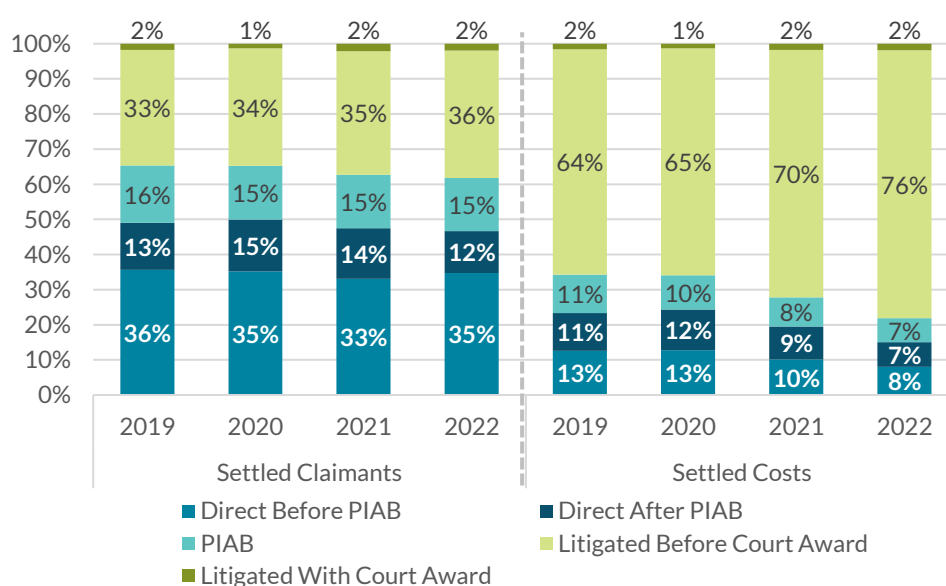
settlement channels have reduced following the introduction of the Personal Injuries Guidelines in April 2021.

Figure 24 shows the proportion of settled injury claimants and costs that went through the five settlement channel split from 2019 to 2022. In 2022, the claimants that settled directly across these years can be divided into 35% that settled directly before PIAB involvement, and 12 % that settled directly after PIAB involvement (but before the initiation of any legal proceedings).

The claimants that settled through litigation can be divided into 36% 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 in 2022, only 8% of total settlement costs were attributable to this channel. Litigated claims that settled before a court award accounted for 76% of total settlement costs.

**Figure 24: The proportion of settled claimants and total cost of injury claims through each of the five settlement channels from 2019 to 2022.<sup>18</sup>**



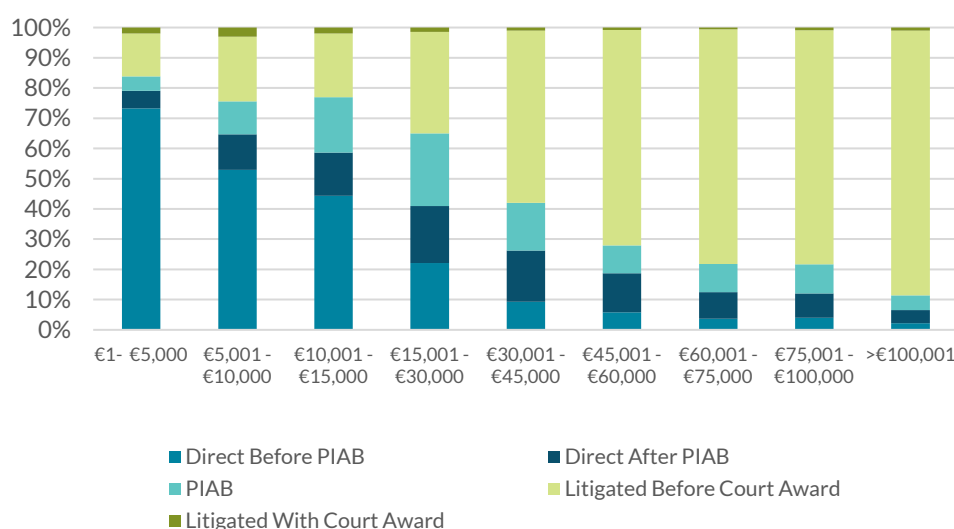
## Distribution of Injury Claims

Figure 25 provides the distribution of claimants across compensation cost bands using the five settlement channel splits between 2019 and 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.

<sup>18</sup> Based on 94% of market coverage in 2022.

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.

**Figure 25: The proportion of injury claimants that settled in each channel, by compensation cost band in 2019 to 2022 collectively<sup>19</sup>.**



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 14. The proportion of claims with a total settled cost less than €30,000 decreased over the period, and the proportion with a total settled cost greater than €30,000 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.

**Table 14: The proportion of injury claimants settling with a total cost less than €30,000.**

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

Notably though, this trend appears to have reversed in 2022 for claims settled directly and via PIAB. In 2022, 91% of claims settled directly had a total cost less than €30,000 compared to 85% of claims settled directly in 2020 and 2021. Similarly, 89% of claims settled via PIAB in 2022 had a total

<sup>19</sup> Based on 94% of market coverage in 2022.

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, which will be discussed in Part 5 of this report.

## Average Costs of Injury Claims

**Table 15: Breakdown of the average injury settlement costs in each settlement channel in the years 2015 to 2022.**

Settled Year	Compensation (€)	Legal (€)	Other (€)	Total (€)
<b>Direct</b>				
2015	13,179	1,130	435	14,745
2016	14,097	1,247	510	15,853
2017	15,231	1,496	670	17,397
2018	15,040	1,614	654	17,308
2019	15,144	2,043	697	17,884
2020	15,553	2,303	716	18,573
2021	14,658	2,408	704	17,770
2022	10,377	2,231	492	13,100
<b>PIAB</b>				
2015	22,040	465	1,035	23,540
2016	22,972	532	1,015	24,519
2017	24,141	755	1,055	25,952
2018	23,116	817	1,032	24,965
2019	23,369	917	920	25,205
2020	23,257	809	963	25,029
2021	21,600	1,046	1,116	23,762
2022	16,536	752	1,237	18,524
<b>Litigated</b>				
2015	42,332	22,086	1,721	66,139
2016	42,666	22,482	1,695	66,842
2017	49,489	23,830	1,709	75,029
2018	44,412	23,162	1,826	69,399
2019	48,259	25,292	470	74,021
2020	49,090	25,775	1,490	76,354
2021	58,824	27,455	1,541	87,819
2022	54,536	29,195	1,859	85,590

Table 15 shows the average costs of settling injury claims per claimant, split into compensation paid to the claimant, legal fees and other costs<sup>20</sup> (e.g., the cost of medical assessment). The nature or severity of the injury claims

<sup>20</sup> 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”.

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.

Within the Direct and PIAB settlement channels, the average injury claim cost was relatively stable between 2015 and 2021 and decreased in 2022, following the introduction of the Personal Injuries Guidelines. This is discussed in more detail in **Part 5**.

Within the Litigation settlement channel, the average injury claim cost has increased by 29% from €66,139 in 2015 to €85,590 in 2022, driven by both increases in compensation awards and legal cost. There was a reduction of 3% in the average litigated injury claim cost between 2021 and 2022.

