Insurance Reform Policy

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1 Executive Summary

Ireland's insurance costs and compensation culture are undermining small businesses, community groups, and consumers. Small and medium-sized enterprises (SMEs) – which account for over 70% of employment – are under severe pressure from escalating insurance premiums[1]. Despite some recent reforms, the overall price of insurance remains, in the words of one advocacy group, "unconscionable."[2]

This insurance reform policy aims to protect and enhance local, indigenous businesses and community organisations by tackling the root causes of excessive insurance costs, while ensuring a fair compensation system for genuine claimants. Using a triple bottom line approach (financial, social, and environmental sustainability), this policy seeks to stabilize insurance costs so that SMEs, community groups and individuals can thrive and continue to play a central role in our society. The vision is an insurance and compensation framework that is fair, affordable, and efficient. By drawing on international best practices (such as those in Sweden and Germany) and consulting all stakeholders, the policy will reform Ireland's system over the next five years to reduce litigation, lower excessive awards, and cut costs for policyholders. Key points of this policy include:

- **Expand No-Fault Compensation Mechanisms**: Introduce targeted no-fault schemes for common injuries (e.g. in traffic accidents or workplace incidents) to allow fair compensation without costly legal battles.
- **Strengthen the Injuries Resolution Board (IRB)**: Empower and expand the IRB (formerly PIAB) to handle more claims with binding authority, providing quicker, lower cost resolutions.[3]
- **Reform Compensation Award Practices**: Standardise and, where necessary, cap awards for pain and suffering based on international benchmarks, to curb disproportionate payouts.[4]
- **Promote Alternative Dispute Resolution (ADR)**: Mandate early mediation and encourage ADR for insurance claims to resolve disputes faster and reduce legal expenses.
- **Introduce Regulatory & Market Incentives**: Increase transparency with a central claims database, discourage fraudulent or exaggerated claims, and explore risk-pooling or public-private insurance partnerships to ensure a stable, competitive insurance market.

2 Introduction

Ireland's current insurance and legal framework has led to a "compensation culture" marked by high personal injury awards and heavy reliance on litigation. This has contributed to skyrocketing premiums for many sectors, especially SMEs. Surveys by the Small Firms Association and Chambers Ireland have repeatedly highlighted rising insurance costs as a major threat to SME viability. In 2024, 45% of small businesses reported that insurance cost increases had significantly raised their overall business expenses.[1]

SMEs operate on thin profit margins, so sudden hikes in fixed costs like insurance can quickly erode profitability and threaten their survival. Community and voluntary groups – from sports clubs to small charities – face similar strains, with many warning they may have to shut down events or services due to unaffordable insurance quotes. Consumers ultimately bear the burden too, as high premiums are passed on in prices or lead to reduced local services. Meanwhile, injured persons often face a slow and adversarial path to compensation. The legal system for personal injuries in Ireland is predominantly fault-based and court-centric. Under tort law (negligence), injured parties must establish fault and often resort to litigation to obtain relief. Irish courts have developed a reputation for generous awards, especially for soft-tissue injuries. Notably, the government's Personal Injuries Commission in 2018 found Irish compensation levels for whiplash injuries were on average 4.4 times higher than in England and Wales.[5]

Overall, compensation for personal injury claims in Ireland has been "among the most generous in Europe," according to the Commission's chair, former High Court President Nicholas Kearns. However, this generosity comes with costs – insurance companies price these high payouts into premiums, and the risk of abuse (fraudulent or exaggerated claims) increases when detection/prosecution of fraud is low.

The current model's inefficiencies are evident in the data. The vast majority of claims are settled via litigation rather than early resolution. In 2022, only about 4% of liability injury claims were resolved through the Injuries Board (now IRB), while 90% proceeded through costly legal channels.[6] Litigation accounts for roughly 90% of total claims costs in these cases. Legal fees and prolonged procedures drive up these costs – for example, an employer's liability claim settled in court has an average total cost almost three times that of one settled via the Injuries Board. The Central Bank's National Claims Information Database (NCID) reports that from 2019 to 2022 the average cost of injury claims rose 34% for employer liability and 44% for public liability, reaching approximately €38,000 and €21,000 respectively.[3] These rising claim costs have fed directly into higher premiums: liability insurance premiums for businesses rose about 17% from 2020 to 2023, with further increases in 2024.

Notably, this is occurring even as the number of certain claims (like minor public liability accidents) has fallen – the Injuries Resolution Board's data show public-place injury claims dropped 40% between 2019 and 2023.[2]

In short, Irish businesses and consumers are paying more, even when claims frequency is stabilising, because the underlying system still produces high payouts and expenses. The Government's recent Action Plan for Insurance Reform (2020–2024) introduced some positive measures – e.g. new Judicial Council guidelines in 2021 to lower personal injury awards, stricter fraud penalties, and updates to occupiers' liability law. By early 2024 the government claimed to have delivered "95%" of the Action Plan's actions.

However, key problems remain unresolved. The new Judicial Guidelines, while they significantly reduced awards for many minor injuries, have not been uniformly applied in litigated cases – as of 2022, the majority of high-value claims were still being settled under the old system or were awaiting court judgement.[6]

As a result, expected reductions in overall claims costs have not fully materialised, especially for liability insurance. Crucial reforms are only partially implemented or ineffective: for example, the Injuries Resolution Board was renamed and given a somewhat enhanced role in 2022 but still handles only a small fraction of claims. The insurance market also remains problematic – with few new entrants and some insurers withdrawing, competition is limited. The Alliance for Insurance Reform (a coalition of business and civic groups) notes that many policyholders have not seen premium relief; they describe the current insurance costs as crippling and have called for far more aggressive action to bring rates down.[2]

On the other side, insurers argue that until award levels and legal costs come down, premiums cannot fall. They point out that, despite recent profitability improvements, Ireland's liability insurance sector had barely broken even over the past decade[6], and uncertainty about reforms (like whether courts will uphold lower awards) makes them cautious.

In summary, Ireland's insurance and compensation system is at a crossroads. The status quo – characterised by high awards, lengthy legal processes, and rising premiums – is undermining our economic sustainability and social fabric. The goal is to reform this system fundamentally, learning from international best practice to create a fairer balance. The policy envisions an Ireland where genuine injury victims are compensated swiftly and adequately without needing years of court battles, and where insurance is affordable for all sectors – from the corner shop owner to the local sports club and ordinary drivers.

Key Principles underpinning the policy include:

1. **Fairness** – injured persons deserve fair redress, and defendants/policyholders deserve fair costs.

2. **Affordability** – insurance should not bankrupt businesses or individuals, and compensation systems should be economically sustainable.

3. **Efficiency** – claims should be resolved through the most cost-effective and timely mechanisms available, minimizing unnecessary legal expenses.

4. **Prevention and Responsibility** – the system should incentivize risk reduction and personal responsibility (e.g. through duty of care reforms and fraud deterrence), to reduce incidents and false claims.

5. **Transparency and Accountability** – data-driven monitoring and stakeholder oversight should guide the system, ensuring that savings from reforms are passed to consumers and that all parties (insurers, lawyers, claimants, etc.) act responsibly. With these principles in mind, the following sections detail our comprehensive policy proposals for insurance reform.

3 Policy

3.1 International Best Practices:

To design an effective reform, it is instructive to compare Ireland's framework with international models known for their effectiveness and cost-efficiency. This policy references systems such as Sweden's no-fault insurance model and Germany's compensation system, as these countries achieve broadly similar societal outcomes (fair compensation for injuries) at a much lower cost to society and with more stability in insurance markets.

