



Our Ref: FIN-MoS-00023-2022

23 March 2022



Dear Mr. Collins,

I refer to your correspondence of 8 February 2022 regarding the costs for community groups in obtaining insurance coverage.

At the outset, it is important to note that the decision to provide any specific form of insurance cover and the price at which it is offered is a commercial matter for insurance companies based on an assessment of the risks they are willing to accept on a case-by-case basis, and the need to make adequate provisioning to meet these risks. Neither the Minister for Finance, nor the Central Bank of Ireland, have the power to compel insurers to provide particular types of insurance or to provide it at a certain price. This is reinforced by the European framework for insurance (Solvency II Directive) which expressly prohibits Member States from doing so.

Notwithstanding this, the Government understands the concerns felt by the community sector regarding the cost and availability of insurance, and sympathises with them. Accordingly, insurance reform is high on its agenda. The whole-of-Government approach being taken through the Action Plan for Insurance Reform therefore sets out 66 actions which aim to improve both the cost and availability of this key financial service. The Action Plan aims to reduce the burden that insurance costs can have on business, community and voluntary organisations.

Among the key achievements so far are the implementation of the Personal Injuries Guidelines, which significantly reduce award levels for many categories of common injuries, particularly those of soft tissue. Recent data from the Personal Injury Assessment Board (PIAB) show that award levels have fallen by an average of 40%, providing stability and certainty to the claims environment. This is an encouraging development; it is hoped that this trend will continue and therefore result in lower costs for businesses and community groups. As the insurance reform agenda progresses, the Government intends to hold the industry to account on its commitment to pass on savings from the Guidelines, and other elements of the reforms, to customers.

Another Development is the creation of the new Office to Promote Competition in the Insurance Market within the Department of Finance. The role of the Office, which I chair, is to assist in reducing insurance costs by promoting competition in the Irish insurance market. Since its establishment, the Office has held over 60 meetings with a wide range of key stakeholders, including representative bodies, providers and other civic society groups, to understand the gaps in the Irish insurance market. The ultimate aim of the Office is to expand the risk appetite of existing insurers and explore opportunities for new market entrants in order to increase the availability of insurance, thereby stimulating competition.

The Department is currently working closely with the IDA to bring new entrants into the Irish insurance market and to improve its overall competitiveness. Officials from both have developed a customised proposition for potential market entrants and have identified a shortlist of specific targets to engage intensively with. This will, in the first instance, target providers who offer insurance in areas which have been identified as 'pinch-points' in the Irish market.

Work is continuing across Government to ensure the implementation of the remaining Action Plan reforms. Priorities for 2022 include reforming the duty of care legislation, and legislating to enhance and reform the role of the PIAB.

Rebalancing the duty of care is now a priority action for the Sub-Group on Insurance Reform, and is being led by the Department of Justice. Reforming this legislation should help to address the issue of "slips, trips and falls", which are particularly prevalent in high-risk/heavy-footfall areas, such as the community sector. The Minister for Justice has noted to Government the intention to bring forward legislative proposals to reform the law in this area. It is understood that these proposals are at an advanced stage, and that advice has been sought from the Office of the Attorney General. The Minister will bring those proposals to Government on receipt and consideration of those advices.

Furthermore, following a public consultation undertaken last year, the Department of Enterprise, Trade and Employment has published the General Scheme of a Bill to enhance and reform the Personal Injuries Assessment Board (PIAB). The overall aim is to increase the number of personal injury claims settled through the PIAB, and to avoid the expense and time associated with litigation. This should have a positive impact on the cost of claims, particularly legal fees, and should complement the gains already achieved through the Personal Injuries Guidelines, which have significantly lowered award levels for many common injuries. It is intended that this should, in time, reduce costs and attract more insurance providers into the market.

It may interest you to know that Insurance Ireland, the representative body for insurance providers in this country, operates an Insurance Information Service for those who have queries, complaints or difficulties in relation to obtaining insurance, which can be accessed at [feedback@insuranceireland.eu](mailto:feedback@insuranceireland.eu). Likewise, Brokers Ireland provide assistance to customers who are experiencing insurance accessibility issues; they can be contacted on [insurancequeries@brokersireland.ie](mailto:insurancequeries@brokersireland.ie).

Finally, securing a more sustainable and competitive market through deepening and widening the supply of insurance in Ireland remains a key policy priority for this Government. In this regard, I will continue to work with their Government colleagues to ensure that the timely implementation of all the Action Plan, which should have a positive impact on the affordability and availability of insurance for all individuals, businesses and community groups across the country.

I hope the above is of assistance.

Yours sincerely,



Sean Fleming, TD

Minister of State for Financial Services, Credit Unions and Insurance