**Table 16: Breakdown of the average injury settlement costs, where the total cost of settlement is less than €100k, in the years 2015 to 2022.**

Settled Year	Compensation (€)	Legal (€)	Other (€)	Total (€)
<b>Direct(&lt;€100k)</b>				
2015	12,459	963	424	13,847
2016	13,471	1,125	494	15,091
2017	14,283	1,339	663	16,285
2018	14,307	1,487	642	16,436
2019	14,511	1,875	664	17,050
2020	15,008	2,168	713	17,889
2021	13,741	2,248	675	16,665
2022	9,754	2,130	470	12,354
<b>PIAB (&lt;€100k)</b>				
2015	21,279	423	1,026	22,728
2016	22,011	528	1,024	23,563
2017	22,424	650	969	24,043
2018	22,566	749	1,016	24,331
2019	22,087	885	834	23,806
2020	21,784	781	905	23,470
2021	20,633	1,009	1,076	22,717
2022	15,500	755	1,158	17,413
<b>Litigated (&lt;€100k)</b>				
2015	21,791	14,521	809	37,121
2016	23,960	15,123	998	40,081
2017	24,820	14,990	961	40,771
2018	24,792	15,565	871	41,228
2019	24,862	16,491	747	42,100
2020	25,041	16,534	616	42,192
2021	24,382	16,189	557	41,128
2022	22,390	17,872	714	40,977



Table 16 shows the average cost for claims that settled with a total settled cost less than €100,000 in each of the three channels. This includes 94% of claimants across all channels and 84% of claimants who settled through litigation between 2015 and 2022. Settlements costing more than €100,000 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 €100,000 in the PIAB and litigated channels were at similar levels over the period 2015 to 2021. Over this period, the average compensation cost in the litigated channel was €24,201, whilst the average compensation for claims through PIAB was €21,875.

However, legal costs were substantially higher in the litigated channel compared to PIAB over this period, as the average legal costs were €15,566 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 (€40,578) than through PIAB (€23,539).

Legal costs make up a much more significant portion of claims costs for claims that settle through litigation compared to other settlement channels. Legal costs averaged 39% of the total cost of a claim settled through litigation (or 66% of the compensation cost) over the period 2015 to 2022, for injury claims with a total cost less than €100,000.

Notably, in 2022 the average compensation costs were lower for claims settled through PIAB (€15,500) than those settled through litigation (€22,390). This comparison was impacted by the Personal Injury Guidelines in 2022 as the majority of claims settled through PIAB in 2022 settled under the Personal Injuries Guidelines, whereas very few claims that settled via litigation were settled on this basis. Due to the longer time taken to settle claims in the litigation channel on average, 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 5.

Table 17 shows the average costs of settling injury claims per claimant, using the 5-way settlement costs and channels for 2019 to 2022 combined, and for all claims and those with a total settled cost less than €100,000. 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 17: Breakdown of the average injury settlement costs by settlement channel, using the 5-way settlement channel and cost splits, for 2019 to 2022<sup>21</sup>.**

Settlement Channel	Comp General (€)	Comp Special (€)	Legal Own (€)	Legal Third Party (€)	Other (€)	Total (€)
<b>All Claims</b>						
Direct Before PIAB	10,382	875	124	896	604	12,881
Direct After PIAB	20,263	1,854	337	5,039	862	28,355
PIAB	19,736	1,789	923		1,034	23,484
Litigated Before Court Award	39,818	14,088	8,307	18,884	1,203	82,300
Litigated With Court Award	16,109	2,020	5,872	11,054	902	35,958
<b>Claims &lt;€100k</b>						
Direct Before PIAB	10,110	745	108	829	598	12,390
Direct After PIAB	19,260	1,534	300	4,791	799	26,685
PIAB	18,737	1,640	895		964	22,239
Litigated Before Court Award	23,673	1,338	5,269	11,692	630	42,602
Litigated With Court Award	12,935	609	5,067	9,348	668	28,626

## 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 calculated based on the quarters in which the claim is reported and settled.

Overall, 87% 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,

<sup>21</sup> 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 2022. Please note that it is not possible to publish information on all data points due to statistical confidentiality rules applied to the data.

and in particular litigated injury claims, can take significantly longer to settle.

Table 18 shows the average number of years after the accident was reported to the insurer that claims were settled in years 2015 to 2022. Damage claims settled much faster than injury claims, with an average settlement duration after reporting of 0.3 years compared to 3 years on average for injury claims settled in 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 2022. Injury claims that settled via PIAB in 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 2022 in all settlement channels, particularly in 2020 and 2021 which were impacted by COVID-19 related delays.

**Table 18: The average time (years) between claims being reported to the insurer and claims being settled between 2015 and 2022 by channel.**

Channel	2015	2016	2017	2017	2018	2020	2021	2022	All Years
<b>Injury Claims</b>									
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	3.6	3.7	3.8	3.8	4.0	4.1	4.5	4.8	4.0
<b>All Claims</b>									
Injury	2.1	2.2	2.3	2.3	2.4	2.5	2.8	3.0	2.4
Damage	0.3	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.4

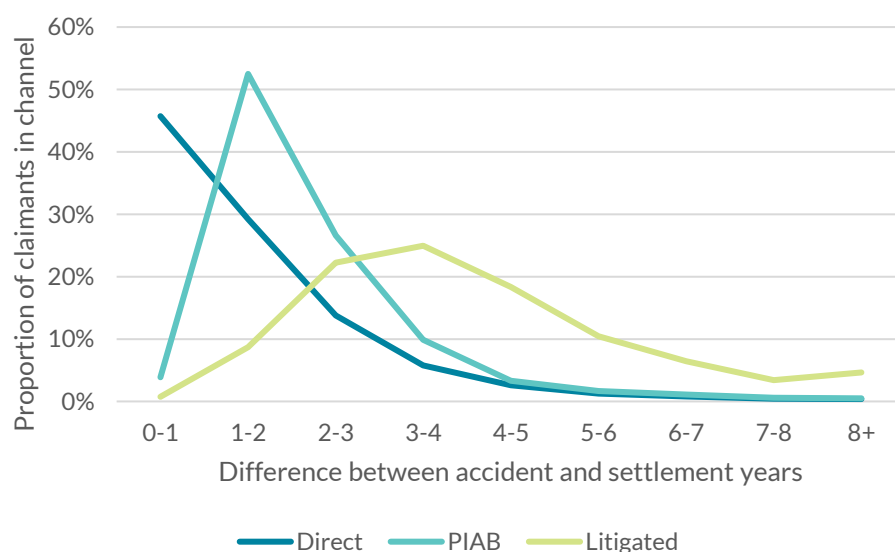
Table 19 shows the average number of years after the accident was reported that claims were settled in years 2019 to 2022 for the 5-way settlement channel split. As can be seen across all years, claims settled directly before PIAB had the shortest settlement duration at 1.3 years in 2022. Claims settled directly after PIAB in 2022 had a slightly longer settlement duration (3 years) compared to those that were settled through PIAB (2.6 years). On average, claims settled through litigation before a court award in 2022 had a slightly shorter duration of 4.7 years compared to claims settled with a court award at 4.8 years.