Sweden's Model: Sweden exemplifies a no-fault, standardized approach in key areas of personal injury compensation. Notably, Sweden operates a strict no-fault scheme for road traffic accidents, meaning injured parties are compensated by insurance regardless of who was at fault.[7] This approach prioritises quick, guaranteed payouts for victims while avoiding the need to prove negligence in court. For injuries from accidents, especially auto accidents and certain medical injuries, Sweden channels claims through specialised funds or insurance pools rather than litigation. For example, auto insurers in Sweden must provide personal injury coverage that pays out benefits on a no-fault basis (with limits), and serious cases are reviewed by the Road Traffic Injury Commission (TSN) to advise on appropriate compensation.[7] Non-economic damages (pain and suffering) in Sweden are largely determined by standardised tables and formulas set by expert bodies, rather than at the discretion of judges or juries. The TSN guidelines assign compensation based on the severity of injury and length of treatment, with set amounts for various injury types and degrees of medical disability.[7] This standardisation yields predictable and generally lower awards for pain and suffering than in Ireland. For instance, a moderate whiplash injury in Sweden would result in a modest fixed sum (often payable in periodic instalments), whereas in Ireland such an injury historically could attract a much larger lump sum after litigation.[5]

Another feature of the Swedish approach is a cultural and regulatory bias toward settlement: over 90% of personal injury claims in Sweden (including patient injuries) are resolved through extrajudicial methods, such as insurer claims handling or arbitration, with litigation being exceedingly rare. The outcomes speak for themselves – Sweden has one of the lowest general liability insurance costs in Europe. The typical compensation for a minor personal injury in Sweden is only a few thousand euro, whereas in Ireland the average pay-out for even minor injuries has been significantly higher (Ireland's average public liability claim was in the five-figure range before recent guideline changes.

Swedish insurers benefit from this stability: because claim costs are moderate and consistent, premiums for consumers and businesses are correspondingly lower. Importantly, Swedish injured parties still receive extensive support – Sweden's comprehensive social insurance (covering medical care and loss of income) means that the tort system focuses mainly on non-economic compensation, which is capped at reasonable levels. Overall, Sweden demonstrates that a no-fault, administratively driven system can dramatically reduce legal expenses and large outlier awards, creating an insurance market with lower premiums and fewer contested claims.

Other International Insights: Germany provides a contrasting but also effective system, operating within a fault-based civil law framework but with strict thresholds and lower awards than common-law jurisdictions. German law requires convincing proof of injury and causation; minor injuries (especially subjective soft-tissue injuries like mild whiplash) often do not receive any compensation unless certain medical thresholds are met. When compensation for pain and suffering is awarded in Germany, the amounts are significantly more restrained. German courts refer to guideline tables that link compensation to injury severity, treatment duration, and the claimant's age Large awards for non-economic loss are rare.

Australia provides an example of a common-law country that undertook sweeping tort law reforms. In the early 2000s, Australian states introduced caps on damages, restrictions on legal fees for small claims, and encouraged pre-court settlements in response to an "insurance crisis." The result was a marked stabilisation and even reduction in liability insurance premiums.[11] The Australian reforms, much like our proposals, aimed to balance the interests of injured people with the wider public interest in affordable insurance. These global comparisons reinforce the core idea of the policy: Ireland can significantly reduce insurance costs by reforming how claims are compensated and resolved, without undermining fairness to genuine claimants. A blend of no-fault compensation for common injuries, standardized damages, early resolution mechanisms, and strict anti-fraud measures has proven successful elsewhere. The policy will apply these lessons in the Irish context.

3.2 Introduce Targeted No-Fault Compensation Mechanisms

A central plank of the reform is to expand no-fault compensation for certain high-frequency, lower-severity injuries. Under a no-fault system, an injured party receives compensation without needing to prove someone was legally at fault for the accident. This contrasts with the current tort-based approach which often requires establishing negligence in court. This policy proposes targeted no-fault schemes in areas that drive a large share of claims and litigation costs – notably motor accidents, public liability, and minor workplace injuries. Policy Proposal: Establish a no-fault injury compensation scheme for clearly defined categories of accidents (for example, road traffic collisions and simple public trip and fall injuries).

Under this scheme, injured persons would be directly compensated by an insurer or fund up to certain limits, according to a fixed benefits schedule, without needing to pursue a lawsuit. This is inspired by successful models abroad (e.g. Sweden's road accident system [10] and New Zealand's ACC). In practical terms, if someone suffers, for example, a moderate injury in a car accident, they would file a claim with the insurer (their own or a central fund) and promptly receive payments for medical expenses, lost income, and a standard amount for pain and suffering, regardless of who caused the crash. They would waive the right to sue for those covered losses, except in cases of very serious negligence or intentional harm.

Rationale and Benefits: By removing the fault element for these common cases, the policy dramatically reduce the need for adversarial legal proceedings. Injured people get paid faster (in weeks rather than potentially years of court wrangling) and with far less hassle. The administrative costs are much lower than legal costs – there's no need for each side to hire lawyers to argue over blame when the system doesn't require blame to be assigned. No-fault systems also tend to discourage exaggeration of injuries, because compensation is predetermined by injury type rather than inflated by emotional appeals. Importantly, no-fault does not mean no responsibility: insurers can still adjust premiums or impose penalties on parties (like at-fault drivers) through insurance mechanisms, but the individual victim's compensation isn't held up by that process. Over time, this should lead to fewer minor personal injury cases clogging the courts, freeing up judicial resources for truly disputed or catastrophic cases.

Cost Impact: This should result in a no-fault approach to reduce overall claim costs by cutting legal fees. Currently, for many small injury claims, legal fees can equal or exceed the award itself. Under no-fault, those fees largely vanish – the money goes to claimants instead of lawyers, and insurers save money, which can be passed back in premium reductions. Based on international experience, introducing a no-fault scheme for auto accidents can reduce claim-related expenses significantly; for instance, administrative costs per claim in countries like Sweden are a fraction of tort-based states. In Ireland, if even 50% of motor and public liability claims were channelled through no-fault, multi-million-euro savings in legal costs could be achieved annually. This is a key part of bending the cost curve of premiums downward.

Scope and Implementation: The policy proposes to start by piloting no-fault compensation in specific domains. One immediate candidate is motor insurance: building on the Motor Insurers' Bureau of Ireland (MIBI) model, we can create a fund (financed by insurers via levies) that pays personal injury claims quickly on a no-fault basis up to a certain severity level. Serious injuries could still allow recourse to court for additional sums if needed (similar to how Sweden handles disability over a threshold[10]). Another area is minor public liability injuries – e.g., if a customer slips in a shop and breaks an arm, they would get a set compensation amount from the shop's insurer without litigation. To implement this, enabling legislation will define eligible claim types and benefit schedules (perhaps referencing the Personal Injuries Guidelines amounts as the payout values).

This approach will be developed in consultation with actuaries to ensure its financially sound. The scheme's funding will come from premiums already paid – essentially it reallocates what would have been spent on lawyers and unpredictable awards into a controlled compensation fund. There may be initial administrative setup costs (for establishing a claims bureau), but these are modest relative to the litigation costs avoided. Overall, expanding no-fault mechanisms aligns with the principle of efficiency and fairness. It ensures that people injured in everyday accidents are looked after swiftly and adequately, while the collective cost of these injuries (which we all ultimately bear through premiums) is kept as low as possible. This is a proactive step to "de-litigate" our compensation system in favour of a social insurance-style model that benefits everyone.

