



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Information Release

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**Firms Examined on Handling of Motor Insurance
Claims from Third Parties**

The Central Bank of Ireland is today (19 November 2010) issuing the findings of an inspection of how insurance companies handle motor insurance claims from third parties. Claims processing is one of the main areas in which complaints arise in the non life insurance area. The inspection was carried out to establish if firms had put appropriate practices and procedures in place in line with the claims processing provisions of the Consumer Protection Code. Onsite inspections were conducted in ten firms between May and June 2010, which included the examination of claims files.

The inspection focused on a firms' interaction with the claimant, from the initial notification of a claim through to when the claim was rectified either through repairs or a financial settlement being made. Overall, it was found that there is a high level of compliance by firms with the claims processing requirements of the Code. The inspection found that firms do not treat third party claimants differently to their own policyholders.

Whilst the overall findings were positive the on-site inspections identified some issues in a small number of firms, including:

- In a small number of instances, firms had not complied with the timescale for paying claims, set out by the Code, by a few days. The Code requires that

firms pay all claims within 10 business days once conditions have been satisfied.

- The Code requires that a policyholder who is not the beneficiary of a claim is informed that the settlement of the claim will affect future insurance contracts of that type. The examination found some firms provide the policyholder with the required information at the policy renewal stage rather than during the claims processing stage. The Central Bank has advised firms that policyholders should be informed during the claims processing stage, to allow them to consider whether or not to meet the cost of the claim in order to protect their no claims discount, where applicable.
- It was found that some firms inform claimants of the settlement offers verbally rather than in writing, as required by the Code. At all times, the Central Bank expects firms to communicate the outcome of the investigation to the claimant in writing, as required by the Code.
- It was found that in one instance that a claim had been delayed because the firm had not received a completed claim form from the policyholder, even though the firm sent a reminder to the policyholder. The Central Bank would be concerned if the non completion of a claim form caused unnecessary delays to the consideration of liability to a third party claim.

In general, it was noted that firms provided a reasonable level of assistance to third party motor insurance claimants and endeavoured to pay claims with a minimum of delay once liability for the claim had been accepted. It was also found that some firms offered claimants / policyholders a repair service from a panel of repairers selected by the firm, whilst other firms had put in place an arrangement with a car hire company to ensure that a claimant was not inconvenienced by the loss of use of their motor vehicle.

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Further information: Press Office (01) 224 6299

Notes to Editor

The Consumer Protection Code sets out a number of statutory requirements in relation to claims processing by firms. The requirements are set out in Chapter 5 of the Code which is available [here](#).

The Central Bank has recently published a consultation paper outlining proposed new requirements for regulated firms when dealing with consumers in addition to strengthening existing regulations in key areas. A copy of the consultation paper is available [here](#).

The deadline for the submission of responses is 10 January 2011.