**Table 19: The average time (years) between claims being reported to the insurer and claims being settled between 2019 and 2022 by channel.**

Settlement Channel	2019	2020	2021	2022	All Years
Direct before PIAB	1.1	1.2	1.3	1.3	1.2
Direct after PIAB	2.2	2.4	2.5	3.0	2.4
PIAB	2.1	2.3	2.6	2.6	2.3
Litigated before Court Award	3.9	4.1	4.4	4.7	4.2
Litigated with Court Award	3.7	3.6	4.4	4.8	4.1

Figure 26 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 56% of claimants who settled through PIAB had their claim settled within two years of the accident being reported. However, only 10% of claimants who settled through litigation had their claim settled by this time.

**Figure 26: Distribution of injury claimants by duration of settlement process, for injury claims settled between 2015 and 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, 15% of claimants took six or more years to have their claim settled.

## PART 5 – Personal Injuries Guidelines

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

### Key Insights and Findings

50% of all injury claimants that settled in 2022 settled under the Personal injuries Guidelines compared to 16% in 2021.

For claims that settled through litigation in 2022 which make up 77% of total settlement costs for injury claims:

- Only a small number (6%) of litigated claims settled under the Personal Injuries Guidelines and therefore their impact in this channel cannot be determined.

Damage claims settled are not impacted by the Personal Injury Guidelines but make up 46% of total settlement costs in 2022.

For injury claims that settled through PIAB in 2022 which make up 7% of total settlement costs for injury claims:

- 75% settled under the Personal Injuries Guidelines. The average cost of claims was 32% lower for claims settled under the Guidelines in 2022 compared to those settled with reference to the Book of Quantum in 2020.

For injury claims that settled directly with the insurer in 2022 which make up 16% of total settlement costs for injury claims:

- 85% 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.
- 61% of those that settled directly after PIAB settled under the Guidelines and the average cost of these claims was 41% lower compared to those settled with reference to the Book of Quantum in 2020.

## Background

### Grouping of Claims

Similar to Part 4, 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 6<sup>th</sup> of March 2021 and implemented with effect from the 24<sup>th</sup> of April 2021. They provide the basis for determining compensation awards. Additional background to the Personal Injuries Guidelines can be obtained in the appendices.

### Important Points to Note

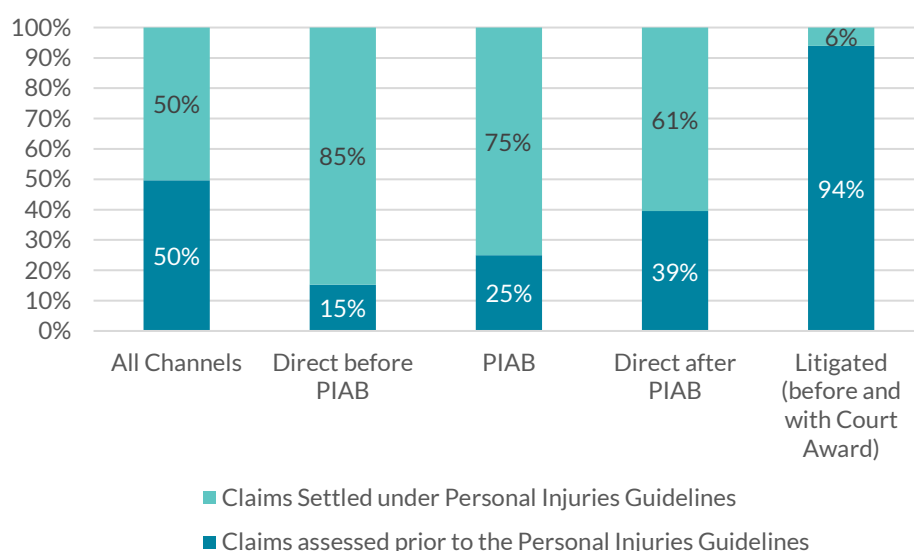
Given the relative recency of the introduction of the Personal Injuries Guidelines, there are limitations to the insight that can be derived from the data as at 2022 which should be considered when looking at the results.

- (1) There is an insufficient number of claims settled through litigation under the Guidelines to provide a consistent comparison against litigated claim settlements prior to the Guidelines.
- (2) The current sample of claims that settled under the Guidelines in 2021 and 2022 is biased towards claims that took less time to settle, which may be an indication of less severe or less complex cases.
- (3) A high proportion of injury claims that have occurred since the introduction of the Guidelines may not have been settled by 2022, and so will not yet feature in this data

## Settlements under the Guidelines

The impact of the Guidelines can be seen in injury claims settling either directly with the insurer and or through PIAB. For 86% of the private motor insurance market, Figure 27 shows that 50% of injury claimants that settled claims in 2022 across all channels settled under the Personal Injuries Guidelines. However only a small number of litigated claims settled under the Guidelines in 2022.

**Figure 27: Proportion of injury claimants settled in 2022 under the Personal Injuries Guidelines and the Book of Quantum, i.e., assessed prior to the Guidelines.<sup>22</sup>**



A high proportion of claimants settled under the Guidelines in the direct and PIAB channels where it takes less time on average to settle claims. Conversely only a small number of litigated claims settled under the Guidelines where it takes much longer to settle claims. In 2022:

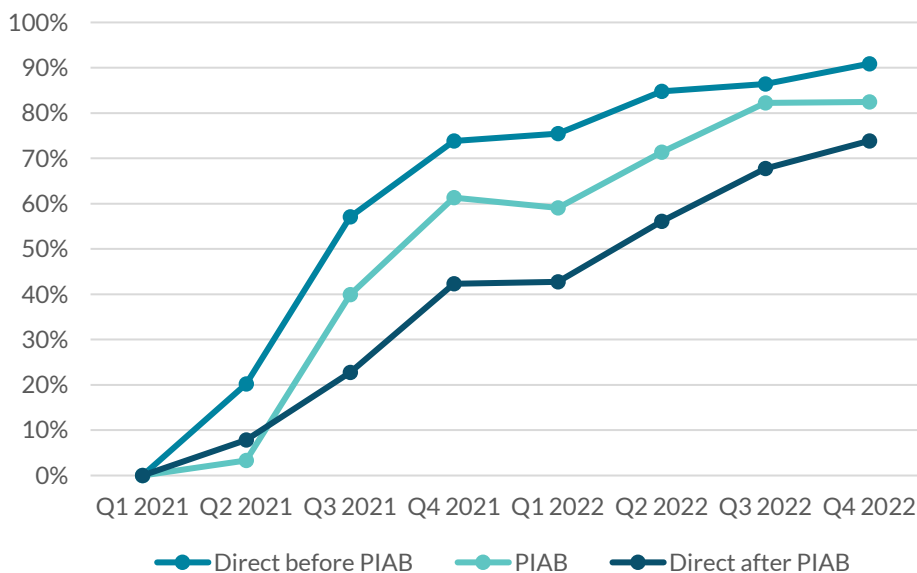
- 85% of claimants that settled directly before PIAB, where it takes 1.3 years on average to settle claims, settled under the Guidelines.
- 75% of claimants that settled through PIAB, where it takes 2.6 years on average to settle claims, settled under the Guidelines.
- 61% of claimants that settled directly after PIAB, where it takes 3.0 years on average to settle claims, settled under the Guidelines.

<sup>22</sup> 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.

- 6% of claimants that settled through litigation, where it takes 4.8 years on average to settle claims, settled under the Guidelines.