3.3 Strengthen the Injuries Resolution Board (IRB)

The Injuries Resolution Board (IRB) – formerly the Personal Injuries Assessment Board (PIAB) – is a critical institution for resolving claims without full litigation. However, its potential is not fully realised under the current system. The policy aims to significantly expand and empower the IRB so that it becomes the default forum for personal injury claim resolution in Ireland.

Current Role and Limitations: The IRB provides an alternative to court by assessing damages and issuing awards for personal injury claims (excluding medical negligence and a few other categories). It was established to offer quicker, lower-cost outcomes. Indeed, when claims go through IRB, they settle much faster and with drastically lower legal fees (IRB awards incur minimal plaintiff legal costs, whereas litigated cases involve high costs on both sides). According to recent data, IRB-handled cases under the new guidelines delivered awards about one-third lower than before and resolved more efficiently.[6] However, claimants or defendants can reject IRB assessments, and many do if they expect a higher court award or just want a day in court. As a result, only a small percentage of claims ultimately conclude in IRB. In 2022, just 4% of liability claims were settled through the Injuries Board, versus 90% through litigation. This undermines the IRB's purpose and keeps the volume of court cases high.

Policy Proposal: Broaden the IRB's jurisdiction and authority. The policy aims to mandate that virtually all personal injury claims (with limited exceptions) must first go through the IRB process, and make IRB decisions binding in more cases. Specifically, raise the categories and claim-value limits that IRB can handle – include more types of liability claims (possibly allowing it to handle some currently exempt categories like product liability or minor medical mishaps), and allow it to assess higher-value claims than the current practice. More ambitiously, explore making IRB awards binding on both parties by default, with appeals to court allowed only on defined grounds (e.g. a clear miscarriage in the assessment or new evidence). In effect, this would turn the IRB into a first-instance tribunal for injury claims.

Enhancements to IRB processes: To support a greater role, the IRB will need stronger tools. The policy proposes establishing an expanded panel of medical experts and claims assessors to provide high-quality, independent evaluations of injuries (learning from jurisdictions where courts appoint neutral experts). The IRB should also apply the new Judicial Council Guidelines for damages strictly. Additionally, the IRB can be empowered to facilitate settlements — for example, if liability is contested, IRB could host a mediation between parties or make a determination on liability (currently it only assesses damages when liability isn't in dispute). With some legislative change, the IRB could handle liability questions in straightforward cases, or else partner with an arbitrator for that aspect.

Expected Outcomes: A stronger IRB means faster resolutions (their target timelines are around 9 months or less, versus multiple years in court) and huge savings on legal costs. For claimants, it's a simpler process – no adversarial courtroom experience, just submitting documentation and potentially a medical exam. For businesses and insurers, it provides certainty and cost containment. If the majority of personal injury claims can be resolved through IRB determinations, we avoid the scenario of unpredictable jury awards or high litigation expenses. International comparisons underscore this potential: in countries like Australia (some states) and Canada (Quebec), administrative boards handle many injury claims with substantially lower cost per claim than litigation, and claimants still report satisfaction with the process. The reforms align with this approach. To ensure fairness, appeal mechanisms will remain: if either party strongly believes an IRB award is unjust, they could appeal to a specialist Personal Injuries Tribunal or ultimately to the courts, but with possibly some disincentives for unreasonable appeals (for example, requiring a deposit or exposing the appellant to costs if the court outcome is not significantly better). This will prevent abuse of the appeal option.

Stakeholder Perspectives: Insurers and many businesses are likely to welcome an expanded IRB, as it promises to cut down the 90% litigation rate. Indeed, Insurance Ireland has praised the IRB/PIAB process as effective and wants to see more cases go through it.[6] Claimant solicitors and barristers might be more cautious, concerned about protecting individuals' rights to full access to justice. To address this, the policy emphasises that IRB strengthening is about making justice more accessible (quick resolution and reduced expense) and that truly contested or complex cases can still be heard in court. Collaboration with the legal community to ensure due process is maintained will be required – for example, IRB procedures must be transparent, and claimants can obtain legal advice during the process if they wish. Ultimately, a robust IRB represents a win-win: fair compensation delivered more efficiently, which will directly help lower insurance premiums (as the cost to settle claims drops). It also aligns with natural justice by resolving matters without unnecessary delay. This policy pushes for any needed legislative amendments (such as a new Injuries Resolution Board Act) early in the reform plan to realize these benefits.

3.4 Reform Compensation Award Practices (Standardisation and Caps)

Ireland's award levels for personal injuries have been high and inconsistent, contributing to the insurance affordability problem. The policy proposes to reform how compensation amounts are determined, making them more consistent, evidence-based, and aligned with international norms.

Background: Historically, Irish courts (especially juries in civil cases and judges in High Court) had wide discretion in setting damages for pain and suffering, leading to very high awards in many cases. This was highlighted in the Personal Injuries Commission reports and was partly addressed by the Judicial Council's Personal Injuries Guidelines introduced in April 2021, which provide recommended bands for damages. Those guidelines significantly reduced the values for most soft-tissue injuries – e.g., a minor whiplash might be €3,000 under the new Guidelines, down from perhaps €15,000 under the old Book of Quantum. The Guidelines are now law and meant to be followed by courts and IRB, but as noted, many claims settled via litigation up to 2022 were still using older precedents, and plaintiffs' lawyers often argue for higher amounts, sometimes successfully. Moreover, some severe injury cases can still result in multi-million euro awards (for lifelong care needs), which, while necessary, impose large costs often ultimately borne by the State or insurers.

Policy Proposal: Implement statutory standardisation of awards for various injury categories, and consider reasonable caps on general damages for non-catastrophic injuries. We will bolster the Guidelines by giving them a stronger statutory footing – for instance, requiring judges to provide written reasons if they deviate from the ranges (even more than they must now) and allowing the Attorney General or an oversight body to appeal gross deviations as a matter of public interest. If the Judicial Guidelines process does not yield the intended reductions across the board, legislation to codify a schedule of damages (much like exists in some other jurisdictions) to ensure predictability should be examined. Additionally, we propose a cap on pain-and-suffering damages for moderate injuries. For example, introduce a cap of €500,000 on general damages for even the most serious single injury (which is roughly in line with current top awards) and much lower caps for minor injuries (the Guidelines already imply this; we would ensure no minor injury claim exceeds, for example, €15,000 in general damages). Caps have been used in jurisdictions like Australia and some US states to good effect – they don't cap medical costs or lost earnings (which are specific to each case), only the subjective non-economic loss. The aim is not to deny fair compensation but to prevent extreme outlier awards that can skew the system or incentivise speculative claims.

Standardised formulas: Draw on models (like in Canada or the European Continent) to formalize how awards are calculated. For instance, for certain permanent injuries, a formula considering the person's age, degree of disability, and a base index amount can be used – this makes awards transparent and consistent. As noted, Sweden and Norway use such tables, and France uses a semi-official nomenclature with points for disability.[10] Ireland could adopt a hybrid approach: use the Judicial Guidelines as a starting point but integrate them into a statutory schedule that is regularly updated by an expert committee (including medical professionals, actuaries, etc.), not unlike how we update certain social welfare payments annually.

Benefits: The primary benefit is predictability. If insurers know that a given type of claim will result in a payout of around €X (with little variance), they can price policies with much more certainty and don't need to load premiums to hedge against large jury awards. It also reduces litigation incentives, because both sides have less to fight over when the outcome range is narrower. A claimant is more likely to accept an early offer if they know a court isn't likely to give vastly more. Conversely, a defendant/insurer is more likely to offer the proper amount early when they can accurately estimate the exposure. Consistency in awards also feels fairer: similar injuries get similar compensation, fulfilling the principle of equality before the law.

Ensuring Fairness: Caps or standardisation might undercompensate some individuals, especially those with unique circumstances. To address this, any cap would apply only to general damages (pain and suffering), not to specific financial costs like long-term care, which would still be covered in full based on evidence. Moreover, in truly exceptional cases, there could be a provision for the court to exceed the guideline (for example, multiple severe injuries from one accident might justify exceeding a single-injury cap, or if a guideline amount would be manifestly unjust for a particular plaintiff – though this would be rare). The policy is not about denying rightful compensation; it's about reining in excessive or inconsistent awards that go beyond what is needed for fairness and that society can reasonably bear.

Finally, part of reforming award practices is also enhancing fraud detection and perjury enforcement. Awards should only go to genuine claimants. We support stronger investigations into suspicious claims and enforcement of penalties for false evidence (building on the Criminal Justice (Perjury) Act 2021). Reducing fraudulent claims directly helps lower overall costs – recent indications are fraud adds a significant hidden premium for everyone. In summary, by standardising compensation, Ireland can move closer to European norms and eliminate the current "jackpot" perception that drives opportunistic claims. Legitimate claimants will still be cared for – indeed, a more stable system ensures funds are available to pay claims – and honest policyholders will gain from the resulting premium reductions.

3.5 Promote Alternative Dispute Resolution (ADR) and Early Mediation

Even with the above measures, disputes will inevitably arise. When they do, the policy strongly favours Alternative Dispute Resolution (ADR) methods – such as mediation and arbitration – over courtroom litigation. The goal is to resolve conflicts early, quickly, and at minimal expense.

Mandatory Early Mediation: Introduce a requirement that, in most personal injury and insurance-related disputes, the parties must attempt mediation early in the process. For example, once a claim is filed (either with the IRB or with the courts), there would be a set timeframe (for example within 3 months) in which both sides must engage in a mediation session with a qualified mediator. This could be mandated through an amendment to civil procedure rules or a specific statute for personal injuries. Many jurisdictions encourage or require mediation – Ireland's legal system has some provisions (the Mediation Act 2017 invites judges to recommend mediation), but uptake has been limited. We would make it more formal and expected, possibly requiring parties to report to the court or regulator on mediation efforts. Non-compliance could result in cost penalties.

Why ADR: Mediation brings both sides together in an informal setting to find common ground. It is confidential, faster, and far cheaper than a trial. A skilled mediator can often guide parties to settle by clarifying misunderstandings and reframing the issue as a shared problem to solve (fair compensation) rather than a fight. The aim is that a large portion of claims that would otherwise drag on in litigation can be settled at mediation. Even if not fully settled, issues can be narrowed, making any subsequent trial shorter and more focused.

Incentivising Settlements: In addition to mandating an attempt at ADR, incentivise parties to settle early. Possible incentives include: reduced court fees or IRB fees if a case settles through mediation; a small "ADR success" grant or credit for SMEs who resolve claims out of court; or conversely, a cost-shifting rule where if one refuses a reasonable settlement offer and then fares worse at trial, they must pay additional costs. These kinds of carrots and sticks encourage a mindset of "settle where reasonable, fight only if necessary." We will work with the legal community to ensure these incentives are fair. Insurers, for their part, must be willing to make fair offers early – engage with Insurance Ireland and its members to commit to timely responses and good-faith negotiation when claims arise.

Expanding Arbitration and Specialised ADR: For certain complex cases (like large commercial liability disputes or medical negligence), formal arbitration might be an alternative to court. We will promote the development of arbitration frameworks – for example, an arbitration panel for medical injury cases that is faster than court but can handle technical detail with expert arbitrators. Another idea is "mini-trials" or neutral evaluation, where a neutral expert gives a non-binding assessment of the case early on, which can drive settlement. All these fall under ADR techniques that can be fostered with support and perhaps pilot programs.

Expected Outcomes: Greater use of ADR will yield multiple benefits:

1. **Cost savings:** Litigation costs (for both plaintiffs and defendants) drop dramatically if cases settle earlier. Even a single day of High Court proceedings can cost tens of thousands of euro; mediation might cost a tiny fraction of that.
2. **Time savings:** Claimants get resolution and payment sooner; defendants/businesses can move on without a multi-year legal cloud.
3. **Preserved relationships**: In some cases (like an injury at a small business), litigation can destroy trust and reputation. A mediated outcome can be more amicable, possibly even allowing an apology or explanation that court procedures don't accommodate.
4. **Lower court backlog**: Freeing up courts from lengthy civil trials means judges can allocate time to other cases, improving the justice system overall.

Not every case will settle – some fundamental disputes over liability or value will still go to trial. But if even, for example, 30% more cases can be resolved by ADR, that is a huge win for efficiency. Stakeholders largely support this: consumer advocates appreciate faster outcomes; businesses and insurers save on legal bills; even the Courts Service and judiciary benefit from reduced caseload. The policy will ensure that mediation services are accessible and high-quality – possibly through a state-supported panel of mediators for personal injuries (to avoid any shortage or cost barrier for claimants). The culture shift we seek is one where a court trial becomes the last resort after sincere attempts to settle, rather than a foregone conclusion.

3.6 Regulatory and Market Incentives for a Healthier Insurance Market

Alongside direct reforms to claims and legal processes, the policy includes regulatory and market-oriented measures to improve transparency, accountability, and competition in the insurance sector. These initiatives ensure that reforms translate into lower premiums and that the market remains fair for consumers.

Central Claims Data Repository: The policy will establish a central database for insurance claims information, housed perhaps under the Central Bank or a new Insurance Commission. This repository will collect detailed, anonymised data on claims – including injury details, compensation amounts, legal costs, duration of resolution, etc. The purpose is to monitor trends and identify problem areas. For example, if average awards start creeping up again in certain courts or if legal fees in certain cases spike, regulators can spot it and react (through further policy or investigation). It will also help measure the impact of the reforms (e.g., seeing the shift in how claims are settled over the years). Ireland's NCID (National Claims Information Database) has already begun this for motor and liability insurance, and it has shed light on issues like the high share of costs from litigation.[8] The policy will broaden such data efforts to cover *all* relevant insurance lines and update the data more frequently.

The data will be published in aggregate to keep the public informed – this transparency can itself pressure insurers to pass on savings (since everyone can see if claims costs are dropping).

Stakeholder and Consumer Engagement: A recurring failing of past reforms was insufficient engagement with those most affected. The policy will institute a formal Insurance Reform Stakeholder Council with representatives from SMEs, consumer groups, insurers, and the legal profession to meet regularly and advise the Department of Finance or Enterprise on ongoing issues. This council ensures voices of all parties are heard as changes are implemented – for instance, small businesses can flag if premiums aren't decreasing despite lower claims, or legal professionals can raise valid concerns about any unintended consequences on access to justice. By having this dialogue, regulators can adjust course if needed (e.g. intervene if insurers are not delivering premium reductions commensurate with cost declines). This cooperative approach will also build trust – a crucial factor in persuading injured individuals to embrace new processes like IRB or no-fault schemes.

Risk Pooling and Public-Private Partnerships: Explore mechanisms to handle insurance for sectors that are still struggling. One idea is a risk-pooling scheme for high-risk activities or community events – essentially a pooled fund (possibly with some state guarantee or reinsurance) that offers coverage when the commercial market fails or prices itself out. For example, a fund for festivals or small adventure tourism providers that spreads the risk across many participants and years, preventing any single insurer from withdrawing coverage suddenly. Public-private partnerships could also be considered for extreme cases (analogous to how some countries have government-backed pools for earthquakes or terrorism insurance). While the main goal is to reduce costs so that the normal market can function, these backstop solutions ensure essential services aren't left uninsured in the interim.