Across all settlement channels, 50% of injury claimants settled under the Personal Injuries Guidelines in 2022 compared to 16% in 2021. The proportion of claims settling under the Personal Injuries Guidelines has been increasing over time in all channels. This increase can be seen clearly in Figure 28, which shows how this proportion has changed over the period Q1 2021 to Q4 2022 for the Direct before PIAB, PIAB and Direct after PIAB settlement channels. For claims settling through litigation, 6% settled under the Guidelines in 2022 compared to 1% in 2021.

**Figure 28: Proportion of injury claimants who settled under the Personal Injuries Guidelines in each quarter between Q1 2021 and Q4 2022.<sup>23</sup>**



The Personal Injuries Guidelines were introduced on 24<sup>th</sup> 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.

<sup>23</sup> It is not possible to publish this analysis for the litigated before court award and with court award settlement channels due to statistical confidentiality rules which are applied to the data.



## 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.

### Approach

To assess the impact of the introduction of the Guidelines, the average cost of claims settled under the Personal Injuries Guidelines in 2022 is compared to the average cost of claims settled under the Book of Quantum in 2020. 2020 was chosen as the base year for this comparison as it was the last full year of data prior to the introduction of the Guidelines<sup>24</sup>.

The average settlement time has been selected as a proxy for the complexity and severity of the claims. As can be seen in Table 20, for the direct and PIAB channels, the average number of years between when a claim is reported to the insurer and settled is similar for claims settled under the Guidelines in 2022 and those settled under the Book of Quantum in 2020. As the settlement times are similar between both cohorts of claims, it suggests that the comparison may be reasonable in these channels.

**Table 20: 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 2022.**

Settlement Channel	Book of Quantum 2020 <sup>25</sup>	Personal Injuries Guidelines 2022
Direct before PIAB	1.1	0.8
Direct after PIAB	2.3	2.1
PIAB	2.1	2.1

### Indication of Impact of Guidelines on Direct and PIAB Channels

Table 21 provides a comparison of the average cost for claims that settled through the Direct before PIAB, PIAB, and Direct after PIAB settlement

<sup>24</sup> 2019 was also considered as the base year for this comparison. However, it was shown to be relatively similar to 2020.

<sup>25</sup> The values shown here are different to those in Table 19 as they are calculated from a different market coverage. This is to provide a consistent comparison against claims settled under the Personal Injuries Guidelines.

channels in 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, 41% lower for claims settling directly after PIAB and 32% lower for claims settling via PIAB under the Personal Injuries Guidelines compared to the Book of Quantum.

**Table 21: Comparison of the average cost of claims settled under the Personal Injuries Guidelines in 2022 and those settled under the Book of Quantum in 2020.**

Settlement channel	Settled under Book of Quantum 2020	Settled under Personal Injuries Guidelines 2022	% Difference vs 2020
Direct before PIAB	13,920	7,430	-47%
Direct after PIAB	30,598	18,174	-41%
PIAB	24,988	17,096	-32%

## Litigation Channel

The Personal Injuries Guidelines have not yet materially impacted the cost of claims settled via litigation. Only 6% of claims settled via litigation in 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 generally long duration between the accident being reported and the settling of a claim (4.8 years on average for claims settled in 2022).

Claims settled via litigation represent the largest proportion of the total claims cost for injury claims. 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.

Table 22 provides a breakdown of total claims cost between each settlement channel in 2020 (before the introduction of the Personal Injuries Guidelines) and 2022. In 2020, the direct and PIAB channels accounted for 35% of the total claims cost. As such, a large reduction in average claim costs in these channels, such as that shown in Table 21, would have a smaller impact on the total cost of claims. The largest proportion of costs are settled through litigation and it will likely take time for the Personal Injuries Guidelines to take effect in this channel.

Furthermore, as highlighted in Table 11, damage claims account for 46% of the overall cost of settled claims in 2022 and these damage claims are not impacted by the Personal Injuries Guidelines.

**Table 22: 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 2022.**

Settlement channel	2020	2022	
	Settled under Book of Quantum	Settled under Book of Quantum	Settled under Personal Injuries Guidelines
Direct before PIAB	13%	3%	6%
PIAB	10%	2%	5%
Direct after PIAB	12%	4%	3%
Litigated	66%	76%	2%
<b>All settlement channels</b>	<b>100%</b>	<b>84%</b>	<b>16%</b>

## PART 6 – Claim Development and Large Claims

Data on the development of claims was collected for accident years 2009-2022. This data forms the basis for insurers' estimates of claim numbers and costs, as discussed in Part 2. As new data emerges, estimates are updated. Part 6 discusses how estimates of ultimate claims costs have changed from 2018 to 2022. It also provides insight into the underlying claims development patterns.

### *Key Insights and Findings*

In 2022, insurers' best estimate of total gross claims cost reduced by approximately €166m across accident years 2009 to 2021. This made a significant contribution to the industry's profit as reported in Part 3.

As at 31 December 2022, 1% of the expected ultimate injury claim costs for accident year 2022 are paid, 53% are claim reserve estimates and 45% are estimates of the cost for claims that have not yet been reported or have been under-reported.

As at 31 December 2022, 76% of the expected ultimate damage claim costs for accident year 2022 are paid, 22% are claim reserve estimates and 2% are estimates of the cost for claims that have not yet been reported or have been under-reported.

## Premium and Claims Cost by Reporting Year<sup>26</sup>

The trends in claims costs shown in Part 2 of this report are based on estimates of ultimate claims cost<sup>27</sup> for each accident year, calculated as at 31 December 2022. Not all of these claims will be paid yet. Some claims, injury claims in particular, can take many years to be fully paid.

In order to calculate the ultimate cost of claims for a particular accident year, insurers estimate the cost of claims that have not yet been paid. This is added to the paid claims to give an ultimate claims cost, which represents the insurers' best estimate of total claims cost for a given accident year.

The ultimate claims cost is recalculated regularly, based on the most up-to-date information available. The more time that has passed since the accident year, the more certain the ultimate claims cost. For more recent accident years, the ultimate cost is more reliant on estimates and there is greater uncertainty.

**Figure 29: Comparison of the average cost of claims per policy across accident years 2009-2022 as at 31 December 2018-2022.**

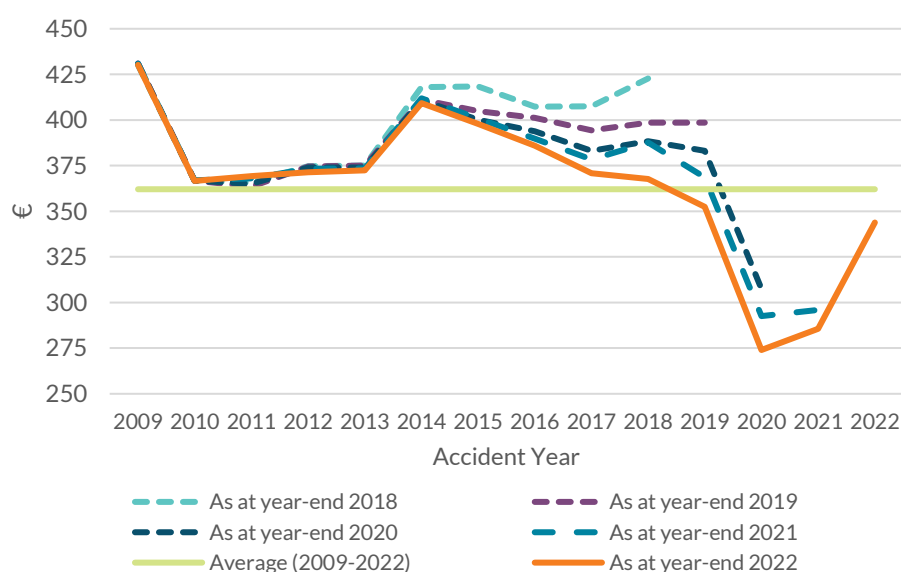


Figure 29 compares the average claims cost per policy using ultimate claims costs calculated at each year-end from 2018 to 2022. From year-end 2021 to year-end 2022, insurers' estimates of the average cost per policy reduced for all accident years except 2011. These reductions were most

<sup>26</sup>This section is based on 94% market coverage to provide a consistent comparison against the ultimate claims cost reported for previous NCID Private Motor Insurance Reports.