Enhanced Competition and Oversight: The Competition and Consumer Protection Commission (CCPC) and Central Bank must remain vigilant about anti-competitive practices in insurance. In recent years there were allegations of price-signalling among insurers; strong enforcement is needed to ensure that savings from reform result in price competition, not excess profits. The policy supports measures such as: making it easier for foreign insurers to enter the Irish market (cutting red tape, promoting Ireland as a safe, low-cost claims environment after reforms), and potentially creating a not-for-profit insurer or mutual in certain sectors to drive competition (for example, a mutual insurance cooperative for charities and community groups).

Consumer Protection: Enhance transparency in how premiums are calculated. Insurers will be required to clearly inform customers of how changes in claims environment (like the new lower awards) are being factored into their premium. If claim costs are down but a premium is not, consumers should ask why. Through Stakeholder Council and public reporting, insurers will be held accountable. At the same time, insurers have legitimate needs to maintain solvency and reserve for future claims – by reducing volatility and uncertainty in claims (via all the reforms above), we actually make the Irish market more attractive and secure for insurers, which should encourage them to lower the "uncertainty premium" they have historically added.

Summary: These regulatory and market measures create a feedback loop for continuous improvement: data drives policy tweaks; stakeholders keep implementation honest; and competitive pressure ensures benefits go to the public. This holistic approach doesn't just legislate changes in law but actively manages the ecosystem so that the insurance market becomes fair, transparent, and focused on serving customers. The ultimate metric of success will be seen in affordable insurance premiums and a responsive system where claims are handled equitably and efficiently.

3.7 Stakeholder Perspectives and Engagement

Achieving successful insurance reform requires understanding and balancing the perspectives of all key stakeholders. The policy has considered the views of insurers, SMEs (small and medium enterprises), consumer advocates, and legal professionals through research documents and publications in shaping this policy. Continuous engagement with these groups throughout implementation will be required, ensuring that their concerns are addressed and their cooperation secured.

SMEs and Business Community: Small businesses are at the heart of this issue – many have faced crippling insurance costs, with some seeing premiums double or triple over a few years.[2] Their perspective is clear: the status quo is unsustainable, and they need relief urgently. SMEs typically support reforms that promise to lower claims costs and, in turn, premiums. They have been vocal in calling for reduced award levels and better tackling of fraudulent claims. This policy directly responds to those calls by standardising awards and strengthening claims resolution to cut costs. However, SMEs also emphasise the need for accountability: they want to see insurers actually lower premiums as claims costs fall. Business representatives (such as the Small Firms Association and Chambers Ireland members) stressed the importance of monitoring premium trends and having a transparent link between reform and premium reduction. This has been incorporated through the data repository and stakeholder council to hold insurers to account. SMEs also worry about short-term transitions – e.g. will introducing no-fault or new procedures cause any initial confusion or spikes in cost? This will be mitigated by phased implementation (so businesses aren't hit with any sudden changes in policy requirements) and by clear communication.

Ultimately, the business community is a strong ally for these reforms, as they stand to gain the most from a more affordable insurance environment. The policy will ensure they have a seat at the table (through the stakeholder council and ongoing consultations) to continuously feedback on the reforms' effectiveness on the ground.

Insurance Industry: Insurance companies and underwriters are a crucial partner because they will implement many changes (like no-fault schemes, premium adjustments) and their buy-in is necessary. From insurers' perspective, the Irish market has been challenging: volatile claim costs, high litigation rates, and previously, low profitability in liability lines. Insurers have generally advocated for reforms that reduce claim costs – for instance, Insurance Ireland has consistently supported lower awards (they welcomed the 2021 guidelines) and a stronger role for PIAB/IRB.[6] They also emphasise tackling fraud and excessive legal fees. This policy addresses these points head-on, which is likely to be welcomed by insurers. Some insurers have raised the need for consistency and certainty – they are more inclined to cut premiums if they trust that reforms will stick and not be reversed by courts or future governments. Therefore, making the reforms robust (through legislation and possibly constitutional amendment if ever required for caps) is in insurers' interest too. By maintaining Ireland's attractiveness to insurance capital – if claim costs can be predictably lowered, more insurers might enter, increasing competition. The plan seeks to achieve that stability and even invites new entrants. There may be points of contention: insurers might resist any increased regulatory burdens, like detailed data reporting or intervention in pricing. Working through those via the regulator (Central Bank) in a collaborative way wis required, highlighting that transparency ultimately benefits the reputable insurers and the market's reputation. The policy proposes the challenging of insurers to commit to premium reductions – for instance, if average payouts drop 20%, it would be expected that premiums would drop commensurately. Insurers might hedge, citing other cost factors, but public pressure and oversight (and competition) will nudge them.

Consumers and Claimants: The term "consumers" refers to the general public as insurance customers, and also individuals who may at some point be claimants (injury victims). Consumers ultimately want lower insurance premiums, since most adults pay for some form of insurance – car, home, health, etc. They also want to know that if they are injured, they'll be treated fairly and promptly by the system. Consumer advocacy groups (such as the Consumers' Association of Ireland) have historically walked a careful line: they criticise high premiums and support measures to reduce costs, but they also caution against any reform that would unduly limit an injured person's rights or compensation. In forming this policy, the policy have been mindful of that balance. From the consumer standpoint, the shift to no-fault for minor injuries is positive – it means if you're hurt, you get paid without a legal fight. However, some might worry that no-fault or caps could limit what they would get in a more serious case.

Serious negligence or catastrophic harm will still be addressed fully – the ability to sue for truly severe losses or misconduct is not being removed, just streamlining routine cases.

Consumers also benefit from the faster timelines – no one wants a drawn-out claims process when they're dealing with an injury.

Advocacy groups have often highlighted the stress claimants face in adversarial litigation; the ADR and IRB enhancements directly alleviate that by reducing conflict. There is also a perspective that needs addressing: some members of the public have been accustomed to or even supportive of the idea of large payouts (perhaps seeing it as holding companies accountable). Through public education, communication on how excessive payouts actually hurt everyone by driving up costs, and that the reforms will still ensure appropriate accountability and compensation. The presence of independent oversight and the fact that Ireland's levels were outliers in Europe can help make the case to consumers that these changes are reasonable. In implementation, consumer voices will be included to ensure, for instance, that the no-fault process is user-friendly, that there are advocacy resources for claimants (maybe an ombudsman role to help individuals navigate new systems).

Ultimately, if premiums come down and claims are handled fairly, consumers will be among the biggest beneficiaries. The support of the general public crucial – hence the emphasis on plain English communication of this policy and its benefits.

Legal Professionals (Solicitors and Barristers): The legal community, particularly personal injury lawyers, are key stakeholders as they work daily in this system and will experience changes in their practice. Understandably, some in this group may be sceptical of reforms that reduce litigation, as it could impact their workload or fees. Engagement with legal professionals, including the Law Society and Bar Council representatives would need to be undertaken, to get their insights. Many lawyers agree in principle that frivolous claims and excessive delays serve no one well (and indeed tarnish the profession's image). However, they caution that injured persons' rights must remain protected – for example, they often oppose strict caps or anything that would remove judicial discretion, arguing it could lead to injustice in individual cases. This has been taken into account by designing caps and guidelines that still allow judicial input for truly exceptional situations. Lawyers also stress the need for due process: if IRB is to be binding, is there an appeal? This policy ensures that an appeal path will exist. By addressing these concerns, the aim is to get at least partial buy-in from the legal community. It's worth noting that not all legal professionals resist change – some embrace ADR and have seen first-hand how an early settlement can be better for their client. The Mediation Act 2017 had support from many lawyers who genuinely want to reduce costs. The push for ADR will actually create new opportunities for lawyers to act as mediators or advisors in settlement processes rather than litigators, potentially a positive shift in the profession. Involving legal experts in the design of the new systems (for example, a senior lawyer or former judge on the stakeholder council) will ensure fairness and legal robustness. While some pushback may occur (for instance, to

eliminate jury trials in personal injury – something the legal community and judiciary might debate), the case – that access to justice is improved, not harmed, by these efficiency measures – is strong. In jurisdictions that moved to more tribunal-based systems, lawyers continue to play important roles, just with more focus on advice than adversarial courtroom battles. Close work with the Law Society, Bar Council, and judiciary to implement reforms smoothly: training sessions on new guidelines, maybe rotations of judges to the IRB for experience, etc. The legal community's perspective is integral to making sure reforms are just.

Conclusion: By engaging with all stakeholders and incorporating their feedback, it will ensure that insurance reform that is equitable and effective. This policy is not about favouring one group over another; rather, it seeks a new equilibrium where genuine claimants are compensated fairly and swiftly, businesses and consumers pay reasonable insurance costs, insurers can operate sustainably, and the legal system is used wisely. Through ongoing dialogue, transparency, and adjustments as needed, broad support will be maintained to ensure the reforms achieve their intended outcomes.

3.8 Five-Year Phased Implementation Plan

Reforming Ireland's insurance and compensation system is an ambitious undertaking. This policy proposes a 5-year phased implementation plan to roll out these reforms in a structured, manageable way. This phased approach allows for adjustments along the journey and ensures stakeholders have time to adapt. Below is an outline of the implementation timeline with key policy steps in each phase:

Year 1: Laying the Groundwork (Foundation Phase)

Q1–Q2: Establish the Insurance Reform Task Force within government, including subgroups for legislative changes, stakeholder engagement, and data systems. Draft the required legislation for initial reforms – e.g., an Insurance Reform Bill that covers expanding IRB powers and mandating mediation. Begin immediate stakeholder consultations through the new Stakeholder Council (insurers, SMEs, consumer advocates, legal reps) to gather input on detailed design (for example, threshold definitions for no-fault schemes).

Q3: Introduce the Insurance Reform Bill in the Oireachtas (Parliament). This first bill would likely encompass: making mediation mandatory in personal injury disputes, broadening IRB jurisdiction, and setting the legal basis for updating award guidelines (possibly empowering the Judicial Council or a new committee to revise the official compensation schedule). Simultaneously, the government works with the Judicial Council to formally review the Personal Injuries Guidelines after one year of operation – pushing for further adjustments if needed in line with policy (the Judicial Council could be asked to consider international benchmarks, for instance).

Q4: Legislation enactment and setup: Aim to pass the Insurance Reform Act by end of Year 1. Begin recruiting additional **IRB personnel and experts** (e.g., medical assessors, mediators) with the increased budget allocation. Develop the blueprint for the **Claims Data Repository**, including IT system requirements; perhaps piggyback on the Central Bank's NCID infrastructure. Launch a public information campaign announcing upcoming changes – informing citizens about the new process (like mediation requirement) and businesses about the coming relief and responsibilities. Also in Q4, establish a pilot **Mediation Office** under the Court Service or IRB to handle the influx of mediations next year (training mediators, setting up case referral protocols).

Year 2: Structural Reforms Rollout

Q1: No-Fault Scheme Pilot: Introduce a **pilot no-fault compensation scheme for motor accidents** on a trial basis. This could start with, for example, all injuries from motor accidents occurring in Q1 are eligible to go through the new no-fault process (with claimants given the choice initially, to test uptake). The scheme's rules and benefit schedules (likely aligned with current guideline amounts for injuries) will have been prepared in Year 1; now they go live. Collect data from this pilot continuously.

Q2: IRB Empowerment: The expanded Injuries Resolution Board authority takes effect. All new personal injury claims below a higher value threshold (perhaps €100,000) must now go to IRB first. IRB can now adjudicate on some liability disputes or refer to binding arbitration. The law now makes IRB assessments binding unless appealed in a defined period. Monitoring of how many appeals happen is required. To support this, Year 2 sees a boost in IRB staff, possibly opening regional IRB offices to handle cases locally (making it easier for claimants outside Dublin). The mandatory mediation rule also kicks in for any claims that do proceed toward litigation – the courts will enforce this by requiring a mediation report before scheduling full trials. A culture shift is expected beginning here, so guidance to legal practitioners on complying with new mediation requirements will be required.

Q3: Standardisation Measures: Work with the Judicial Council (or the new statutory committee if established) to finalise any revisions to the compensation tables/guidelines, taking into account data from Year 1. If needed, prepare a Regulations or second legislation to introduce a statutory cap on general damages (the preference is to avoid needing a constitutional amendment; this should be done within constitutional boundaries, guided by Attorney General's advice). Ideally, by Q3 of Year 2, courts are consistently using the updated guidelines, and IRB awards reflect them. The government publishes the initial data from the Claims Repository for Year 1 to show baseline metrics (average award, legal cost %, etc.). This transparent reporting begins the process of showing progress (or highlighting issues).

Q4: Insurance Market Adjustments: By the end of Year 2, early results expected: possibly a reduction in average awards for minor injuries and quicker settlements. The Minister for Finance and Central Bank will engage with **insurance companies** to review premium levels. The expectation is that motor and liability insurers file for premium reductions if their projected claim costs drop. A public forum or hearing could be convened where insurers justify their pricing – putting pressure to ensure consumers see benefits. The government can consider gentle regulatory pressure, like requiring insurers to report how reforms have affected their claims projections and pricing. Meanwhile, any legislative follow-up (like a second Insurance Bill addressing issues found in Year 2 or formalising the no-fault scheme beyond pilot) will be readied for Year 3.

Year 3: Expansion and Monitoring Phase

Q1–Q2: Extend No-Fault Scheme: Using the results of the motor pilot, refine the no-fault system and then expand it to other areas if successful. For instance, launch a No-Fault Public Liability Scheme for minor public place injuries (possibly managed by a state insurer or pool). Also, fully integrate the motor no-fault scheme into law (if it was a pilot under regulations or limited scope, now make it permanent and comprehensive). At this point, a significant portion of new accidents should be handled either by no-fault or IRB, drastically reducing new court filings.

Q2: Mid-point Review: Conduct a formal mid-term review of the reform progress. Publish a comprehensive report with statistics: reduction in average award sizes, percentage of cases going to litigation vs IRB vs no-fault, changes in premium levels by industry (are SMEs seeing relief?), etc. Compare against targets (e.g., we might set a target like “reduce average liability premium by 20% by Year 5” and check progress). Solicit feedback via the Stakeholder Council and possibly public workshops. Based on this, identify any course corrections – for example, if mediation uptake is lower than expected, find out why and address it (maybe more mediator resources or stronger cost penalties for refusal). If certain insurers are not passing on savings, consider naming and shaming or even regulatory intervention.