<sup>27</sup>The concept of ultimate claims costs is explained further in Part 7.

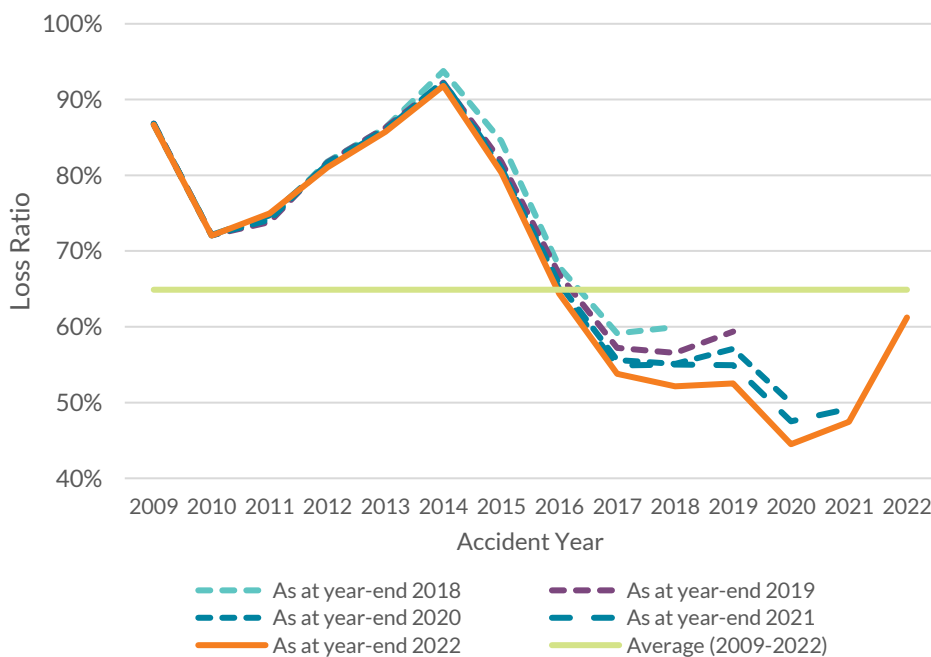
pronounced on the more recent accident years, including 2018 (-5%), 2019 (-4%), 2020 (-6%) and 2021 (-4%).

Over the last two years, the estimated average cost per policy for the 2020 accident year has reduced by 11% from €307 at year-end 2020 to €274 at year-end 2022.

More generally, the estimated average cost per policy appears to reduce over time for most accident years, as results become more certain.

Figure 30 shows the impact of the change in ultimate claim costs on the loss ratio, as first discussed in Part 2. The loss ratios for all years (except 2011) have reduced between year-end 2021 and year-end 2022. The decreases were most pronounced on the more recent accident years – 2018 (reduced from 55% to 52%), 2019 (reduced from 55% to 53%), 2020 (reduced from 48% to 45%), and 2021 (reduced from 49% to 47%).

**Figure 30: The ratio of ultimate claim costs to premiums (loss ratio) as at 31 December 2018-2022 for accident years 2009-2022.**

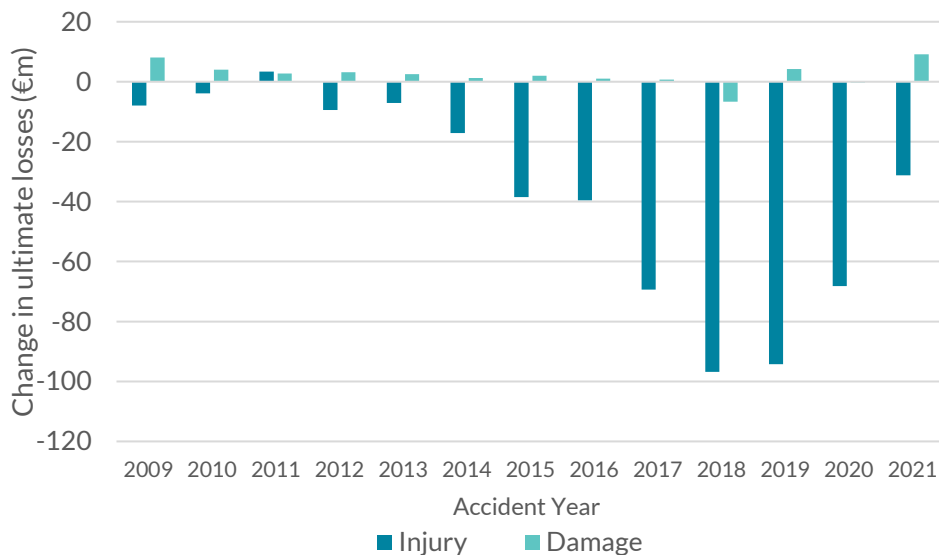


Between year-end 2018 and year-end 2022 there has been a reduction in the estimated ultimate claims cost on all accident years except 2009-2011, which increased. For the 2017 to 2021 accident years combined, there has been a €352m reduction in ultimate claims cost estimates during this period, as insurers have revised lower their estimates of the total cost of settling claims. This is a reduction of 10% compared to initial estimates of ultimate claims costs for these accident years.

Figure 31 shows how this change in the estimated ultimate claims cost can be broken down between each accident year and between injury and

damage claims. As can be seen, the reduction in estimated ultimate losses has been driven by injury claims on the more recent accident years. Insurers estimate that the ultimate cost of settling these injury claims will be lower than originally expected.

**Figure 31: The change in ultimate loss estimates between 31 December 2018 and 31 December 2022 for accident years 2009-2022 and split between injury and damage.**



Between year-end 2021 and year-end 2022, the estimated gross ultimate claims cost for all accident years reduced by €166m in total. This made a significant contribution to the 2022 financial year profit noted in Part 3.

When the ultimate cost of claims are revised upwards or downwards for a given accident year, or across multiple accident years, this will impact the profitability of the financial year in which those revisions occur.

A reduction in the estimate of ultimate claims costs will increase profitability (or reduce losses) in a given financial year as reserves are released, while an increase in the estimate of ultimate claims cost will reduce profitability (or add to losses) in a given financial year as reserves would be increased to match the revised ultimate claims cost.