Q3: Legal System Integration: By Year 3, the judicial system should reflect the new normal. Work with the Courts Service to perhaps consolidate the handling of any remaining personal injury litigation into fewer courts or special circuits, since volume is down – freeing judges to other matters. If needed, introduce procedural rules that expedite cases that started before reforms (to clear legacy cases). At this stage, if the data shows that awards are still high in litigated cases, consider stronger measures: e.g., exploring a constitutional amendment to allow the Oireachtas to set binding caps (only if absolutely necessary and if public sentiment supports it; this could be prepared for a referendum if required, though that’s a larger step).

Q4: Competition and Pooling: Launch any risk pooling initiatives identified. For example, if by Year 3, playgrounds or festivals still report unaffordable insurance, implement the planned insurance pool with partial state support to cover them, as an interim solution until the market fully adjusts. Also potentially invite a review by the OECD or an international body to evaluate Ireland's new system vs. international best practices – essentially validating that Ireland is now more in line with countries like Sweden/Germany in outcomes. This could build investor confidence and attract new insurance providers.

Year 4: Consolidation and Cultural Change

Year 4 is about solidifying the changes and ensuring they stick for the long term (cultural entrenchment). By now, a generation of claims professionals, lawyers, and consumers have experienced the new process:

- **Assess No-Fault and IRB efficacy:** Are claimants satisfied with no-fault resolutions? Evaluate via surveys or stakeholder feedback. Tweak benefit levels or process if issues (for example, if some feel certain costs aren't covered, adjust the schedule). The IRB should by now handle the bulk of claims; check if their timelines are being met and if they need more resources or legislative tweaks. Possibly give IRB more power to enforce decisions (like default judgments if a party doesn't engage).

- **Public Awareness:** In Year 4 run another public awareness campaign focusing on preventing insurance fraud and exaggeration, reinforcing that a tough stance is in place (deterrence helps keep premiums low). Also educate that claims are resolved differently now – e.g., inform drivers that if they get in an accident, the process is straightforward, and they don't need to immediately call a lawyer to sue – this helps people adapt their expectations.

- **Premium Tracking:** By now, we should expect to see clear drops in certain insurance premiums. Commission or use the Central Statistics Office to track an "insurance price index" for key segments (motor, employer's liability, public liability for SMEs) and publish it. If the reductions are not on track, Year 4 is when stronger actions are considered: for instance, empower the regulator to impose premium reductions or rebates if an insurer is blatantly profiteering from the reforms. However, ideally market competition has already done this.

- **Legislative Top-Up:** Enact any further necessary legislation identified by the mid-term
  review. This could include, if not done earlier, a comprehensive Insurance Reform Act 2 that covers any loopholes discovered. For instance, if some claimants found a way to bypass IRB by creatively pleading cases, close that loophole. If certain types of claims (like intentional minor injuries or psychological claims) are rising and weren't addressed, adapt policy for them.

Year 5: Evaluation and Future Strategy

By the end of Year 5, the reforms should be largely implemented and yielding results. In this year, the focus is on evaluation and setting up for continuous improvement:

- **Comprehensive Outcomes Report:** The government will publish a full Insurance Reform Outcomes Report in Year 5, measuring the success against objectives (premium affordability, claims cost reduction, stakeholder satisfaction). You would to show metrics such as: e.g., *"Average public liability premium for an SME down 30% from 2024 levels"*, *"Average time to resolve a personal injury claim down from 2-3 years to 6-9 months"*, *"Litigation rate for personal injuries down to 20% of claims (80% handled via IRB/ADR/no-fault)"*, and *"Award levels aligned with European averages"*.

- **Stakeholder Feedback Loop:** Conduct final round stakeholder meetings to get qualitative feedback – are there remaining pain points? Perhaps by this time, SMEs say insurance is much less of a crisis issue, which would be a success; insurers might say Ireland is now a stable market; consumer reps might have fewer complaints about claim handling. Any remaining issues (like if there's still a troublesome segment, say medical negligence if not tackled yet) can be noted for future policy attention.

- **Long-term Governance:** Make permanent the structures that will carry this forward: the Claims Data Repository should be institutionalised (if it was a pilot, give it permanent funding) and maybe expanded; the Stakeholder Council might become a standing advisory board for insurance issues.
- **Celebrating Success & International Promotion:** If targets are met, successes need to be communicated – e.g., *"Ireland cuts insurance costs – a model for others."* This not only is politically important but also has practical benefits: it signals to international insurers that Ireland is a reformed, attractive market, possibly drawing more competition which further benefits consumers. A possible conference or issue a policy paper on Ireland's journey from a costly system to a sustainable one, contributing to global knowledge on insurance reform.

- **Continuous Improvement Plan:** Finally, use Year 5 to plan beyond: set up any necessary subsequent actions or identify if any area needs more attention. For example, if by Year 5 motor insurance is solved but health insurance (outside scope of this document) is still high, shift focus. Ensure that the principle of ongoing review is ingrained – perhaps mandate the Central Bank or a new Insurance Commission to produce annual reports hereafter and recommend adjustments.

This five-year roadmap is ambitious but achievable. It balances quick actions (like legislation in Year 1–2 for immediate changes) with gradual cultural change (allowing a few years for the new systems to mature and for all actors to adjust behaviour). By Year 5, Ireland should experience markedly improved conditions: insurance no longer being a top threat cited by SMEs, more insurers in the market, and injured people receiving fair treatment without ordeal.

4 Costings:

4.1 Introduction

Implementing this comprehensive policy will entail certain costs to the State, but it will also produce significant cost savings and economic benefits. Below, the expected costs of key reform components is outlined and, where possible, provide estimates or comparisons. All costings are in an Irish context (Euro) and use, where applicable, international data to inform assumptions.

4.2 Establishing and Expanding Institutions:

- **Injuries Resolution Board (IRB) Expansion:** The IRB (formerly PIAB) is currently largely self-funded through fees on claims. Expanding its role may require an up-front increase in capacity. The hiring of additional claims officers, medical experts, and support staff may be required. **Estimated cost: €5 million** initial investment in Year 1–2 to scale up operations (this covers recruitment of perhaps 30–50 extra staff and infrastructure like an improved case management IT system). For context, PIAB's entire operating expense in recent years was in the low tens of millions; a €5m boost is a reasonable increment to handle more cases. These costs could be recouped via a slight adjustment in the IRB filing fee or a levy on insurers who benefit from more cases being resolved cheaply. International comparison: The UK's Claims Portal for low-value injuries (akin to an admin system) cost a few million pounds to set up; the IRB expansion is comparable in scale.

- **Claims Data Repository**: Building a central database in the Central Bank or Department of Enterprise will have IT development costs and ongoing analytics costs. Estimated cost: €1–2 million to develop the system in Year 1 (leveraging existing NCID framework) and €0.5 million annually for maintenance and analysis. This is relatively small, given it's mostly an expansion of an existing data effort (NCID). The benefit is high transparency – which should indirectly save costs by informing policy (though not directly monetisable).

- **Mediation & ADR Infrastructure**: While mediation itself is often paid for by parties, the government will incur costs for promoting and facilitating ADR. It may be necessary to subsidise mediation for low-income claimants or SMEs. Estimated cost: €500,000 per year earmarked for a Mediation Support Program – this could fund a panel of mediators for a certain number of free mediation hours in each case, or training programs. This is minor compared to court costs; indeed, every case that avoids court saves the State money in court resources.

- **Regulatory Oversight and Stakeholder Engagement:** Establishing the stakeholder council and increasing regulatory monitoring might need a small secretariat. Cost: minimal, likely under €300,000 annually (mostly personnel who could be housed in an existing department or agency). Many participants (industry, consumer reps) will fund their own involvement.