## Claim Development Patterns

Analysis of claim development patterns can provide insight into changes in the claims environment over time, and into how claims might develop in future. The result of this analysis is usually a key input in the estimation of insurers' ultimate cost of claims. This section shows claim development patterns for 94% of the private motor insurance sector (based on the proportion of 2022 gross earned premium).

Table 23 shows the proportion of ultimate injury claims cost that are paid for each accident year across development years. The development year measures the number of years that have passed since the start of the accident year. Table 24 shows the proportion of ultimate injury claims cost that are incurred for each accident year across development years.

Incurred claim costs consist of the cost of claims that are paid added to case estimates for claims that have been reported to the insurer but not yet paid. These are the sum of the paid and outstanding costs shown in Figure 37 of Part 7.

**Table 23: Paid claims as a percent of ultimate injury claim costs for each accident year across development years.**

Accident Year	Development Year													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	7%	21%	42%	60%	75%	86%	92%	94%	96%	97%	99%	99%	99%	100%
2010	7%	24%	45%	64%	78%	88%	93%	96%	97%	98%	99%	99%	99%	
2011	5%	19%	37%	58%	71%	80%	87%	90%	92%	93%	97%	97%		
2012	4%	20%	43%	63%	78%	88%	94%	96%	97%	98%	98%			
2013	4%	21%	43%	62%	77%	88%	92%	95%	96%	97%				
2014	4%	20%	42%	63%	77%	86%	90%	93%	95%					
2015	4%	21%	44%	64%	78%	86%	90%	93%						
2016	4%	20%	41%	60%	72%	79%	87%							
2017	4%	20%	41%	60%	70%	78%								
2018	4%	19%	37%	53%	67%									
2019	4%	15%	30%	42%										
2020	3%	10%	17%											
2021	1%	5%												
2022	1%													

It can be seen from Table 23 and Table 24 that paid and incurred development patterns for injury claims appear to have slowed between 2009 and 2022. Claims for more recent accident years are less developed than older accident years were at the same development year. This is particularly pronounced for the 2020, 2021 and 2022 accident years.

It should be noted here that the ultimate cost of claims for more recent accident years are uncertain and that the percentages shown above may change if the expected ultimate claims costs were revised upwards or downwards in future.





Table 25 and Table 26 show the proportion of ultimate damage claims cost that are paid and incurred for each accident year across development years. From these, it can be easily seen that development patterns are significantly faster for damage claims compared to injury claims reflecting the much shorter claims settlement times. Consequently, there is greater certainty on the ultimate cost of damage claims.

**Table 26: Incurred claims as a percent of ultimate damage claim costs for each accident year across development years.**

Accident Year	Development Year													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	105%	103%	101%	101%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2010	104%	103%	101%	101%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
2011	105%	103%	101%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
2012	104%	102%	101%	101%	100%	100%	100%	100%	100%	100%	100%			
2013	102%	102%	101%	101%	100%	100%	100%	100%	100%	100%				
2014	102%	101%	101%	100%	100%	100%	100%	100%	100%					
2015	100%	102%	101%	101%	100%	100%	100%	100%						
2016	101%	102%	101%	101%	100%	100%	100%							
2017	101%	102%	101%	101%	100%	100%								
2018	101%	102%	101%	100%	100%									
2019	98%	101%	101%	100%										
2020	97%	101%	100%											
2021	93%	100%												
2022	98%													

## Large Claims<sup>28</sup>

In Part 2, injury claim costs and frequency were analysed using the ultimate claim costs and numbers. However, additional insight can be gained by splitting injury claims into two categories based on their size and analysing their trends separately. In this report, we have defined large injury claims as those having a value greater than €250,000, with all other injury claims less than or equal to €250,000 being grouped together as attritional claims.

The number of large claims that occur in a given year and the overall cost of those claims can be volatile and difficult to predict. As a result of their size, the total ultimate claims cost in a given year can be significantly impacted by unusually high or low large claims experience in that year.

<sup>28</sup> This section is based on 94% market coverage based on 2022 gross earned premium.

**Figure 32: Ultimate claim costs for third party injury claims split between claims for less than or equal to €250k and claims for greater than €250k for accident years 2009 to 2022.**

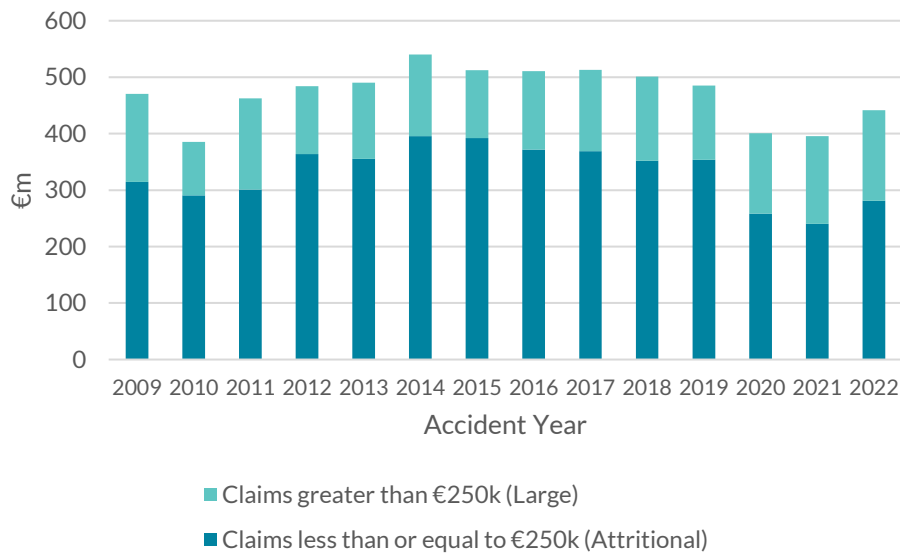
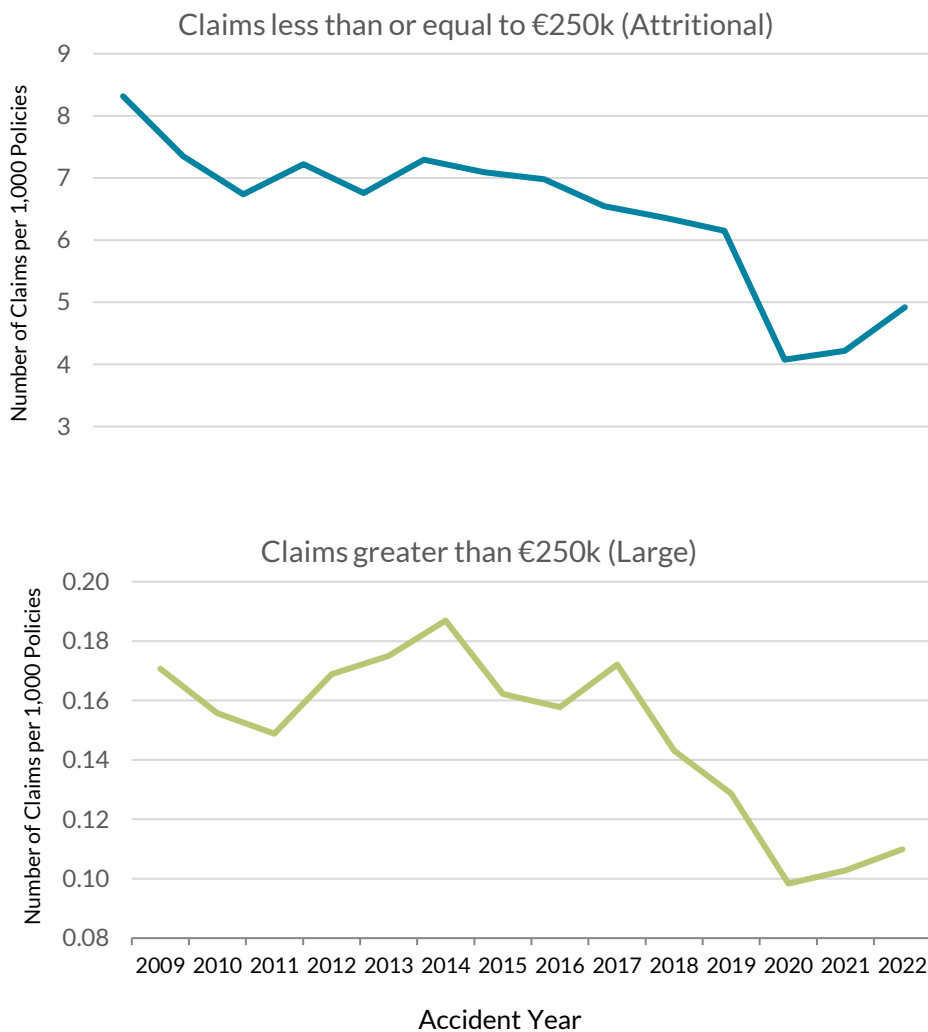


Figure 32 shows that, from 2009 to 2022, the ultimate claim cost per accident year for attritional injury claims has averaged €331m and for large injury claims has averaged €139m. The ultimate claim cost for attritional injury claims reduced from €354m for the 2019 accident year to €258m and €240m for 2020 and 2021 respectively, increasing to €281m for 2022. The ultimate claim cost for large injury claims has remained relatively stable between the 2021 and 2022 accident years at €160m in 2022.

It can be seen in Figure 33 that the frequency of large injury claims is low compared to attritional injury claims and the other claim types shown in Part 2. Across all years 2009 to 2022 there were 6.52 injury claims per 1,000 policies, of which 0.15 were large claims and 6.37 were attritional claims.

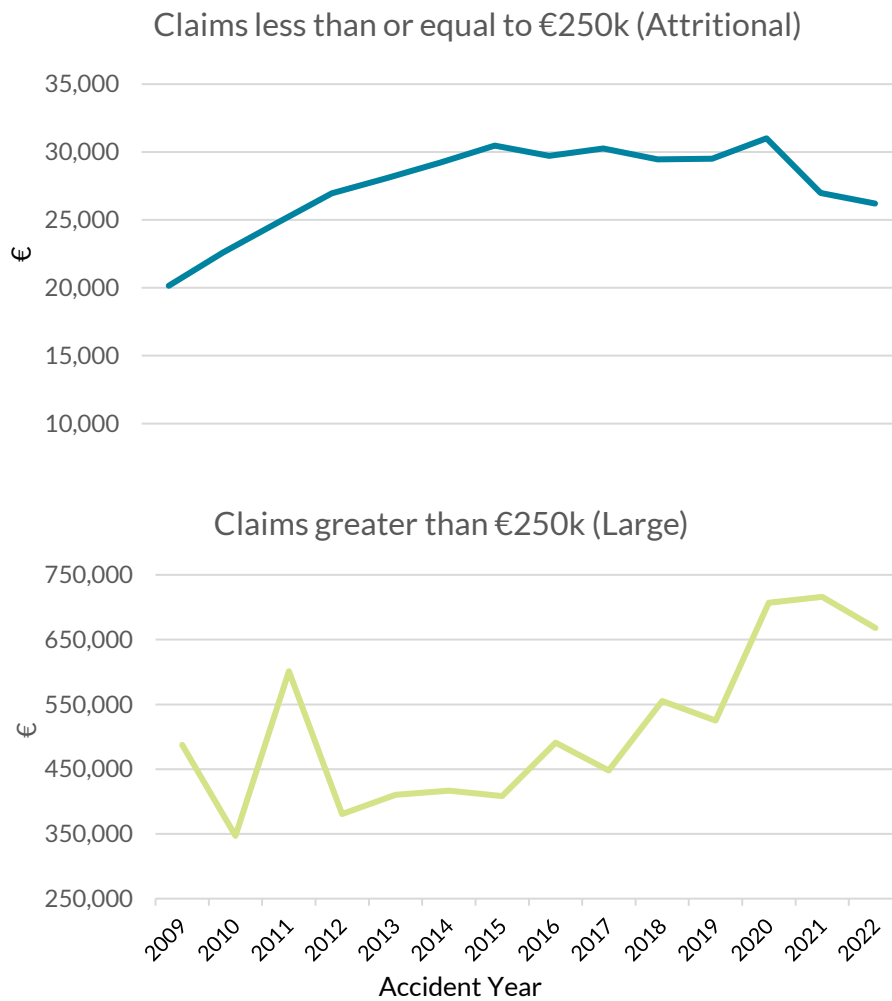
**Figure 33: Number of attritional and large injury claims per 1,000 policies for accident years 2009-2022.**



From 2009 to 2017, the frequency of large injury claims was between 0.15 and 0.19 claims per 1,000 policies. This has steadily decreased from 0.17 in 2017 to 0.10 in 2020 and has remained stable between 2020 and 2022 at 0.11 claims per 1,000 policies for the 2022 accident year.

The frequency of attritional claims decreased from 7.3 in 2014 to 6.1 claims per 1,000 policies in 2019. There was a significant further reduction in attritional claims frequency in 2020 to 4.1 claims per 1,000 policies owing to COVID-19 related restrictions. This has increased slightly to 4.9 claims per 1,000 policies for the 2022 accident year but remains significantly below pre-COVID frequency levels.

**Figure 34: Average cost per claim for attritional and large injury claims for accident years 2009-2022.**



The average cost per claim for attritional injury claims increased by 53% from €20,151 in 2009 to €30,483 in 2015; it remained stable from 2015 to 2020 and then decreased by 13% to €26,977 in 2021 and by a further 3% to €26,206 in 2022.

The average cost per claim for large injury claims has been volatile over the period 2009-2022. This is to be expected due to the low numbers of large claims and the wide range of claim amounts. The size of individual large claims in any given year may have a significant impact on the yearly average. Overall, Figure 34 shows an increasing trend in the average cost per large claim whereby the average cost per claim increased by 76% from approximately €380,000 for the 2012 accident year to €668,000 for the 2022 accident year.

# PART 7 - 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.

### Periodic Payment Order (PPO)

A PPO is a series of payments made to an injury claimant to pay for the cost of their care for the rest of their life. The NCID allowed for the collection of data in respect of PPOs. As at the end of 2021, no PPOs had been awarded in respect of private motor accidents.

### Frequency

The total number of claims divided by the total number of policies which could have given rise to the claims.

### 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.

### Cost of Claims per Policy

The cost of claims per policy is calculated as the total cost of claims divided by the number of policies that could have given rise to that cost.

### Cost of Premium per Policy (Average Premium)

The cost of premium per policy (or average premium) is calculated as the total cost of premiums divided by the number of underlying policies.

### Loss Ratio

The loss ratio is the total cost of claims divided by the total premiums earned in the same period. For the purpose of this report the loss ratio is calculated as:

$$\text{Loss Ratio} = \frac{\text{gross ultimate claims costs}}{\text{gross earned premium}}$$

by accident year and expressed as a percentage.

### Reinsurance

Reinsurance is a mechanism by which insurers pass some of their risk on to a reinsurer. The insurer pays a premium to the reinsurer and, in exchange, the reinsurer pays some of the insurer's claims and expenses.

### Commission

A percentage of premium that is retained by the selling agent or broker as compensation for acquiring business for the insurer.

### Management Expenses

The expenses related to product development, system improvements, salaries to general managers, auditing costs and regular day-to-day costs i.e. electricity bill, rent for accommodations, and IT 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.

- **Large Injury Claims:** Third party injury claims valued at greater than €250,000.
- **Attritional Injury Claims:** Third party injury claims valued at less than or equal to €250,000.

**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 2021 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 2021 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

### Ultimate Claims

In Part 2 of this report, claims are grouped together by accident year, the year in which the accident occurred. Not all of these claims will be paid yet. Some claims, injury claims in particular, can take many years to be fully paid.

In order to calculate the cost of claims for a particular accident year, insurers estimate the cost of claims that have not yet been paid. This is added to the paid claims to give an ultimate cost of claims. The ultimate cost of claims is recalculated regularly, based on the most up-to-date information available. The more time that has passed since the accident year, the more certain the ultimate cost of claims. For the most recent accident years, the ultimate cost is more reliant on estimates.

**Figure 35: Breakdown of ultimate claim costs for accident years 2009-2022.<sup>29</sup>**

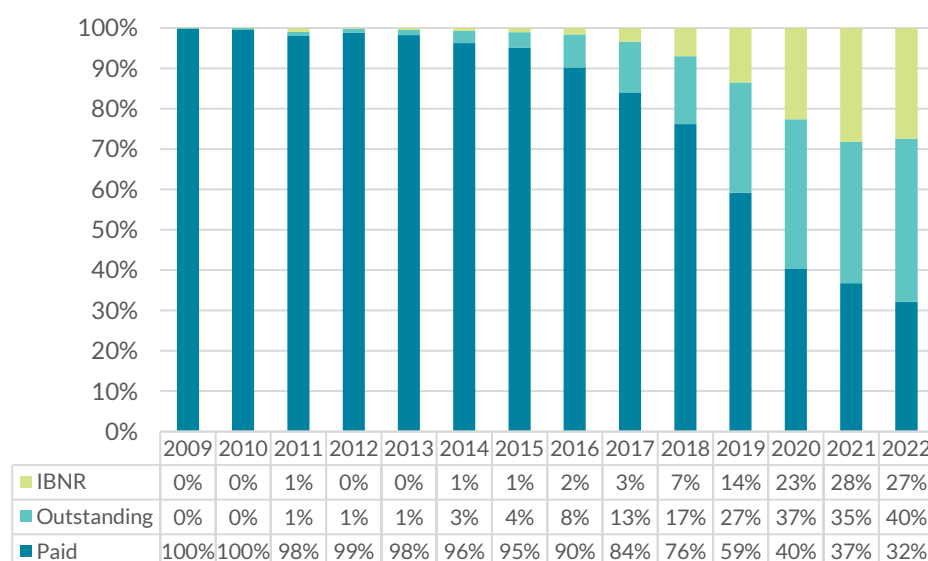


Figure 35 shows an illustration of the breakdown of ultimate claims costs for accident years 2009-2022 as at 31 December 2022. Here the ultimate claims cost consists of paid claims (Paid), case estimates for claims that have been reported but not yet paid (Outstanding), and an estimate of costs for claims that have not yet been reported, i.e., incurred but not reported claims (IBNR).

<sup>29</sup> Based on 98% of market coverage in 2021.

2022 is the most recent accident year and hence its ultimate claims cost is made up of the lowest proportion of paid claim at 32%, while 67% of this ultimate cost is made up of estimates. We can see that, as thirteen years have passed since the 2009 accident year, 100% of the total ultimate claims cost for this accident year have been paid.

The ultimate claims costs shown in this report represent insurers' best estimate of costs and do not take account of the time value of money.

## 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.

This earned basis corresponds directly with the accident year basis on which claims were collected for Part 2.

## 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 36.

A hard market is characterised by higher premiums, stricter underwriting criteria and (relative) profitability. A soft market is characterised by lower premiums, looser 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 36: An illustration of the insurance underwriting cycle.



# Appendix 1 – Background to the National Claims Information Database

The Cost of Insurance Working Group (CIWG)<sup>30</sup> 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 Insurance<sup>31</sup> 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 Requirement<sup>32</sup>, specifying the data to be collected from insurers.

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<sup>30</sup> <https://www.finance.gov.ie/what-we-do/insurance/the-cost-of-insurance-working-group/>

<sup>31</sup> <https://www.gov.ie/en/publication/466182-report-on-the-cost-of-motor-insurance/>

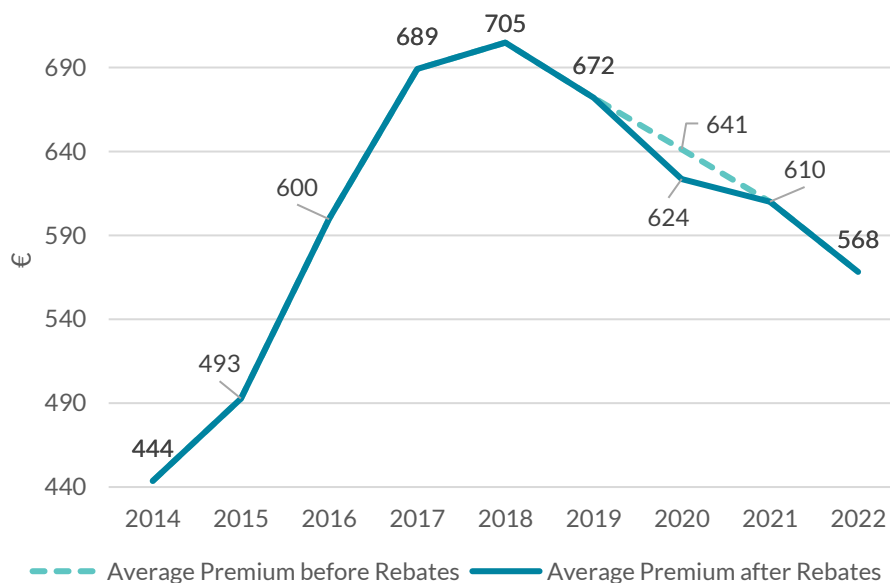
<sup>32</sup> <https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database>

## Appendix 2 – Premium Rebates 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 37.

The data in Part 1 has shown earned premium amounts after rebates were given to policyholders. Figure 37 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 elsewhere in Part 1), the average earned premium was €624 in 2020.

**Figure 37: Average earned premium before and after rebates for years 2014-2022.**



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 37 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.

# Appendix 3 – Personal Injuries Guidelines

## 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 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.

## Appendix 4 - 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 27: Firms that submitted data to NCID in 2022.

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
	Chubb European Group PLC
	WAKAM



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