4.3 Legal and Administrative Changes:

- **Legislation and Judicial Training:** Drafting new legislation is part of regular government functioning (no special cost beyond civil service time). However, training judges, lawyers, and IRB adjudicators on new guidelines and processes may incur costs for seminars, materials, etc. Estimated cost: €200,000 one-time for comprehensive training rollout (could be coordinated by Judicial Council and Law Society, possibly partly borne by those bodies, but budget some support funding).

- **Implementing No-Fault Schemes:** No-fault compensation for motor and other accidents is a major change. The cost here is not so much a new cost, but a reallocation of existing insurance payouts. Under no-fault, insurers (or a fund) pay claims they would ultimately pay anyway (if fault was proven) – possibly even less because we remove some pain-and-suffering for minor cases or reduce legal fees.

- **Administrative Cost:** Setting up the mechanism – forms, guidelines, possibly a new unit to administer claims – could be done within the Motor Insurers' Bureau of Ireland (MIBI) for motor and perhaps an analogous body for public liability. MIBI could need an administrative budget increase to handle processing of no-fault claims. Estimate: €1 million/year for added admin staff at MIBI or new fund, which would likely be covered by the insurance industry (since MIBI is funded by insurers). If government chooses to initially fund some part (to kickstart it), it's an investment that insurers would otherwise incorporate into premiums. In essence, the State's direct spending is minimal on no-fault; it's the insurers who pay claims, just in a different way. International example: New Zealand's ACC (Accident Compensation Corporation) is a comprehensive no-fault system costing around NZ$4 billion a year, funded by levies (not general taxation). The targeted approach is much smaller in scale (not covering all injuries, just common ones, and still largely privately funded).

4.4 Compensation Payouts and Savings:

While not a direct government budget line, it's important to note the shift in compensation costs:

- **Compensation Payments:** With no-fault plus standardised awards, the total compensation paid to claimants is expected to decrease modestly (mostly by cutting very high awards and some pain-and-suffering for minor injuries) – but not dramatically, as genuine economic losses will still be paid. For instance, the Personal Injuries Commission noted a potential reduction of about 50% in whiplash awards; indeed early figures show post-guidelines PIAB awards 40% lower for such injuries. If we extend that across the board via stronger measures, we might reduce average general damages by 30% overall. In monetary terms, the Central Bank reported total liability claims cost of €517m in 2022. A 20% reduction in claims costs (which is plausible within a couple of years due to lower awards and legal fees) would save about €100 million annually to the economy – money that can translate into premium savings or insurer cost reduction. By Year 5, if reforms are successful, the annual claims cost could be lower by even 30%+, saving €150m+ per year. These savings are not government revenue but economy-wide savings (mainly accruing to insurers/policyholders). However, they do impact tax: lower premiums might mean slightly lower insurance levy intake, but also lower costs for state entities (government as an insurance buyer for its fleet, hospitals, etc., will pay less – which is a saving for the public purse).

- **Legal Costs:** Pre-reform, a huge portion of claims money goes to legal fees. NCID data shows in litigated injury claims, legal costs can be as high as 60% of the compensation amount in small cases. By diverting cases to IRB/ADR, we slash these legal costs. It's reasonable to project at least €50 million/year in legal cost savings when the majority of small and mid-size claims avoid litigation. Some of that might be reallocated to claimants (higher net to claimant in no-fault perhaps) and some to insurers. This doesn't directly affect the Exchequer except if fewer court cases means the Courts Service can reallocate its budget elsewhere (or not need future budget increases).

- **Fraud Reduction:** Clamping down on fraudulent claims (through data analysis and stricter claims processes) could save insurers significant payouts – the industry has estimated fraud adds perhaps 5-10% to claims costs. If reforms deter fraud effectively, those phantom costs go down, benefiting consumers. There isn't a specific euro figure, but even a €20m reduction in fraudulent claims a year is material.

4.5 Premium Impact:

While not a cost to government, the policy's success is measured in premium reductions:

- **For SMEs, public liability and employer's liability premiums** could drop by an estimated 20-30% over 5 years (based on experiences in Australia where tort reforms saw liability premiums fall 15% or more in real terms, and considering Ireland's higher baseline cost, the percentage drop could be larger). If an SME currently pays €10,000 annually, they might save €2,000–€3,000 each year by Year 5 – money that can be reinvested in jobs or passed to consumers.

- **Motor insurance premiums** have already seen some decrease in recent years due to initial reforms; the no-fault add-on and continued pressure could further trim them. Perhaps an additional 10% decrease industry-wide (the average motor premium might go from €600 to €540 on average, saving drivers collectively tens of millions).

4.6 Government Departments and Agencies:

- **The State**, as a defendant in many claims (e.g., via State Claims Agency for public injuries, medical negligence), will likely save money due to lower awards and costs. For example, if hospital liabilities for certain injuries drop, the State Claims Agency payouts drop, easing pressure on the exchequer. These savings could be substantial – even a 10% reduction in medical negligence awards (which are huge cases) could save the State many millions.

- There might be some **one-time costs** for government adapting internal processes: e.g., training State Claims Agency staff on new ADR processes or updating insurance procurement for public bodies. Those would be absorbed in existing budgets.

4.7 Risk Pool Funding:

If a public-private insurance pool is created for certain sectors, the government might need to contribute capital or guarantees. Suppose we establish a fund for nonprofit organisations' insurance with an initial capital of €10 million as a backstop – that would be a cost in Year 3 or 4, unless funded by a levy or reallocation. However, this is contingent and preventive – ideally, reforms negate the need for such a pool by making commercial insurance viable. We include a placeholder: up to €10 million in contingency funding for targeted support schemes (which could be scaled down or not used if not needed).

Summary of Cost Estimates (to State budget): Over five years, direct government spending on implementing these reforms is relatively modest – roughly €10–€15 million total (including IRB expansion, systems, training, and contingencies). This is a tiny fraction compared to the hundreds of millions in annual insurance costs in the economy that we aim to reduce. In fact, many reforms use industry funding mechanisms (insurers funding no-fault payouts, IRB funded by fees, etc.), meaning the burden doesn't fall on general taxation. From a value-for-money perspective, the reforms are highly efficient: for an investment of say €10 million, we unlock possibly €100+ million per annum in cost savings economy-wide by Year 5.

Ensure transparency in these costings by budgeting for them in the public expenditure framework and reporting on spend vs. outcomes. The modest government expenditures should be seen in light of the broader economic gain and social benefits (e.g., jobs saved because businesses don't close due to insurance costs, which in turn keeps tax revenue and livelihoods). Even conservative estimates show net positive financial impact: for example, if insurance costs to businesses drop, it could increase GDP marginally (firms invest more, hire more), leading to higher tax revenues that offset the implementation costs.

It's also worth noting non-monetary costs/benefits: by reducing court caseload, we may save the judicial system time (which is a benefit that might not directly show in budget but improves efficiency). By reducing stress and uncertainty for injury victims, we might improve health outcomes (quicker compensation can aid recovery, etc.) – while hard to monetise, these are real advantages.

In conclusion, the cost estimates for implementing insurance reform are very reasonable and mostly front-loaded (initial setup and transition). These will be financed within existing departmental budgets (Enterprise, Justice, Finance) with possible reallocation from the Insurance Compensation Fund levy surplus or similar if available, ensuring no significant burden on taxpayers. Over the medium term, the reforms pay for themselves many times over through lowered insurance premiums, reduced State claims expenditure, and a more robust economy where fewer businesses fail due to insurance costs.

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6 Appendices: