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Eurosystem

Employers' Liability, Public Liability and Commercial Property Insurance Report 4

National Claims Information Database (NCID)

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Introduction

The Central Bank is publishing the third National Claims Information Database (NCID) Employers' Liability (EL), Public Liability (PL) and Commercial Property Insurance Report in an effort to improve transparency in the insurance claims environment.

Overview of the Report

This report is organised as follows:

Part 1 considers earned premiums for EL, PL and Commercial Property insurance between 2009 and 2023 and is based on data from firms that collected 92% of the EL, PL and Commercial Property insurance premiums in Ireland in 2023 (market coverage)¹.

Part 2 examines claims related to EL, PL and Commercial Property accidents that occurred between 2009 and 2023 and compares earned premiums and claims costs between 2009 and 2023. This is predominantly based on 84% market coverage.

Part 3 gives a breakdown of insurers' income and expenditure for EL, PL and Commercial Property insurance for financial years 2009 to 2023 and is based on 81% market coverage.

Part 4 analyses how EL and PL claims were settled between 2015 and 2023 and the various associated costs (claimant compensation, legal fees and other costs), and includes sections based on 76% and 73% market coverage.

Part 5 analyses the impact of the Personal Injuries Guidelines on settled claim costs and is based on 73% market coverage.

Part 6 analyses the change in the ultimate cost of claims for EL, PL and Commercial Property insurance from 2019 to 2023, and provides information on claim development patterns from 2009 to 2023. This includes sections based on 73% and 71% market coverage.

Appendices provide further information including supporting documentation on the background to the NCID and key concepts, trends in premium costs for Standalone policies, background on the Personal Injuries Guidelines and a list of participating insurers.

¹ As measured by the ratio of 2023 gross earned premium of included data to the 2023 gross earned premium of the total market.

Data Contained within the Report

All insurers selling EL or PL insurance in Ireland were required to meet the same data submission requirements, regardless of country of authorisation - captive insurance undertakings were not in scope. The insurers that submitted data for this report are listed in Appendix 4.

The data collected for the purpose of this report relates to the time period up to 31 December 2023.

The market coverage varies across the report based on the availability and granularity of the data required for different analyses. Data is excluded where it is not deemed to be of sufficient quality. It should be noted that market coverage is calculated based on gross earned premium in 2023. The proportion of the market captured in this data may be different for 2023 compared to earlier years in the time series.

Data collected in this report does not include detail on the levels of excess, deductibles or limits on EL, PL or Commercial Property policies or how these have changed over time.

Note on the Grouping of Claims

Liability and Commercial Property insurance claims are discussed in Parts 2, 3 and 6 of the report with liability only claims analysed in Part 4 and 5 of this report. It is important to note the basis under which the data was collected, this is explained below:

Accident year (Parts 2 and 6): the year in which the accident occurred. It may take several years for all claims 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 cost². Estimates of ultimate claims costs are regularly updated based on the most recent data available.

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.

² Key concepts including ultimate claims costs can be found on the NCID webpage - [https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database/key-terms---national-claims-information-database-\(ncid\)](https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database/key-terms---national-claims-information-database-(ncid)).

Settlement year (Part 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.

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 CSO³, the Consumer Price Index (CPI) rose by 8.2% between December 2021 and December 2022 and by 4.6% to December 2023.

This high inflation has impacted on the insurance sector. For example, higher costs for building materials 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 2023 and is referenced at times in this report.

Personal Injuries Guidelines

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

From April 2021, 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

Some of the data 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

³ CSO website, Consumer Price Index December 2023 release
<https://www.cso.ie/en/releasesandpublications/ep/p-cpi/consumerpriceindexdecember2023/>

example of this is the reduction in the number of EL and PL claims arising in 2020 and 2021 as a result of COVID-19 related restrictions.

Future Enhancements to the Report

A new section, Reserve Movements, has been added to Part 3 of this report which analyses the contribution of movements in claims reserves to profitability over the time series.

The NCID EL, PL and Commercial Property insurance data specification will continue to be reviewed, and where necessary amended to enhance the insight that can be gained from this data.

Executive Summary

Key Findings – 2023

Cost of Insurance	
<p>When addressing the cost of EL, PL and Commercial Property insurance, it is important to recognise the broad variety of risks covered.</p> <p>An overall average premium may not reflect the reality experienced by policyholders in individual sectors or subsectors.</p>	
<p>How consumers purchased EL, PL and Commercial Property Insurance in 2023</p>	<p>Policy types:</p> <ul style="list-style-type: none"> • 86% Package policies • 14% Standalone policies <p>Policies less than €5,000:</p> <ul style="list-style-type: none"> • 90% of policies • 22% of premium <p>Policies greater than €25,000:</p> <ul style="list-style-type: none"> • 2% of policies • 58% of premium
<p>Trend in Average Premium per Policy for Package Policies</p>	<p>The overall average premium for Package policies increased by 4% in 2023.</p>

Claims by Accident Year	
<p>Claims as % of Premium (Loss Ratio) for EL, PL and Commercial Property Insurance combined</p>	<p>The loss ratio across all EL, PL and Commercial Property policies was 53% in 2023.</p>

Income & Expenditure

For EL, PL and Commercial Property Insurance combined:

Operating profit was **13%** of total income in 2023.

The **Combined Operating Ratio (COR)**⁴ was **64%** gross, and **72%** net of reinsurance.

The **Net Cost of Reinsurance** was **22%** of total income.

Investment income was **3%** of total income.

Reserve releases on prior year claims contributed to the operating profit in 2023.

Over the period 2009 to 2023, **operating profit** was **2.1%** of total income and the **COR** was **94%** gross and **104%** net of reinsurance.

Injury Claim Settlements 2023

The complexity 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.

<p>Method of Claimant Settlement by Channel</p>	<p>% of injury claimants settled by channel:</p> <ul style="list-style-type: none"> • 10% directly, before Injuries Board • 14% via Injuries Board • 5% directly, after Injuries Board • 68% via litigation, before court award • 3% via litigation, with court award
<p>Method of Settlement (by Cost)</p>	<p>% of injury costs settled by channel:</p> <ul style="list-style-type: none"> • 3% directly, before Injuries Board • 5% via Injuries Board • 2% directly, after Injuries Board • 87% via litigation, before court award • 2% via litigation, with court award

⁴ The Combined Operating Ratio is a key measure of the profitability of an insurance business. It is defined in Part 3.

	Employers' Liability	Public Liability
Direct Settlements	Average compensation €24,795 Average legal costs €3,226	Average compensation €13,856 Average legal costs €3,670
Injuries Board Settlements	Average compensation €26,877 Average legal costs €1,007	Average compensation €24,298 Average legal costs €969
Litigated Settlements	Average compensation €65,120 Average legal costs €42,661	Average compensation €39,456 Average legal costs €31,297
Litigated Settlements <€150k	Injury claimants settling for less than €150k: Made up 81% of litigated EL claimants Average compensation €33,631 Average legal costs €26,087	Injury claimants settling for less than €150k: Made up 94% of litigated PL claimants Average compensation €23,803 Average legal costs €23,261

Personal Injuries Guidelines 2023

<p>Impact on Claims Cost for Direct and Injuries Board Channels</p>	<p>% change in average injury claim cost for claims settled under the Guidelines in 2023 compared to claims settled under the Book of Quantum in 2020.</p> <p>Employer's Liability claims:</p> <ul style="list-style-type: none"> • -31% for claims settled directly before Injuries Board • -13% for claims settled through Injuries Board • -36% for claims settled directly after Injuries Board <p>Public Liability claims:</p> <ul style="list-style-type: none"> • -29% for claims settled directly before Injuries Board • -22% for claims settled through Injuries Board • -35% for claims settled directly after Injuries Board
<p>Impact on Claims Cost for Litigation Channel</p>	<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, the number of policies and the number of insurance covers provided under those policies between 2009 and 2023. Policies were split into Package and Standalone policies, and premium was split by the Employers' Liability (EL), Public Liability (PL) and Commercial Property components of those policies.

Key Insights and Findings

2023 Findings

The large majority (86%) of EL, PL and Commercial Property insurance policies earned in 2023 were taken out as part of a Package policy.

53% of Package policies were for a premium of less than €1,000, 90% had a premium less than €5,000 while 98% were for a premium of less than €25,000. These percentages vary across different sectors.

The average premium for Package policies increased by 4% in 2023.

Premium Trends 2009-2023

For Package policies:

- The average premium decreased by 16% from €2,222 in 2009 to €1,865 in 2013. It then increased by 33% to €2,475 in 2020. The average premium increased by 17% between 2020 and 2023, to €2,908.
- The decrease in premium from 2009 to 2013 is seen across the EL, PL and Commercial Property covers within these policies.
- The increase in premium from 2013 to 2020 is driven mostly by the EL and PL components of policies. The average premium for all covers increased from 2020 to 2023.

Overview of the Market

EL, PL and Commercial Property insurance cover is bought by a wide range of policyholders and businesses. This can vary from small farmers or corner shop owners to major manufacturing, construction or pharmaceutical companies. As a result, the insurance policies provided can vary significantly in size and coverage.

Policies can include cover for one of EL, PL or Commercial Property as a Standalone policy; or they can include a combination of these covers sold as a Package policy. A Package policy can include any combination of two or three of EL, PL and Commercial Property insurance covers under a single policy.

Figure 1: The proportion of earned policy count and gross earned premium by policy type for 2023.

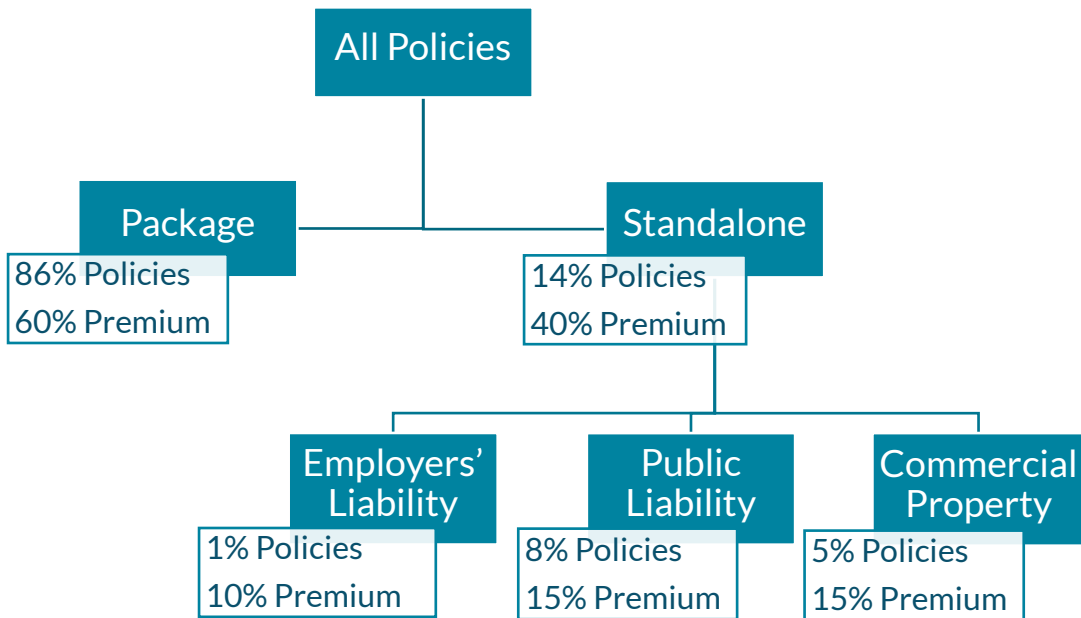


Figure 1 shows that in 2023, 86% of policies earned were Package policies which accounted for 60% of the gross earned premium. Standalone policies made up 14% of all policies, with most of these being PL or Commercial Property policies. Although Standalone policies made up 14% of policy count, these accounted for 40% of earned premium, highlighting that larger policies may be more likely to be purchased as a Standalone policy. This breakdown was reasonably consistent across the data series from 2009 to 2023.

Table 1 shows that for 92% of the market there were approximately 332,000 earned policies and €1.394bn in premium earned in the EL, PL and Commercial Property market in 2023.

Table 1: Total earned policy count, earned subclass count and gross earned premium for 2009 to 2023.

Year	Earned Policy Count (000's)	Earned Subclass Count (000's)	Gross Earned Premium (€m)
2009	324	736	901
2010	316	734	814
2011	309	711	772
2012	304	702	744
2013	297	689	716
2014	295	687	733
2015	308	722	768
2016	303	709	835
2017	297	696	891
2018	296	700	954
2019	300	707	1,021
2020	303	726	1,038
2021	307	738	1,111
2022	318	755	1,258
2023	332	788	1,394

As a Package policy includes more than one insurance cover within each policy, the earned subclass count shown in Table 1 gives a count of the number of individual insurance covers provided. For instance, if a Package policy includes cover for EL and PL, this will count as one policy with two subclasses. If the Package includes EL, PL and Commercial Property insurance, this will count as one policy with three subclasses. Each Standalone policy will have a subclass count of one as it only includes one insurance cover. For 2023, we can see that there were approximately 788,000 insurance subclasses (covers) provided through 332,000 individual policies.

Between 2009 and 2023, EL made up 29% of insurance covers (earned subclass counts) and 26% of gross earned premium; PL made up 38% of insurance covers and 35% of gross earned premium; and Commercial Property made up 33% of insurance covers and 39% of gross earned premium.

It should be noted that the proportion of the market captured in the data may be higher or lower in previous years than it is in 2023 (92%) as a result of firms having entered or left the market over that time or due to the changing market share of firms over the time period.

Type of Policies

As Package policies can include different combinations of EL, PL and Commercial Property insurance covers, Table 2 shows the proportion of

Package policies that include each insurance cover and the average number of insurance covers per Package policy.

Table 2: The proportion of Package policies that include each insurance cover and the average number of insurance covers per policy for 2009-2023.

Year	Employers' Liability	Public Liability	Commercial Property	Average No. Covers per Policy
2009	76%	92%	84%	2.52
2010	76%	97%	84%	2.57
2011	76%	96%	80%	2.52
2012	77%	97%	79%	2.52
2013	77%	97%	79%	2.53
2014	78%	97%	79%	2.54
2015	79%	97%	79%	2.56
2016	80%	97%	79%	2.56
2017	81%	97%	79%	2.57
2018	81%	97%	82%	2.61
2019	81%	97%	86%	2.64
2020	80%	97%	88%	2.65
2021	80%	97%	87%	2.64
2022	79%	97%	84%	2.60
2023	79%	96%	85%	2.60

The average number of insurance covers per Package policy increased from 2.52 in 2009 to 2.65 in 2020, before decreasing to 2.60 in 2022 which has remained the same in 2023. EL insurance was included in 79% of Package policies in 2023, 96% of policies included PL insurance and 85% included Commercial Property insurance.

As highlighted in Figure 1, 14% of all policies were Standalone policies in 2023. EL, PL and Commercial Property policies make up 5%, 53% and 43% of these Standalone policies respectively.

Size of Policies

There is a large spread in the size of policies earned in the EL, PL and Commercial Property market, as measured by premium, reflecting the large range of policyholders and diverse set of risks which fall under this insurance cover. Table 3 shows that in 2023, 53% of Package policies and 75% of Standalone policies had a premium of €1,000 or less. 90% of all policies had a premium of €5,000 or less.

Policies with a premium greater than €25,000 made up 2% of Package and 5% of Standalone policies. These policies accounted for 41% of the gross

earned premium on Package policies and 87% of the gross earned premium for Standalone policies.

The distribution of policies in premium bands will vary across different sectors. For example, 54% of all policies in the Manufacturing sector (NACE code C) have a premium less than €5,000 in 2023, whereas 82% of policies in the Wholesale and Retail Trade sector (NACE code G) are below €5,000.

Table 3: The proportion of earned policy count and gross earned premium by premium size band for Package and Standalone policies, 2023⁵.

Premium Band	Package		Standalone		Total	
	% of Policies	% of Premium	% of Policies	% of Premium	% of Policies	% of Premium
€1-€1,000	53%	8%	75%	2%	56%	6%
€1,001-€2,000	22%	9%	8%	1%	20%	6%
€2,001-€5,000	15%	15%	6%	2%	14%	10%
€5,001-€10,000	5%	11%	3%	2%	5%	8%
€10,001-€25,000	3%	15%	3%	5%	3%	12%
>€25,000	2%	41%	5%	87%	2%	58%

Basis of Cover

Policies can be written on a Losses Occurring or a Claims Made basis. A policy written on a Losses Occurring basis insures claim events that occur during the period that the insurance policy is in force, i.e., events that occur after the inception and before the expiry of the policy, irrespective of when the claim is reported. A policy written on a Claims Made⁶ basis insures claims that are reported to the insurer during the period that the policy is in force, irrespective of when the claim event occurred.

The vast majority of policies earned between 2009 and 2023 were written on a Losses Occurring basis with only a very small proportion being Claims Made.

Trends in Premium Costs

The cost of EL, PL and Commercial Property insurance will vary considerably as a result of the different type and size of policies bought by consumers. This section will focus on trends in the cost of Package policies as this is the most common type of policy taken out accounting for 86% of

⁵ Table 3 is based on a market coverage of 84%.

⁶ Under a Claims Made policy, a claim can be made as a result of an event that occurred many years before the inception of the insurance policy.

all policies, or 94% of all insurance covers in 2023. Detail on the cost of Standalone policies is shown in Appendix 2.

As can be seen in Table 4, the proportion of Package policies with a premium of less than €2,000 increased from 77% in 2009 to 82% in 2014 and subsequently reduced to 75% in 2023.

The percentage of Package policies with a premium less than €5,000 has followed a similar trend, varying between 90% and 94% between 2009 and 2023. The proportion of policies with a premium greater than €50,000 increased from 0.3% to 0.7% from 2009 to 2023.

Table 4: The proportion of earned policy count in each premium cost band for Package policies and years 2009-2023.

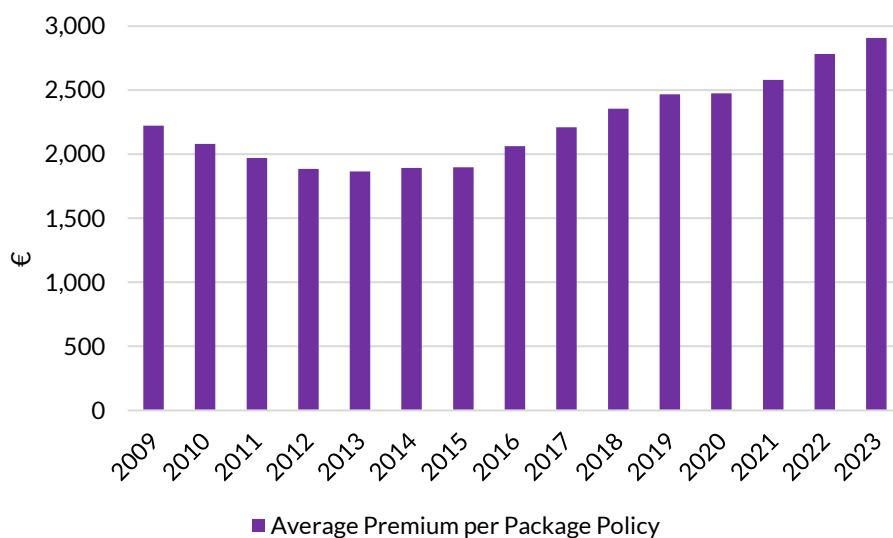
Year	€1- €2,000	€2,001- €5,000	€5,001- €10,000	€10,001- €25,000	€25,001- €50,000	>€50,000
2009	77%	15%	5%	2%	0.6%	0.3%
2010	78%	15%	5%	2%	0.5%	0.3%
2011	79%	14%	4%	2%	0.5%	0.3%
2012	80%	13%	4%	2%	0.4%	0.3%
2013	81%	12%	4%	2%	0.4%	0.3%
2014	82%	12%	4%	2%	0.4%	0.3%
2015	82%	12%	4%	2%	0.5%	0.3%
2016	81%	12%	4%	2%	0.5%	0.4%
2017	80%	13%	4%	2%	0.6%	0.4%
2018	79%	14%	4%	2%	0.7%	0.4%
2019	78%	14%	4%	2%	0.7%	0.5%
2020	78%	14%	4%	3%	0.8%	0.5%
2021	77%	14%	5%	3%	0.8%	0.6%
2022	76%	15%	5%	3%	1.0%	0.7%
2023	75%	15%	5%	3%	1.0%	0.7%

The proportion of policy count for package policies with a premium greater than €25,000 has increased from 0.9% in 2009 to 1.7% in 2023. The proportion of total premium earned by these policies has also increased from 27% to 41% of all Package premium over the same period.

Figure 2 shows the average earned premium for Package policies from 2009 to 2023. It is important to stress that calculating an average premium metric that accurately reflects market price movements in liability and commercial insurance markets is very challenging due to changes in the mix of policies, lines of business and sectors, as well as changes in the size of policies, policy excesses, limits, risk and covers. These can all significantly impact the average premium so that this may not accurately reflect the change in rate charged per unit of risk by insurers, or the average premium experience of insured customers in particular sectors.

As highlighted previously, there may be a large spread in the type of risk encountered by insurers across different sectors. Moreover, there are very significant differences in business size within sectors, for example, from small convenience stores to large shopping centres. While an average premium metric is a crude measure, this metric represents the best available indicator of overall average premiums from the data captured.

Figure 2: The average earned Package premium per policy for years 2009-2023.



The average earned premium for all Package policies increased by 31% from €2,222 in 2009 to €2,908 in 2023. Over this time period, the average earned premium:

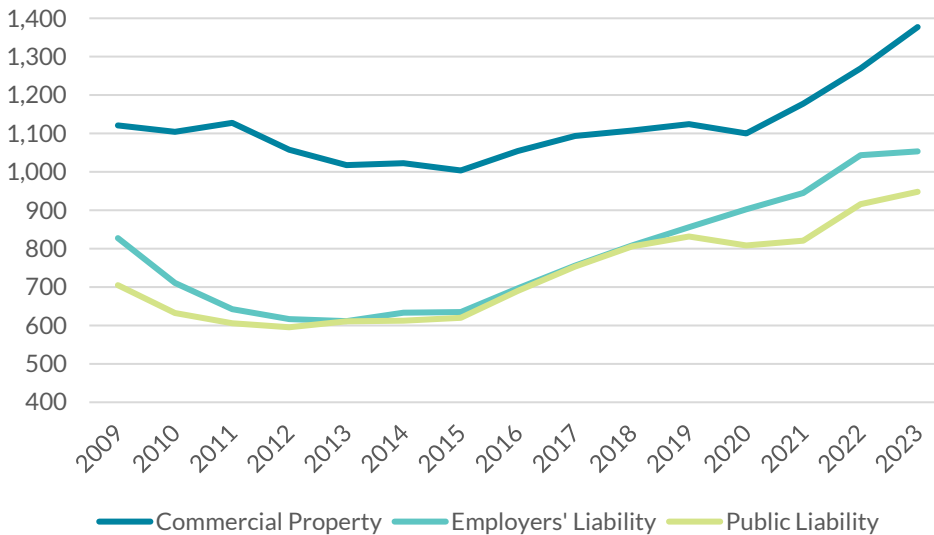
- Decreased by 16% from 2009 to 2013, to €1,865
- Increased by 32% from 2013 to 2019, to €2,468
- Remained relatively stable between 2019 and 2020, and
- Increased by 17% between 2020 and 2023; with a 4% increase in 2021, an 8% increase in 2022, and a 4% increase in 2023; from €2,475 in 2020 to €2,908 in 2023.

Changes to the average cost of Package policies will be driven by the number and cost of the underlying insurance covers within that policy.

Figure 3 shows the average earned premium for each individual insurance cover under a Package policy, where the average is taken across policies that included that cover. The average earned premium for the Commercial Property cover (€1,377 in 2023) was higher than the EL and PL covers which had an average earned premium of €1,053 and €948 respectively in 2023.

It should be noted that while premium has been reported per insurance cover, pricing for Package policies may be carried out at a policy level, i.e., for the combination of covers. The allocation of this total premium to insurance cover may not always be proportional to the expected cost of insurance cover.

Figure 3: Average earned premium per insurance cover for Package policies and years 2009-2023.

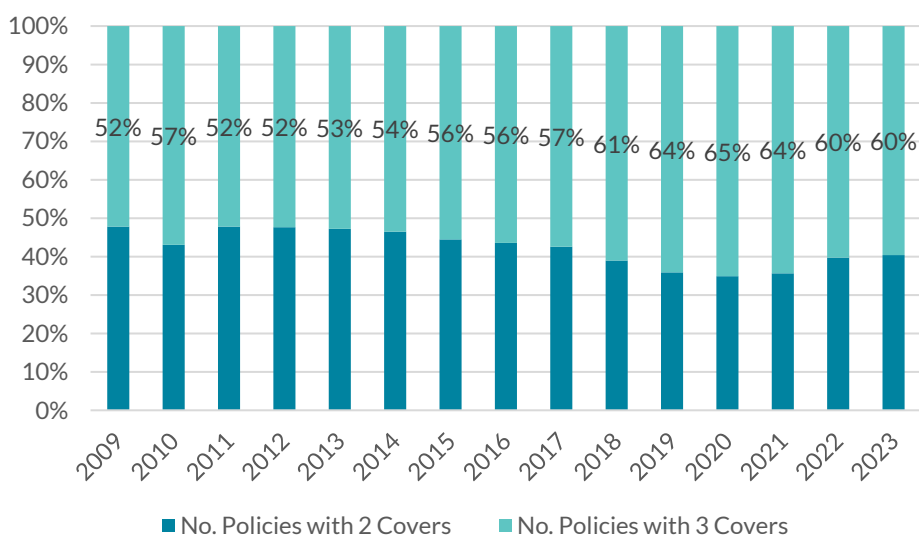


The average earned premium for the EL and PL components of Package policies decreased by 26% and 13% respectively from 2009 to 2013, and then increased by 40% and 36% respectively between 2013 and 2019. EL average premiums increased by 22% from 2019 to 2022, with a 1% increase in 2023. PL average premiums were lower in 2020 and 2021 compared to 2019, but then increased by 12% in 2022, and a further 3% in 2023.

The average earned premium for the Commercial Property component of a Package policy decreased by 9% from €1,121 in 2009 to €1,018 in 2013 and then increased by 8% to €1,101 in 2020. Commercial Property average premiums increased by 7% in 2021, 8% in 2022 and 8% in 2023 to €1,377.

The increase in Package premium from 2013 to 2019 can therefore be attributed to the EL and PL insurance covers within Package policies, the increase from 2019 to 2021 can be attributed to EL and Commercial Property, while the average premium for all three covers increased in 2023.

Figure 4: The proportion of Package policies split between those that include two insurance covers and those that include three insurance covers for years 2009 to 2023.



As shown in Figure 4, the proportion of Package policies with three insurance covers, compared to those with two, has increased from 52% of policies in 2009 to 65% of policies in 2020, before decreasing to 60% of policies in 2022, where it has remained in 2023.

The change in the proportion of Packages with three insurance covers would naturally impact the average earned premium per Package policy.

Trends in Premium Costs by Sector

From Figure 2 in the previous section it was seen that the average earned premium for Package policies decreased by 16% from 2009 to 2013, increased by 32% from 2013 to 2019 and increased by 17% from 2020 to 2023.

This is the average experience across 86% of all policies. However, the experience of individual policyholders will vary considerably for many reasons. As an example, Table 5 shows the proportion of earned policy counts for Package policies in 2023 and the 2018 to 2022 period and split by total policy cost band and sector⁷.

It can be seen that the size of premiums for policies within different sectors is varied as is the extent to which policies have moved between size bands. It is worth noting that the activities of businesses within each sector can

⁷ Sectors as defined by Level 1 of the Statistical Classification of Economic Activities in the European Community ("NACE") system, Rev. 2 (2008) (<https://ec.europa.eu/eurostat/web/nace-rev2/overview>).

also be very different and so the experience of consumers within an individual sector may also vary.

Table 5: The proportion of earned policy counts for Package policies in 2023 and the 2018 to 2022 period, split by total policy cost band and sector⁸.

Sector (NACE Level 1)	Sector (NACE Level 1)	Total Policy Band							
		<€5k	€5k-€10k	€10k-€25k	>€25k	<€5k	€5k-€10k	€10k-€25k	>€25k
		2018-2022				2023			
C	Manufacturing	58%	17%	14%	12%	54%	17%	15%	14%
F	Construction	84%	8%	5%	3%	83%	8%	5%	3%
G	Wholesale and Retail Trade	85%	8%	5%	2%	82%	9%	6%	3%
H	Transportation and Storage	82%	8%	6%	4%	77%	9%	8%	6%
I	Accommodation and Food Service Activities	80%	11%	6%	3%	76%	12%	8%	4%
J	Information and Communication	85%	9%	5%	2%	83%	9%	6%	2%
K	Financial and Insurance Activities	92%	3%	3%	3%	92%	3%	3%	3%
L	Real Estate Activities	85%	8%	4%	2%	83%	8%	5%	3%
M	Professional Scientific and Technical Activities	96%	2%	1%	1%	96%	2%	1%	1%
N	Administrative and Support Service Activities	89%	6%	4%	2%	87%	6%	4%	3%
Q	Human Health and Social Work Activities	85%	5%	6%	5%	83%	6%	6%	5%
R	Arts Entertainment and Recreation	74%	11%	10%	5%	72%	11%	11%	6%
S	Other Service Activities	93%	4%	2%	1%	93%	4%	2%	1%

Please note that that it is not possible to publish information on all sectors due to statistical confidentiality rules which are applied to ensure that individual insurance undertakings are not identified as per the Central Bank (National Claims Information Database) Act 2018⁹.

⁸ Table 5 is based on 84% market coverage

⁹ Section 12, subsection 2 of the Central Bank (National Claims Information Database) Act 2018 states that: "Data shall not be provided to a person under this section such that there is identifiable from the data, any insurance undertaking or individual."

PART 2 - Claims

Data was collected on the ultimate number and cost¹⁰ of EL, PL and Commercial Property claims between 2009 and 2023. This was reported separately for claims relating to Losses Occurring policies and claims relating to Claims Made policies.

Key Insights and Findings

2023 Findings

Total ultimate claims costs for the 2023 accident year are expected to be €630m across 31,414 claims.

The average expected cost of EL claims increased by 1%, while PL claims decreased by 5% from 2022 to 2023. The average expected cost of Commercial Property claims increased by 28% in 2023.

The loss ratio (claims as a percentage of premiums) across all EL, PL and Commercial Property policies was 53% for the 2023 accident year.

Claims Trends 2009-2023

The average expected cost of EL and PL claims:

- Increased by 44% and 48% respectively between 2009 and 2015;
- Decreased by 18% and 16% respectively from 2015 to 2019; and then
- Increased by 31% and 37% respectively between 2019 and 2023.

The average expected cost of Commercial Property claims was volatile over the period 2009 to 2023.

The loss ratio (claims as a percentage of premiums) across all EL, PL and Commercial Property policies averaged 69% between 2009 and 2023.

¹⁰ Premiums and claims were collected and aggregated on the same accident and reporting year bases (depending on whether they are Losses Occurring or Claims Made) enabling a like-for-like comparison over time. Claims costs are insurers' latest view (as calculated at 31 December 2023) for each of the fifteen accident years.

Total Claims

When analysing claims trends by year, the characteristics of Losses Occurring policies and Claims Made policies are different. Claims under Losses Occurring policies are grouped by accident year (the year in which the claim event occurred) while claims under Claims Made policies are grouped by reporting year (the year in which these claims were reported to the insurer).

Due to these differences, it is necessary to analyse claims from these policy types separately. As highlighted in Part 1, Losses Occurring policies make up the vast majority of policies. For this reason, Part 2 of the report will focus on Losses Occurring policies only, hence claims are analysed on an Accident Year basis.

Table 6: Total ultimate claims costs and ultimate claims numbers for all Losses Occurring policy types over accident years 2009-2023.

Accident Year	Ultimate claims Costs (€m)	Ultimate claims Numbers
2009	679	50,662
2010	616	50,849
2011	541	38,923
2012	483	33,970
2013	521	34,693
2014	538	40,824
2015	530	31,327
2016	475	27,214
2017	444	29,297
2018	503	29,099
2019	441	26,778
2020	739	39,770
2021	484	27,677
2022	531	28,778
2023	630	31,414

Table 6 shows the total ultimate claims costs and numbers for losses occurring policies and 78% of the EL, PL and Commercial Property market in 2023. It is estimated that the total ultimate claims costs for 2023 will be €630m across 31,414 claims. This represents an increase of approximately €99m in claim costs and 2,638 claims compared to the 2022 accident year.

The increase in ultimate claims costs in 2023 may be in part due to the high inflationary environment in Ireland in the last few years. Similarly, ultimate claims numbers in 2023 are higher than they have been in recent years

which likely reflects increased business activity following the removal of the COVID-19 restrictions of 2020 and 2021.

A trend of increasing ultimate claims numbers and costs can be seen between 2021 and 2023. Overall, claim costs in 2020 and 2009 were much higher than any other accident year. It can be seen from Table 7 and Table 8 that this was driven primarily by Commercial Property claims experience. Commercial Property insurance can include cover for business interruption and there was a significant increase in business interruption claims in 2020 as a result of COVID-19 related restrictions. Commercial Property claims experience can also be significantly impacted by major weather events such as the significant freeze and flood events that occurred in 2009 and 2010.

Table 7: Ultimate claims costs and ultimate claims numbers for Commercial Property policies over accident years 2009-2023.

Accident Year	Commercial Property	
	Ultimate claims Costs (€m)	Ultimate claims Numbers
2009	335	29,385
2010	258	29,511
2011	185	19,078
2012	139	16,238
2013	171	18,141
2014	162	24,339
2015	148	15,686
2016	129	12,005
2017	123	13,506
2018	173	13,150
2019	152	12,747
2020	452	28,354
2021	174	16,595
2022	194	16,884
2023	280	18,513

Table 8: Ultimate claims costs and ultimate claims numbers for Employers' Liability and Public Liability policies over accident years 2009-2023.

Accident Year	Employers' Liability		Public Liability	
	Ultimate claims Costs (€m)	Ultimate claims Numbers	Ultimate claims Costs (€m)	Ultimate claims Numbers
2009	162	6,413	182	14,864
2010	163	6,137	194	15,201
2011	179	5,569	176	14,276
2012	179	5,525	166	12,207
2013	182	5,293	168	11,259
2014	208	5,421	168	11,065
2015	197	5,382	186	10,259
2016	187	5,252	159	9,957
2017	180	5,657	141	10,135
2018	175	5,595	156	10,354
2019	153	5,068	136	8,963
2020	159	4,182	127	7,235
2021	164	4,368	146	6,714
2022	175	4,488	162	7,405
2023	175	4,438	175	8,462

Average Cost of a Claim

Figure 5 and Figure 6 show the average ultimate cost per claim between 2009 and 2023 for EL, PL and Commercial Property claims. As can be seen in Figure 5, the average cost of EL and PL claims followed similar trends over the period, with average costs increasing from 2009 to 2015, followed by a period of falling costs before average costs started increasing again in 2019.

Average costs for EL and PL claims increased by 44% and 48% respectively between 2009 and 2015. From 2015 to 2019, the average cost of EL and PL claims decreased by 18% and 16%. Since 2019, the average cost of claims has increased by 31% for EL and 37% for PL.

In 2023 the average cost of EL claims increased 1% from €38,886 to €39,382 while average PL claim costs decreased 5% from €21,887 to €20,713. Over the whole time series from 2009 to 2023, the average cost of EL and PL claims increased by 55% and 69% respectively.

It should be noted that there is significant uncertainty in the average cost per claim for recent accident years, considering in particular the impacts of COVID-19, the introduction of the Personal Injuries Guidelines and the high inflationary environment in which claims are settling.

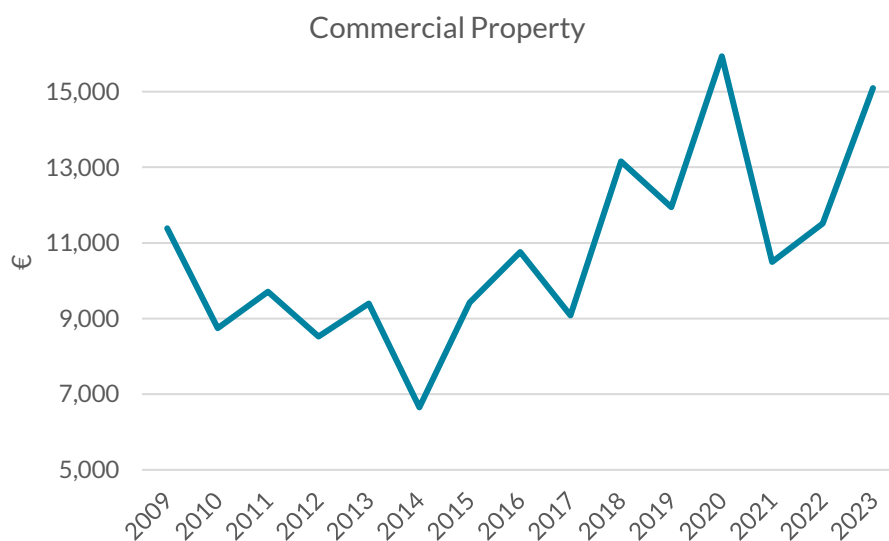
Figure 5: Average cost per claim for Employers' Liability and Public Liability claims over accident years 2009-2023.



The average cost of Commercial Property claims has been volatile over the period. Given the large variety of Commercial Property claims that can be incurred under these policies, the average cost per claim depends on the type of claims reported in any given year. As shown in Figure 6, from 2009 to 2014 the average cost of Commercial Property claims decreased by 42% from €11,390 to €6,652, before increasing by 127% to €15,098 in 2023.

The levels of excesses and deductibles on policies earned over each accident year can influence the average cost per claim trends. For instance, increasing levels of excess will reduce the cost of each claim to the insurer and hence reduce insurers' ultimate claims cost. This may lead to a lower average cost per claim to an insurer in relation to these claims. However, there may be an offsetting influence where increasing levels of excess leads to fewer lower value claims (those under the excess) being handled by the insurer, therefore increasing the overall average cost per claim. The converse is true for decreasing levels of excess.

Figure 6: Average cost per claim for Commercial Property claims over accident years 2009-2023.



Comparison of Premiums and Claims Costs¹¹

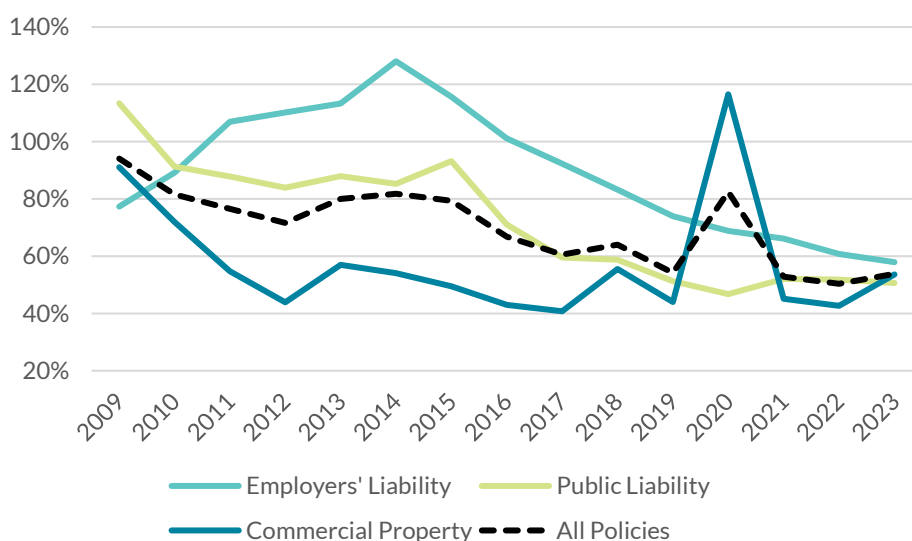
The trends in claims costs shown in this Part are based on an estimate of ultimate claims costs¹² calculated as at 31 December 2023. This may differ from insurer's estimates at the time they were setting their premium levels originally. This is due to the fact that ultimate costs are an estimate based on current available information. As more information becomes available, the view of ultimate costs may change. This concept is explored further in Part 6.

Figure 7 shows the loss ratio (ultimate claims costs as a percent of premium earned) for all policies and split by cover type. It should be borne in mind that as the majority of policies are Package policies, pricing may be determined at the policy level and not by cover type; hence, profitability is most accurately considered for all cover types combined ("All Policies" line in Figure 7).

¹¹ This section of the report shows the premium and claims costs for 82% of the market in 2023.

¹² Key concepts including ultimate claims costs can be found on the NCID webpage - [https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database/key-terms---national-claims-information-database-\(ncid\)](https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database/key-terms---national-claims-information-database-(ncid)).

Figure 7: The ratio of ultimate claims costs to earned premiums (loss ratio) by policy type for accident years 2009-2023.



Since 2009, claims costs as a percentage of premiums for all policies have generally been decreasing apart from a period between 2013 and 2015. There was also a large spike in the loss ratio in 2020 which was driven by business interruption claims on commercial property policies during COVID-19.

Across all policies, the loss ratio decreased from 94% in 2009 to 72% in 2012. It then increased to between 79% and 82% over 2013 to 2015, before decreasing to 67% for 2016 and to 61% and 64% for the 2017 and 2018 accident years. With the exception of 2020 (82%), the loss ratio has been relatively stable at between 50% and 54% from 2019 to 2023.

Between 2009 and 2023, the average loss ratio was 86% for EL, 70% for PL and 58% for Commercial Property. The increase in overall loss ratio for the 2020 accident year is driven by Commercial Property which has a loss ratio of 117% for this year.

The cost of claims is just one element of the total cost to insurers of servicing insurance policies. Other costs that impact industry profitability include management expenses, commissions and reinsurance costs. These elements will be addressed in the following chapter.

PART 3 - Income and Expenditure

Statements of income and expenditure were collected from firms for financial years 2009 to 2023. Data was collected for the different coverage types individually: Employers' Liability, Public Liability and Commercial Property.

Key Insights and Findings

2023 Findings

Insurers made an operating profit of 13% of total income across EL, PL and Commercial Property for the 2023 financial year.

The Combined Operating Ratio (COR) for 2023 was 64% gross of reinsurance and 72% net.

Reserve releases on prior year claims contributed significantly to profitability in 2022 and 2023. Excluding reserve releases, the market was profitable on a gross basis with a Gross Current Year COR of 83% and a Net Current Year COR of 100% for 2023.

The net cost of reinsurance was higher in 2023 than in previous years at 22% of total income, although this is impacted by reserve releases on prior years for reinsured claims.

Income and Expenditure Trends 2009-2023

Across all years 2009 to 2023, insurers' operating profit was 2.1% of total income. Profitability has varied over time, with three distinct periods:

- 2009-2014: profitable (3.8%), due to large investment income;
- 2015-2019: loss-making (-5.1%), due to large net insurance related losses;
- 2020-2023: profitable (6.8%), due to improved net insurance related profit and investment income.

Profitability also varies between insurers, depending on their specific business.

Changes for Year-End 2023

IFRS 17

A new accounting standard for insurance contracts, IFRS 17, became effective on 1 January 2023, replacing IFRS 4. This has led to a change in the accounting basis used by some insurers in producing their Income and Expenditure data for the 2023 financial year.

For the most part, this has not had a significant impact on how the aggregate operating profit is calculated for 2023 compared to previous financial years.

However, the more material changes include:

- The basis for Claims Incurred has changed for some insurers as a result of a risk adjustment and discounting for the time value of money under IFRS 17.
- Within this report, an explicit IFRS 17 adjustment has been included to capture changes which don't naturally fall under headings included in the breakdown of income and expenditure. This includes the impact of differing treatment of reinsurance, Net Insurance Finance Expenses and Other Expenses captured under IFRS 17.

Reserve Movements

The NCID data specification was enhanced in 2023 to separate Claims Incurred as reported in the income and expenditure data into claims incurred relating to the current year and claims incurred relating to prior years.

Claims incurred relating to the current year is the expected cost of claims for the current accident year. This is similar to the ultimate cost of claims as described in Part 2, with some differences in accounting treatment.

Claims incurred relating to prior years reflects changes to insurer's estimates of the expected cost of claims for years prior to the current accident year. It describes increases or decreases to reserves for prior years that were made during the financial year. This occurs when insurers update their estimates of claims cost as more information becomes available and more claims are settled. Reserve movements can be significant and contribute to profit or loss for the financial year in which they occur. More detail is provided in the Reserve Movements section.

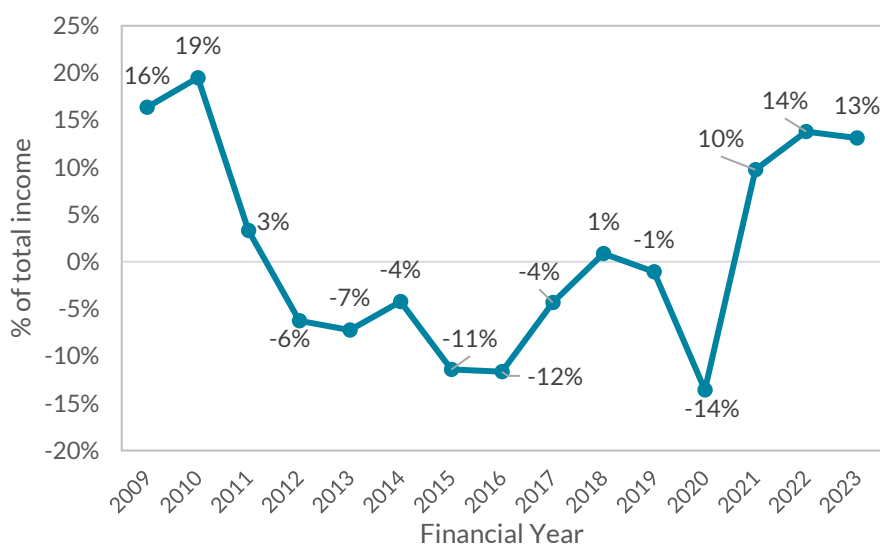
Aggregate trends

Figure 8 shows operating profit as a percentage of total income between 2009 and 2023 for all firms writing EL, PL and Commercial Property insurance.

As shown below, an operating profit of 13% of total income was reported for the 2023 financial year. This follows operating profits of 10% and 14% reported for the 2021 and 2022 financial years respectively. An operating loss of 14% was reported in 2020, which was primarily driven by Commercial Property and COVID-related business interruption claims.

Prior to 2021, the industry had not recorded a material profit since 2011.

Figure 8: Profit as a percentage of total income 2009-2023.



Across the entire time series (2009 to 2023), the industry recorded a profit (as a percentage of total income) of 2.1%.

Table 9 provides further insight on this result, highlighting how the profitability of the industry, and the drivers of this profitability, varied across the three distinct periods, 2009-2014, 2015-2019 and 2020-2023:

- During the period 2009-2014, the industry reported a profit of 3.8% (of total income), as large investment income (8.7%) offset a net insurance related loss (3.5%).
- During the period 2015-2019, the industry reported a loss of 5.1% (of total income). Investment income was lower during this period (3.6%) and was not sufficient to offset the large net insurance related loss (8.9%), resulting in an overall loss.

- During the period 2020-2023, the industry reported a profit of 6.8% due to a combination of a net insurance related profit (5.3%) and stable investment income (3.0%).

Table 9: Summary of total income and expenditure from 2009 to 2023.

Period	2009-2014	2015-2019	2020-2023	All Years
Gross Insurance Related Result	0.8%	-0.7%	16.1%	5.7%
Reinsurance	-4.3%	-8.3%	-10.7%	-7.8%
Net Insurance Related Result	-3.5%	-8.9%	5.3%	-2.1%
Investment Income	8.7%	3.6%	3.0%	5.1%
Other Earnings and Expenses¹³	-1.4%	0.2%	-1.5%	-0.9%
Operating Result	3.8%	-5.1%	6.8%	2.1%

It is important to highlight that the results shown above reflect the industry in aggregate, rather than the experience of any one individual insurer. It is clear from the underlying data that results can vary markedly between insurers, depending on their specific business.

Breakdown of Income and Expenditure

Table 10 and Table 11 provide the breakdown of the income and expenditure components for 2022 and 2023.

Table 10: Breakdown of total income and expenditure for 2022 and 2023.

Category	2022	2023
Income (€ Millions)		
Gross earned premium / Insurance Revenue	1,147	1,289
Investment income	35	46
Other earnings	4	2
Expenses (€ Millions)		
Gross UW expenses	-775	-829
Reinsurance impact	-225	-291
Other expenses	-7	-15
Adjustment for IFRS 17 ¹⁴		-4
Interest & Tax	-16	-23
Profit (€ Millions)		
Profit (€)	164	175
Profit (%)	14%	13%

¹³ Other Earnings and Expenses includes other earnings and expenses reported in the financial statements as well as interest, tax and the IFRS 17 adjustment.

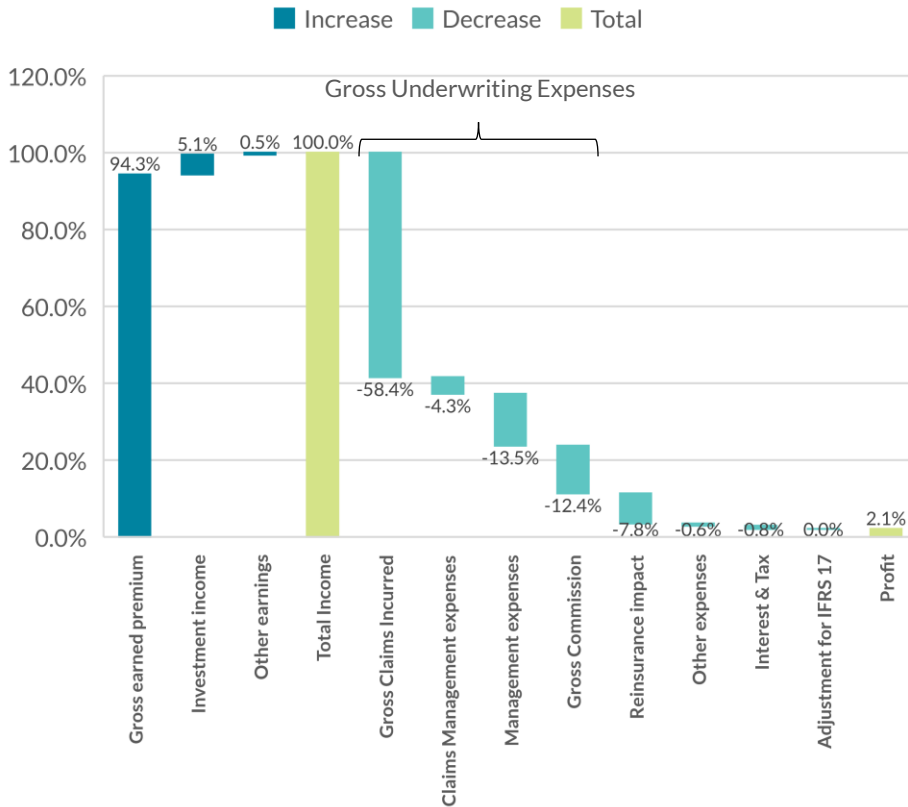
¹⁴ The Adjustment for IFRS 17 includes the impact of differing treatment of reinsurance, Net Insurance Finance Expenses and Other Expenses captured under IFRS 17.

Table 11: Breakdown of gross underwriting expenses for 2022 and 2023.

Category	2022	2023
Gross Underwriting Expenses (€ Millions)		
Gross Claims Incurred	-437	-468
Claims Management Expenses	-39	-58
Management Expenses	-134	-121
Gross Commission	-165	-182
Total (€ Millions)		
Total - Gross UW expenses	-775	-829

Figure 9 shows the total income and expenses across all firms over the period 2009 to 2023. These results are limited to those firms writing liability insurance in Ireland since 2019. The profitability figures will therefore have an element of survivor bias; they will not include the results of those firms that exited the market prior to the introduction of the NCID.

Figure 9: Breakdown of total income and expenditure from 2009-2023.



The combined operating profit as a percentage of total income of EL, PL and Commercial Property insurance between 2009 and 2023 was 2.1% of total income.

Profitability of EL, PL and Commercial Property

Table 12 shows the varying operating profit or loss between EL, PL and Commercial Property coverages and across the time series.

Table 12: Operating result by coverage type and financial year.

Year	Employers' Liability	Public Liability	Commercial Property	Total
2009	39%	22%	-3%	16%
2010	28%	23%	12%	19%
2011	7%	2%	2%	3%
2012	1%	-21%	-1%	-6%
2013	-4%	-20%	0%	-7%
2014	-10%	1%	-5%	-4%
2009 - 2014	10.9%	1.9%	1.0%	3.8%
2015	-55%	8%	2%	-11%
2016	-35%	-20%	9%	-12%
2017	-11%	-10%	5%	-4%
2018	-15%	7%	7%	1%
2019	-11%	1%	4%	-1%
2015 - 2019	-23.5%	-2.5%	5.3%	-5.1%
2020	-1%	-1%	-32%	-14%
2021	6%	13%	10%	10%
2022	18%	16%	10%	14%
2023	14%	14%	12%	13%
2020 - 2023	9.8%	11.0%	1.8%	6.8%
2009-2023	-0.4%	3.6%	2.6%	2.1%

There are three distinct periods in the data: 2009-2014, 2015-2019 and 2020-2023:

- During the period 2009-2014, EL (10.9%), PL (1.9%) and Commercial Property (1.0%) insurance were predominantly profitable. The combined operating profit across all coverage types was 3.8%, and this was primarily driven by large investment income.
- During the period 2015-2019, there was a combined operating loss of 5.1% across all coverage types. EL was consistently unprofitable averaging a loss of 23.5% in this period. PL averaged a small loss of 2.5%, whilst Commercial Property was consistently profitable at 5.3%.

- During the period 2020-2023, there was a combined operating profit of 6.8% across all coverage types. Commercial Property had an operating profit of 1.8% – driven by a large loss in 2020 (32%) due to COVID-related business interruption claims, followed by profitable years from 2021 to 2023. While both EL (9.8%) and PL (11.0%) have experienced operating profits over this period.

The key drivers of operating profit/loss are the gross earned premium and investment income components of total income, and the gross underwriting expenses and reinsurance components of total expenditure.

The remainder of this section will go into more detail on these key elements. This will include the following breakdowns:

- (i) Operating performance split by key components (underwriting result, investment income and reinsurance).
- (ii) A breakdown of the impact of reinsurance split between reinsurance cover from third party reinsurers i.e., external reinsurance arrangements; and related reinsurers i.e., from entities that are part of the same group as the firm.
- (iii) Combined Operating Ratio performance (COR based on earned premium and underwriting expenses).
- (iv) A breakdown of individual underwriting expenses (i.e., gross claims incurred, claims management expenses, gross commission and management expenses).
- (v) An analysis of the impact of reserve movements on profitability.
- (vi) A further breakdown of the gross commission expenses between third party distribution channels i.e., brokers and comparison websites; and related distribution channels i.e., the firm's own distribution networks or distribution through related companies.

Operating Performance split by Key Components

Table 13 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, expenses and adjustment for IFRS 17.

Table 13: Profit, investment income and other earnings and expenses for years 2009-2023 as a proportion of income.

Year	Gross Insurance-Related Result ¹⁵	Reinsurance	Net Insurance-Related Result	Investment Income	Other Earnings and Expenses	Operating Result
2009	4%	4%	8%	11%	-3%	16%
2010	17%	-5%	12%	9%	-2%	19%
2011	3%	-7%	-4%	9%	-1%	3%
2012	-10%	-5%	-15%	9%	0%	-6%
2013	-6%	-7%	-13%	6%	-1%	-7%
2014	-3%	-7%	-10%	7%	-1%	-4%
2015	-13%	-6%	-19%	6%	1%	-11%
2016	-12%	-4%	-16%	4%	1%	-12%
2017	3%	-11%	-9%	3%	1%	-4%
2018	7%	-9%	-1%	3%	-1%	1%
2019	8%	-10%	-3%	3%	-1%	-1%
2020	-28%	12%	-16%	2%	0%	-14%
2021	16%	-8%	8%	3%	-1%	10%
2022	31%	-19%	12%	3%	-2%	14%
2023	34%	-22%	13%	3%	-3%	13%
Total	5.7%	-7.8%	-2.1%	5.1%	-0.9%	2.1%

Insurance-Related Results

The gross insurance-related result indicates if there is a profit or loss in relation to insurance activities, gross of reinsurance; this is shown as a percentage of total income. This includes the performance of premiums, claims, and insurance-related expenses.

Across all years, there has been a gross insurance-related profit of 5.7% as a proportion of total income (0.8% from 2009-2014, -0.7% from 2015-2019 and 16.1% from 2020-2023). The 2023 financial year resulted in the largest gross insurance-related profit (34%) across the time series.

The net insurance-related result indicates if there is a profit or loss in relation to insurance activities net of reinsurance costs; this is shown as a percentage of total income. This calculates the insurance-related result highlighted in the previous paragraph net of any reinsurance impact, i.e., using premiums, claims and insurance-related expenses net of reinsurance.

Across all years, there has been a net insurance-related loss of 2.1% as a proportion of total income (-3.5% from 2009-2014, -8.9% from 2015-2019 and 5.3% from 2020-2023). Aside from 2009 and 2020, the impact of

¹⁵ Gross Insurance-related result = (Gross Earned Premium - Gross UW Expenses) / Total Income (including Investment Income)

reinsurance has been to reduce profitability. However, it is worth noting that there are benefits to reinsurance not considered here. The reinsurance impact is discussed in more detail in the next section.

Movements in reserves also contribute to the insurance-related results. These will be discussed in more detail in the Reserve Movements section.

Investment Income

Investment income as a percentage of total income across all years has averaged 5.1% (8.7% from 2009-2014, 3.6% from 2015-2019 and 3.0% from 2020-2023). As detailed in Table 13, investment income is notably larger for the years 2009-2015, and drops off from 2016 onwards.

Figure 10: Interaction between profit and investment income for 2009 - 2023.

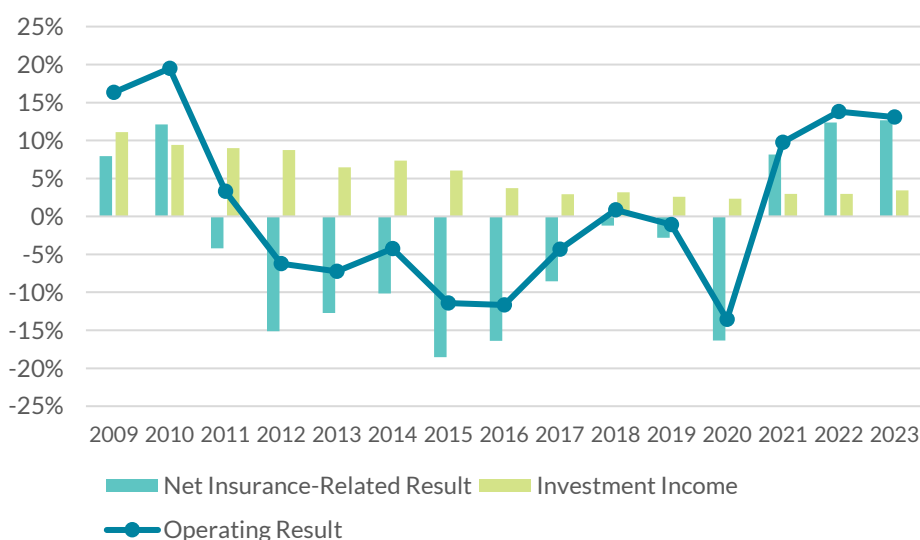


Figure 10 shows the interaction of the net insurance-related result, investment income and the operating result from 2009 to 2023.

Initially, investment income was large and contributed to profits and/or largely offset any net insurance-related losses. However, investment income then reduced over time, coinciding with years of net insurance-related losses, resulting in overall losses for the industry.

Whilst investment income has remained low in recent years, the net insurance-related results have become profitable from 2021, driving an overall profit for the industry in these years.

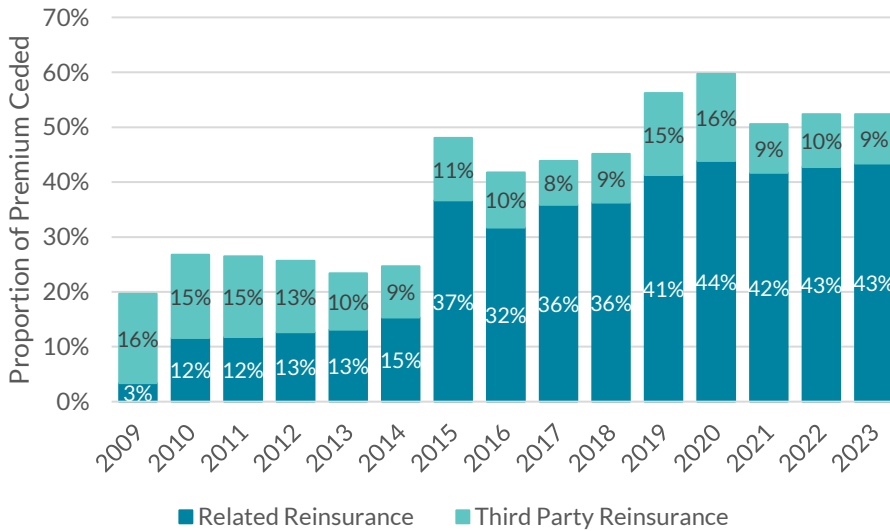
Reinsurance

Figure 11 below shows how the proportion of premium ceded to reinsurers has changed from 2009-2023. Premiums 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 for writing and managing the business. Premiums can be ceded to a third party reinsurer, i.e., an external provider of reinsurance cover; or to 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 24% for 2009-2014 to 51% for 2015-2023. This increase is driven by an increase in related reinsurance cover, which has increased from 11% on average during 2009-2014 to 40% during 2015-2023.

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 11: Proportion of premium ceded by insurers to cover reinsurer costs for all cover types and years 2009-2023.



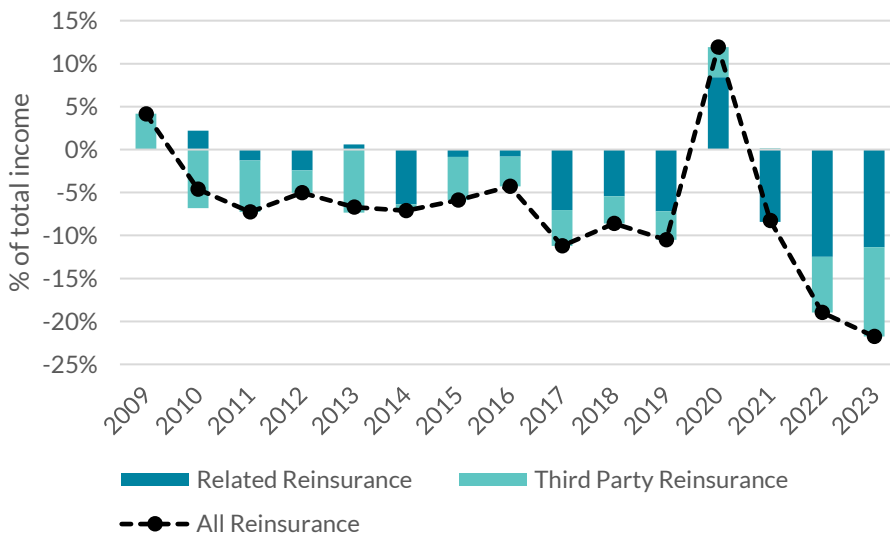
For the most part, the increase in related reinsurance cover from 2015 is attributable to the use of quota share reinsurance arrangements which are used to share premiums, claims and expenses between the insurer and a reinsurer in pre-determined proportions. This facilitates the sharing of losses in unprofitable years and profits in profitable 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 12 illustrates the net cost of reinsurance each year from 2009 to 2023 for related and third party reinsurance. Across EL, PL and Commercial Property insurance and all financial years 2009-2023, the net cost of reinsurance was 8% of total income; this is shown as -8% to signify that reinsurance was an expense to the insurer. This is the case where the insurer paid more money 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 the reinsurer; this has been the case for the 2009 and 2020 financial years.

Figure 12: Net cost of related and third party reinsurance cover for years 2009-2023.



In 2023, the net cost of reinsurance was -11% for related reinsurance and -10% for third party reinsurance. The net cost is larger in 2022 and 2023 than other years as a result of both the level of profitability in the market in these years, as well as the impact of reserve releases for reinsured COVID-related business interruption claims – prior year reserve releases for claims that are reinsured offsetting the increase in reinsured reserves for current year claims. This contrasts with 2020 when the market

was loss making and insurers received a net benefit of 12% of total income from having reinsurance in place.

Table 14 and Table 15 show how the net cost of reinsurance varies for related and third party reinsurance cover across the various time periods and coverage types.

For each of related and third party reinsurance, the total net impact was -4% over the period 2009-2023, i.e. on average, related and third party reinsurance each cost insurers 4% of their total income over the period 2009-2023.

Table 14: Net cost of related reinsurance by coverage type.

Coverage Type	2009-2014	2015-2019	2020-2023	All Years
Employers' Liability	-2%	5%	-4%	0%
Public Liability	1%	-3%	-5%	-2%
Commercial Property	-2%	-12%	-10%	-8%
Total	-1%	-4%	-7%	-4%

Table 15: Net cost of third party reinsurance by coverage type.

Coverage Type	2009-2014	2015-2019	2020-2023	All Years
Employers' Liability	1%	-1%	-2%	-1%
Public Liability	-3%	-3%	-4%	-3%
Commercial Property	-6%	-7%	-5%	-6%
Total	-3%	-4%	-4%	-4%

Combined Operating Ratio

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.

The COR is defined as:

$$\text{COR} = \frac{\text{Claims incurred}^{16} + \text{Other underwriting expenses}^{17}}{\text{Earned premium or Insurance Revenue}}$$

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 less affected by the quota share reinsurance arrangements described previously in the reinsurance section. The Net COR will differ from the Gross COR primarily 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 outgo than insurance-related income.

Figure 13 provides the Gross and Net COR from 2009 to 2023. The total Gross COR was 94% across all financial years; the Net COR was 104%.

The Net COR is higher than the Gross COR for all years with the exception of 2009 and 2021.

The Net COR was greater than 100% every year from 2011 to 2020 i.e., between 2011 and 2020, the net underwriting result was unprofitable. The Gross COR was greater than 100% between 2012 and 2016 and in 2020.

Both the Gross and Net COR are below 100% for 2021, 2022 and 2023. Indeed, the CORs for 2023 are the lowest in the time series with the Gross COR being 64% and the Net COR being 72%.

¹⁶ 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.

¹⁷ Other underwriting expenses include: commissions; other acquisition costs; policy administration; and claims handling expenses.

Figure 13: Total Gross and Net COR for 2009-2023.

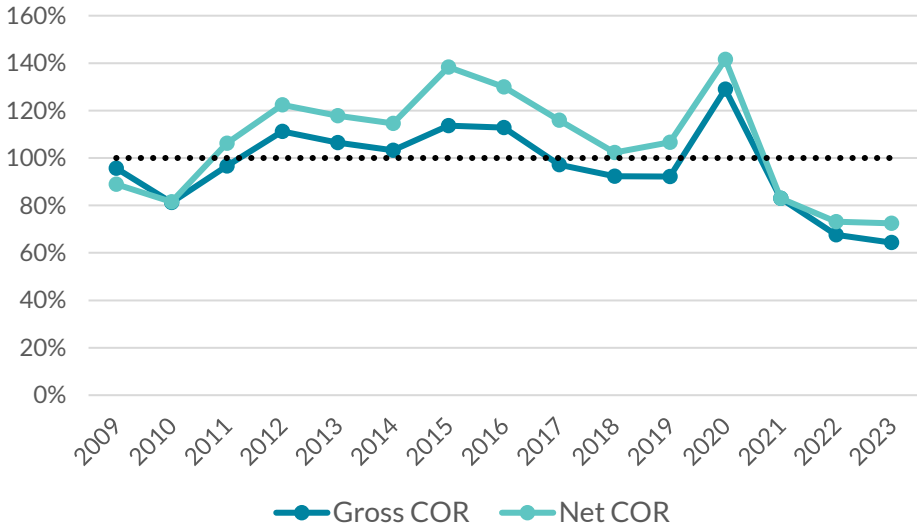


Table 16 provides the Gross and Net CORs split by coverage type across a number of distinct periods through 2009 to 2023.

For EL, the Gross and Net CORs across all years were 107% and 121% respectively. The CORs have noticeably reduced in recent years. For example, the Gross COR has fallen from 138% (in 2015-2019) to 85% (in 2020-2023).

Table 16: Gross and Net COR by coverage type.

Coverage Type	Measure	2009-2014	2015-2019	2020-2023	All Years
Employers' Liability	Gross COR	100%	138%	85%	107%
	Net COR	101%	163%	82%	121%
Public Liability	Gross COR	108%	100%	81%	95%
	Net COR	112%	112%	79%	107%
Commercial Property	Gross COR	93%	77%	85%	85%
	Net COR	103%	92%	100%	99%
All Policies	Gross COR	99%	101%	83%	94%
	Net COR	105%	118%	88%	104%

For PL, the Gross and Net CORs across all years were 95% and 107% respectively. Similar to EL, there has been a reduction in recent years, as the Gross COR has fallen from 100% (in 2015-2019) to 81% (in 2020-2023).

For Commercial Property, the Gross and Net CORs across all years were 85% and 99% respectively. The Gross COR for Commercial Property is

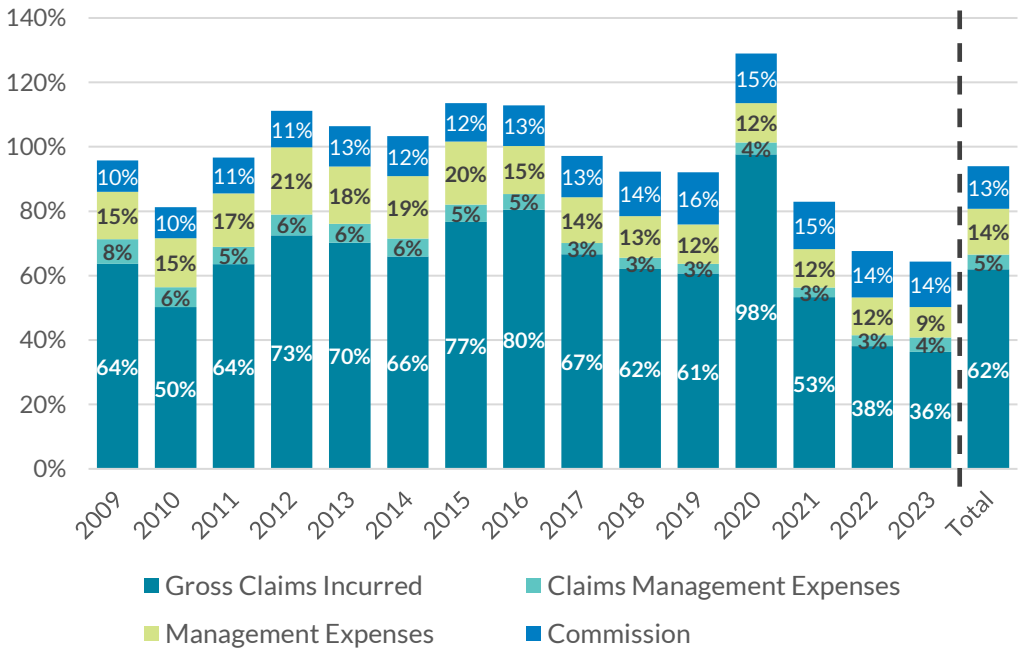
below 100% for all years except for 2009, which was impacted by weather events, and 2020 which was impacted by COVID-related business interruption losses.

Underwriting Expenses

Figure 14 provides a breakdown of the underwriting costs as shown in the Combined Operating Ratio section above.

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 14: Breakdown of the gross underwriting costs for 2009-2023 across all Coverage Types as a percentage of Gross Earned Premium or Insurance Revenue.



The amount shown here is the share of total management expenses and claims management expenses that have been apportioned to EL, PL and Commercial Property insurance business by insurance companies.

Figure 14 shows that gross claims-related costs (i.e., claims incurred and claims management expenses) were the greatest expenditure accounting for, on average, 67% of gross earned premium across 2009 to 2023.

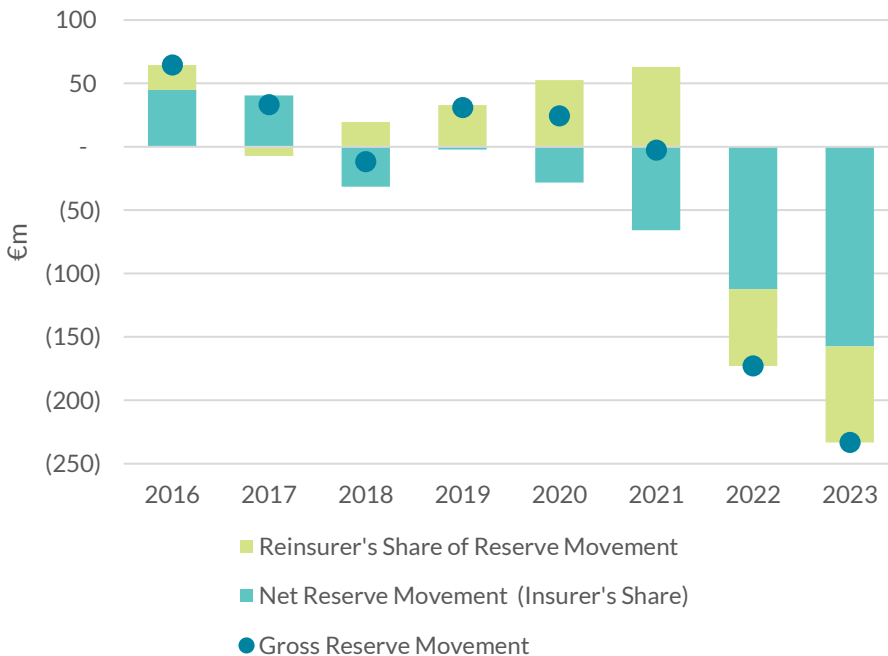
The other key underwriting expenses were management expenses, which amounted to 14% of gross earned premium, and commission, which amounted to 13% of gross earned premium.

Reserve Movements¹⁸

Over time insurers will revise their estimates of the ultimate cost of claims for a given accident year 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 lead to an overall increase or decrease in reserves for prior years. Movements in reserves for prior years will contribute to the profit or loss for the financial year in which those movements occur.

A reduction in the estimate of ultimate claims costs for prior years 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 for prior years will reduce profitability (or add to losses) in a given financial year as reserves would be increased to match the revised ultimate claims cost.

Figure 15: Movement in reserves for prior years that were recognised in financial years 2016-2023, split between the insurer’s and reinsurer’s share of the reserves.



¹⁸ This section is based on data from firms that insured 70% of the EL, PL and Commercial Property insurance market in Ireland in 2023.

The claims incurred in a financial year includes both the expected cost of claims for the current year and movements in reserves for prior years. An enhancement to the NCID for 2023 has allowed current year claims cost and the movement in reserves for prior years to be shown separately.

Figure 15 shows the movement in reserves for prior years that occurred in each financial year from 2016 to 2023. The total or gross movement in reserves is split into the reinsurer's share, i.e. claim costs that are expected to be covered by the reinsurer, and the insurer's share, i.e. the movement in reserves net of reinsurance. A positive movement implies an increase to reserves, and a negative movement implies a reserve release.

The largest movement in prior year reserves occurred in 2023 where insurers had a combined reserve release of €158m net of reinsurance. This followed another large net reserve release of €112m in 2022, and prior to this there were smaller net reserve releases in the 2020 and 2021 financial years.

Prior year reserves were increased by €45m in 2016 and €40m in 2017, net of reinsurance, while reserves for claims that were reinsured increased by between €20m and €63m over each year from 2018 to 2021.

Table 17: Movement in reserves for prior years that were recognised in financial years 2016-2023, split gross and net of reinsurance, and for EL, PL and Commercial Property separately.

Coverage Type	Reserve Movement (€m)	2016	2017	2018	2019	2020	2021	2022	2023
Employers' Liability	Gross	53	9	5	45	-25	-20	-74	-58
	Net	37	6	-3	21	-28	-25	-59	-53
Public Liability	Gross	48	21	-11	-3	55	-17	-58	-38
	Net	20	31	-12	-10	5	-27	-41	-36
Commercial Property	Gross	-37	3	-6	-12	-5	34	-41	-137
	Net	-12	4	-17	-13	-5	-13	-12	-68
All Policies	Gross	65	33	-12	31	24	-3	-173	-233
	Net	45	40	-31	-2	-28	-66	-112	-158

Table 17 breaks this down further, splitting the reserve movements by coverage type. This shows that reserve releases for each of EL, PL and Commercial Property have been higher in 2022 and 2023 than in previous years.

In particular, there were very large reserve releases for Commercial Property insurance in 2023. It can also be seen that much of the reserve movements for Commercial Property over the 2021 to 2023 financial years are for claims that are reinsured, hence the movement is less on a net basis. The reinsurer’s share of Commercial Property reserves for prior years increased by €47m in 2021 and then decreased by €29m and €69m in 2022 and 2023 respectively. These reserve movements primarily relate to COVID-19 related business interruption claims.

COVID-19, the Personal Injuries Guidelines and provisions for large claims have all contributed to reserve releases for EL and PL in 2023. Part 6 provides detail on how insurer’s estimates of the ultimate cost of claims for each accident year have changed over time.

Figure 16: Operating profit split between the contribution from the current year and the contribution of the movement in reserves for prior years, for 2016-2023 financial years¹⁹.

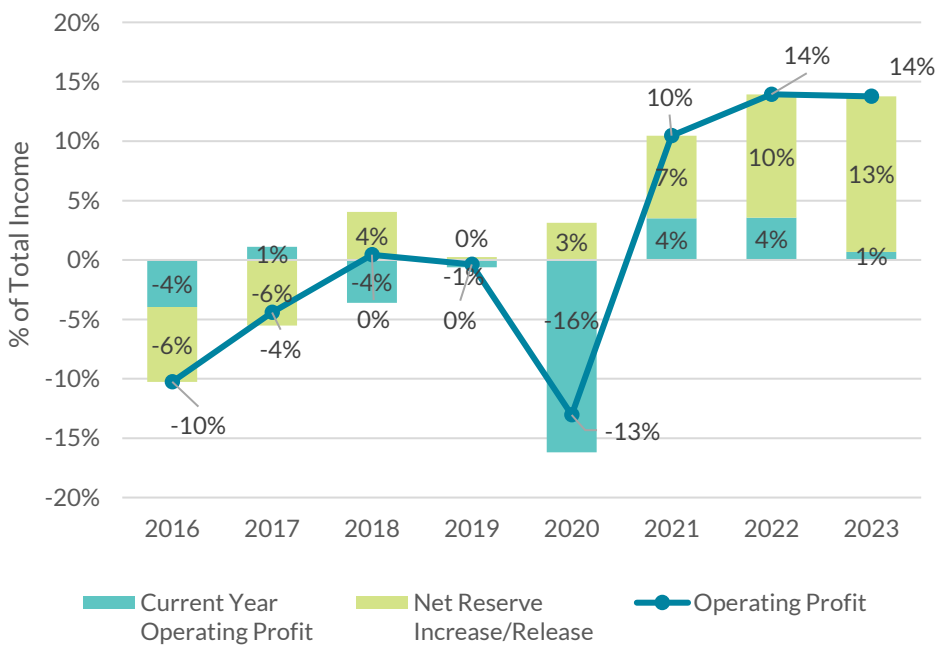


Figure 16 shows how movements in reserves have contributed to profitability from 2016 to 2023 across EL, PL and Commercial Property insurance. The operating profit in each financial year is split into the operating profit based on current year claims only, and the contribution of the net movement in reserves to profit or loss.

¹⁹ The operating profit percentages in the Reserve Movements section deviate slightly from the rest of Part 3 due to the market coverage being 70% here and 81% elsewhere.

Based on the estimate of claims for the current year only, the market made an operating profit of 1% or was loss-making for each year between 2016 and 2023, with the exception of 2021 and 2022. However, reserve releases on claims from previous years have contributed significantly towards profitability in each financial year since 2021 - contributing between 7% and 13% towards the overall operating profit for 2021 to 2023. This suggests that claims experience in previous years was less than originally expected.

Table 18: Operating profit split between the contribution from the current year and the contribution of the movement in reserves for prior years, for EL, PL and Commercial Property and the 2016-2023 financial years.

Year	2016	2017	2018	2019	2020	2021	2022	2023
Employer's Liability								
Current Year Profit	-15%	-6%	-15%	-2%	-6%	-2%	-2%	-2%
Reserve Movements	-20%	-3%	1%	-9%	11%	10%	21%	17%
Operating Profit	-34%	-9%	-14%	-11%	5%	8%	18%	16%
Public Liability								
Current Year Profit	-11%	1%	1%	-1%	1%	5%	4%	5%
Reserve Movements	-9%	-13%	5%	4%	-2%	10%	13%	10%
Operating Profit	-20%	-12%	6%	3%	-1%	15%	17%	15%
Commercial Property								
Current Year Profit	8%	6%	0%	0%	-34%	6%	7%	-1%
Reserve Movements	4%	-1%	5%	4%	1%	3%	3%	13%
Operating Profit	12%	5%	5%	4%	-33%	9%	9%	12%
All Policies								
Current Year Profit	-4%	1%	-4%	-1%	-16%	4%	4%	1%
Reserve Movements	-6%	-6%	4%	0%	3%	7%	10%	13%
Operating Profit	-10%	-4%	0%	0%	-13%	10%	14%	14%

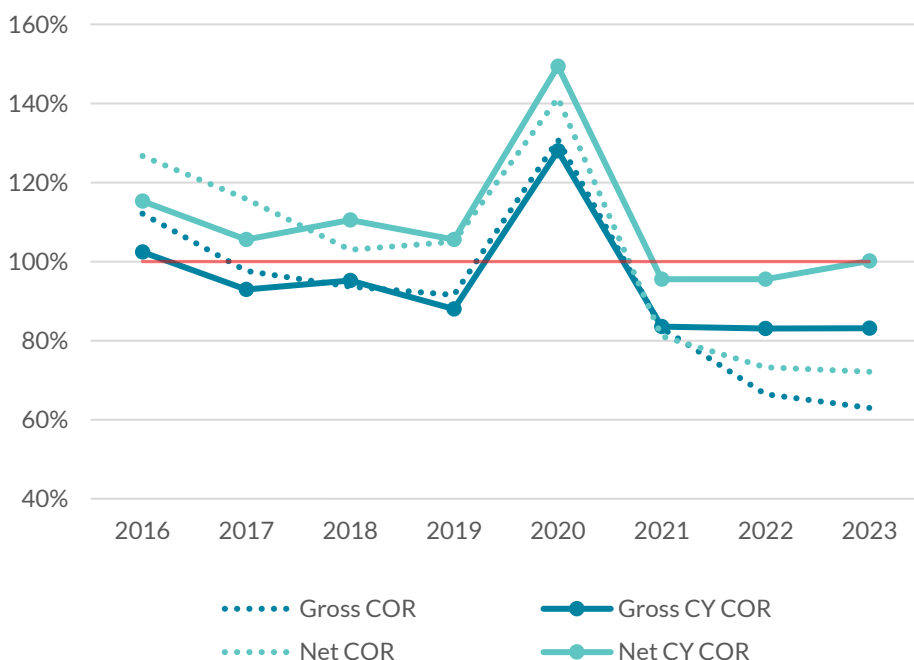
Table 18 shows this breakdown separately for EL, PL and Commercial Property. Excluding reserve releases; EL was unprofitable for each year between 2016 and 2023, PL has become more profitable since 2021, and the experience of Commercial Property has been mixed – with some profitable years, some closer to break-even, and a large loss for 2020 financial year.

However, reserve releases have contributed towards an overall operating profit across each coverage type in recent years with the most significant impact being on EL and PL insurance.

Figure 17 shows the gross and net COR for current year claims only, stripping out the impact of movements in reserves. This shows that the COR for the current year in 2023 was 83% gross of reinsurance and 100% net of reinsurance.

The gross current year COR was at its lowest at 83% for both the 2022 and 2023 financial years and has been relatively stable since 2021. The net current year COR was at its lowest at 96% for both 2021 and 2022, before increasing to 100% for 2023.

Figure 17: Gross and Net COR based on current year (CY) claims only and for all claims, including reserve movements, for EL, PL and Commercial Property and the 2019-2023 financial years.



Commission

Figure 18 provides a breakdown of gross earned premium between policies sold through third party distribution channels, i.e., brokers and comparison websites, or direct and related distribution, i.e., sold directly by the firm or distribution through companies related to the firm. Policies sold through third party intermediaries made up 81% of gross earned premium across the 2016 to 2023 financial years. The proportion sold through this channel has varied slightly over time, increasing from 78% in 2016 to 82% in 2020 and remaining stable between 2020 and 2023. The proportion of premium

earned through the direct and related distribution decreased from 22% to 18% over the same period.

Figure 18: Split of gross earned premium between third party and related distribution channels, for EL, PL and Commercial Property and the 2016-2023 financial years.

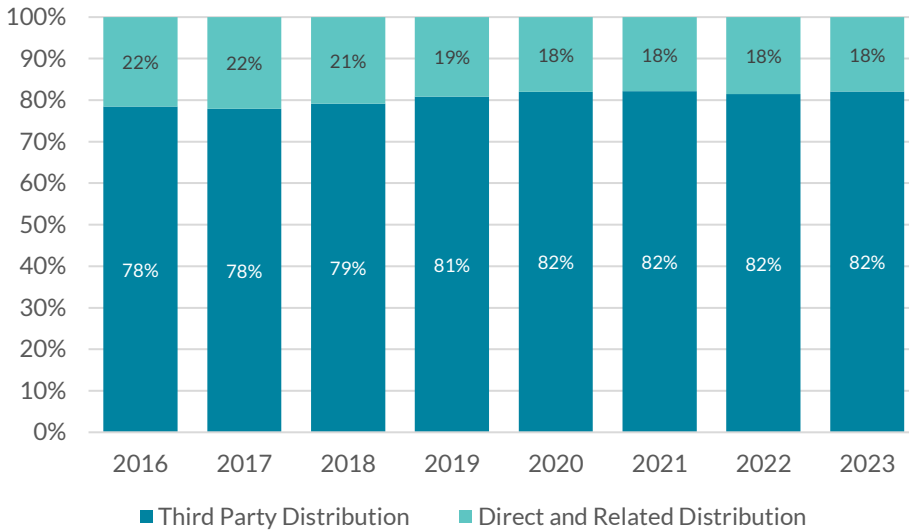
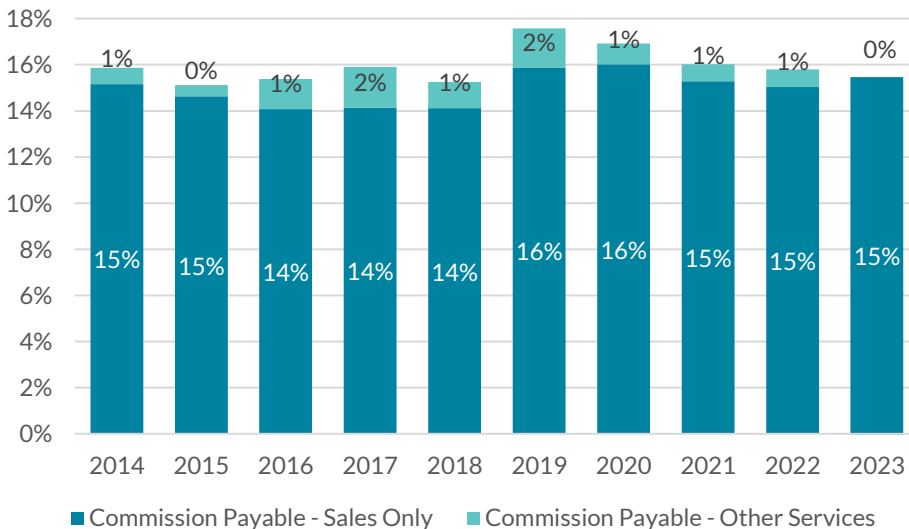


Figure 19 highlights commission costs as a percentage of premium on policies sold through third party intermediaries. On average, the total amount of commission as a percentage of premium sold through third party intermediaries was 15% from 2014 to 2023.

Figure 19: Commission as a percentage of earned premium for polices sold through third party intermediaries, for EL, PL and Commercial Property and the 2014-2023 financial years.



PART 4 – Claim Settlements

Data was collected on claimants who settled liability claims between 2015 and 2023. The number of claimants and the aggregate cost of settling their claims was collected by claim type and settlement channel. This gave insight into trends in the settlement channel used, and the various costs associated with settling claims.

Key Insights and Findings

2023 Findings

For injury claim settlements in 2023:

- 10% settled direct before Injuries Board, 13% settled through the Injuries Board and 5% settled direct after Injuries Board.
- 68% settled through litigation before a court award, and 3% settled through litigation with a court award.

Average injury settlement cost in 2023 by settlement channel:

For EL claims (39% of claimants, 51% of total costs)

- Direct: compensation was €24,795 and legal was €3,226
- Injuries Board: compensation was €26,877 and legal was €1,007
- Litigated: compensation was €65,120 and legal was €42,661

For PL claims (61% of claimants, 49% of total costs)

- Direct: compensation was €13,856 and legal was €3,670
- Injuries Board: compensation was €24,298 and legal was €969
- Litigated: compensation was €39,456 and legal was €31,297

Average settled costs for injury claims settled through litigation for less than €150K in 2023 (81% of EL and 94% of PL claimants):

- EL compensation was €33,631 and legal was €26,087
- PL compensation was €23,803 and legal was €23,261

Background

Grouping of Claims

Liability 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.

Injury claims are 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 Injuries Board:** Claims settled directly between claimant and insurer before Injuries Resolution Board involvement and before the initiation of legal proceedings.
- **Direct after Injuries Board:** Claims settled directly between claimant and insurer after Injuries Resolution Board involvement but before the initiation of legal proceedings.
- **Injuries Resolution Board:** Claims settled through the Injuries Resolution Board²⁰.
- **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.

²⁰ The Personal Injuries Assessment Board (PIAB) changed its name to the Injuries Resolution Board in December 2023 in recognition of their enhanced role and expansion of their service to include mediation. Where the Injuries Resolution Board or the Injuries Board is used to describe a settlement channel this includes claims settled through PIAB or the Injuries Resolution Board.

For years 2015 to 2018, claims are collected in three settlement channels only:

- **Direct:** both before and after Injuries Resolution Board.
- **Injuries Resolution Board**
- **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 the Injuries Board²¹.

The Injuries Board releases cases where an insurer does not consent to it assessing the case, the injury is of a nature that is not appropriate for the Injuries Board to assess, or an insurer/claimant rejects the Injuries Board'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

Up until April 2021, the Injuries Board calculated compensation amounts using the ranges set out in the Book of Quantum²², 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.

Between 2021 and 2023, 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.

²¹ For brevity the Injuries Resolution Board will be referred to as the Injuries Board for the remainder of the report.

²² 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 Injuries Resolution Board data. It provided compensation ranges for six categories and 34 sub-categories of injury, and for four levels of injury severity.

Settlement of Claims

Table 19 shows the total number, cost and sub-costs of EL and PL claims settled between 2015 and 2023 and the average values for the period 2015 to 2019. Table 19 includes claims where the claimant didn't receive compensation but insurers incurred claim costs, i.e. nil compensation claims. Sub-costs are defined as compensation costs, legal costs and other costs, with the cost of medical assessments being an example of other costs.

This data is based on 76% of the EL, PL and Commercial Property insurance market in 2023. It can be seen that the cost of claims that settled in 2023 totalled approximately €328m spread across approximately 10,400 claimants. Total claim cost and number of claims in 2023 were higher than the years 2020 to 2022 but lower than the average of the 2015 to 2019 period. The total claim costs in 2023 were 5% lower than the 2015 to 2019 average with the number of claims 7% lower. Compensation costs were 14% lower in 2023 than the 2015 to 2019 average, while legal costs were 16% higher.

Table 19: Total number of claimants settled and total cost of settlements for settlement years 2015-2023.

Settled Year	Total Claimants (000's)	Sub Costs (€m)			Total Cost (€m)
		Compensation Cost	Legal Cost	Other Cost	
2015	11.3	211	109	15	335
2016	11.5	246	106	8	361
2017	10.8	233	108	12	353
2018	11.3	232	102	10	343
2019	10.9	219	106	11	336
2020	9.6	215	100	7	322
2021	9.3	177	99	10	286
2022	8.7	162	98	8	267
2023	10.4	195	123	10	328
2015-2019 Average	11.2	228	106	11	346

Nil Compensation Claims

Table 20 shows that for the 2023 settlement period, approximately 3,200 claimants settled their claims without receiving compensation with a total cost to insurers of €13.6m. Claims where no compensation was paid to the claimant represented 31% of insurers total claimants and 4% of their total settlement costs.

Table 20: Total number of claimants that settled without compensation and the total cost of settling those claims, for settlement years 2015 to 2023.

Settled Year	Number of Claimants Settled (000's)	Legal Cost (€m)	Other Cost (€m)
2015	3.1	10.2	8.1
2016	3.2	11.1	4.3
2017	3.4	8.6	9.4
2018	3.2	7.7	5.3
2019	3.6	8.4	6.4
2020	3.1	9.4	3.2
2021	3.3	8.9	5.8
2022	3.2	8.7	3.4
2023	3.2	8.5	5.1

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 Claims

Table 21 shows the distribution between damage and injury claims for claimant numbers and total settled costs. In 2023 59% of claimants made injury claims, which accounted for 92% of total settled costs. The proportion of damage claims increased from 34% in 2022 to 41% in 2023. These accounted for 8% of settled claim costs in 2023.

Table 21: Breakdown of claimant numbers and claim costs for injury and damage claims for 2015 to 2023.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Settled Claimant Numbers									
Injury	67%	68%	71%	62%	66%	66%	65%	66%	59%
Damage	33%	32%	29%	38%	34%	34%	35%	34%	41%
Settled Claim Costs									
Injury	92%	92%	94%	93%	95%	92%	95%	93%	92%
Damage	8%	8%	6%	7%	5%	8%	5%	7%	8%

Settlement Channels

Table 22 provides a breakdown of claimant numbers and settled costs between the different settlement channels. This table shows the results for both injury and damage claims combined.

Table 22: Breakdown of claimant numbers and settled costs, for all claim types, between the different settlement channels for settlement years 2015 to 2023.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Settled Claimant Numbers									
Direct	53%	51%	47%	54%	49%	49%	48%	44%	49%
Injuries Board	10%	11%	10%	10%	9%	8%	7%	8%	8%
Litigated	37%	39%	43%	36%	42%	43%	45%	48%	43%
Settled Claim Costs									
Direct	16%	14%	13%	13%	12%	13%	11%	10%	9%
Injuries Board	8%	8%	8%	8%	6%	6%	5%	5%	5%
Litigated	76%	77%	80%	78%	81%	81%	84%	85%	86%

Claimants that settled directly with the insurer made up 49% of claim numbers and 9% of total settled costs for claims settled in 2023. Claimants that settled through litigation made up 43% of claim numbers and 86% of total settled costs in 2023.

Damage Claims

Damage claims account for 41% of all claimants that settled, and 8% of the total settlement costs in 2023. 95% of damage claims settled from 2015 to 2023 were settled directly with the insurer. Therefore, comparison of damage claims by settlement channel was not meaningful.

Table 23: Average cost of settling damage claims in the years 2015-2023.

Cost Component (€)	2015	2016	2017	2018	2019	2020	2021	2022	2023
Compensation	7,619	7,527	6,648	5,871	5,319	8,248	5,253	8,101	6,939
Legal	1,981	2,309	2,135	1,682	1,231	1,801	987	1,066	1,733
Other	247	41	-2	303	205	326	-46	158	262
Total	9,848	9,877	8,780	7,857	6,755	10,374	6,194	9,325	8,934

Table 23 highlights that the average cost of settling damage claims has been volatile over the period 2015 to 2023. The majority of damage claims arise from PL policies which have more of a mix of bodily injury and damage claims. Claims within EL policies are predominantly injury claims. On account of their significance to overall claim costs, the remainder of Part 4 focuses on injury claims.

Injury Claims

Settlement Channels

Figure 20 shows how the number of injury claimants settling has changed between 2015 and 2023, by half-year. The figures show the change compared to H1 2015 for claims settling directly with the insurer, via the Injuries Board or through litigation. Since H1 2015, claims settling through the Direct and Injuries Board channels have declined by 60% and 31% respectively by H2 2023. However, the number of claims settling via the Injuries Board increased 59% in recent years from H2 2021 to H2 2023. In contrast, the number of claims settling through litigation has remained relatively stable and was 10% higher in H2 2023 compared to H1 2015.

Figure 20: Index of the number of injury claims settled in each channel in each settlement period, compared to H1 2015.

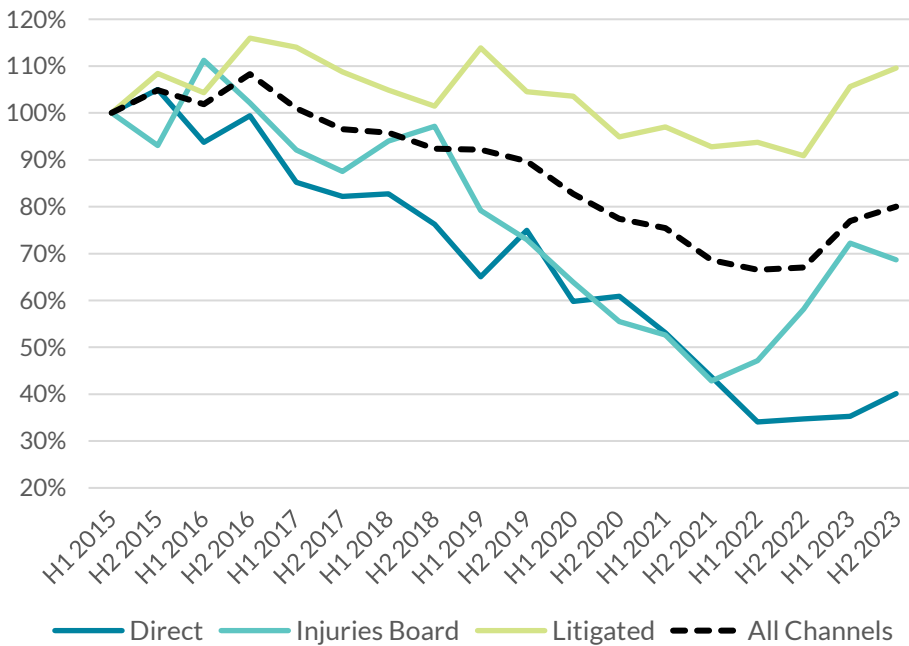
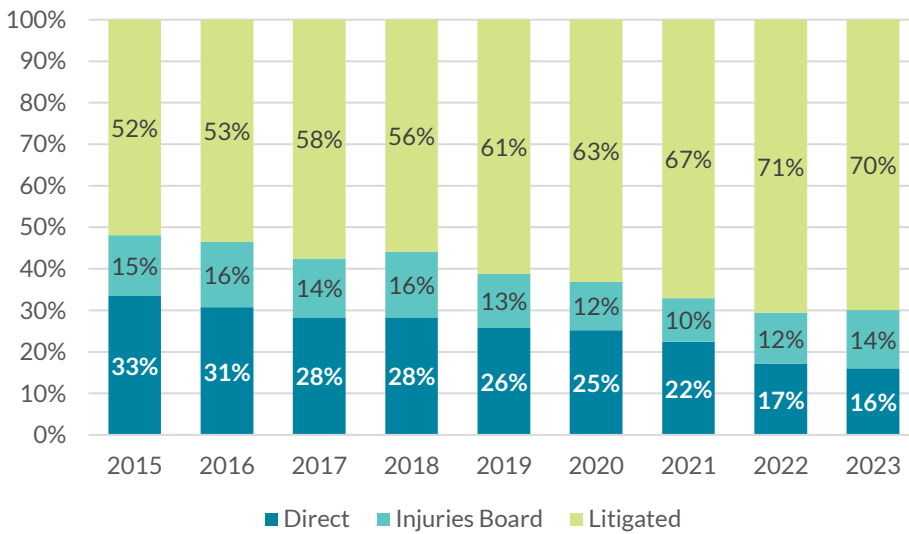


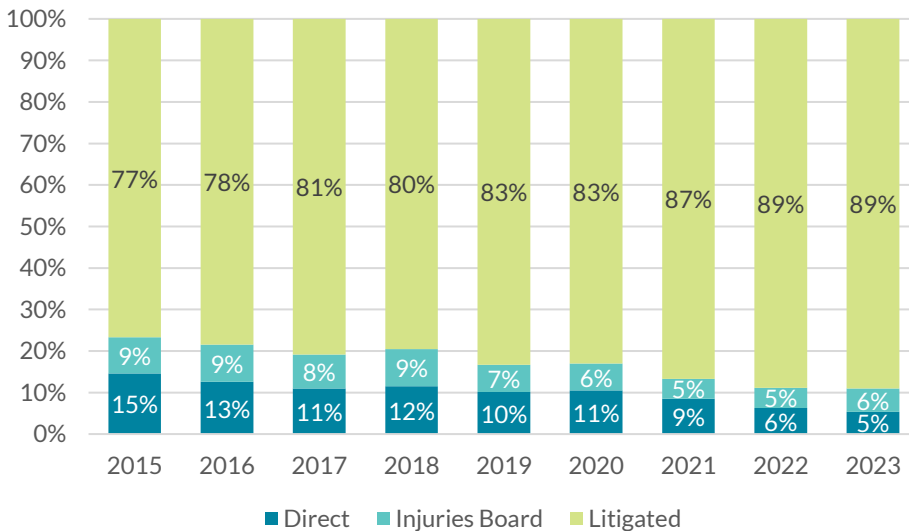
Figure 21 shows the proportion of injury claimants that settled through each settlement channel from 2015-2023. It can be seen that claims settling via litigation increased from 52% in 2015 to 70% in 2023. The proportion of claimants who settled directly with the insurer decreased from 33% in 2015 to 16% in 2023. The proportion that settled through the Injuries Board decreased from 15% in 2015 to 10% in 2021, before increasing to 14% in 2023.

Figure 21: The proportion of injury claimants who settled through each settlement channel from 2015-2023.



As illustrated in Figure 22, in 2023, injury claimants who settled through litigation (70%) accounted for 89% of settlement costs; injury claimants who settled directly with the insurer (16%) accounted for 5% of total settlement costs; injury claimants who settled through the Injuries Board (14%) accounted for 6% of settlement costs.

Figure 22: The proportion of total cost to insurers of settling injury claims in each of the settlement channels from 2015-2023.



Litigated settlements have become a larger proportion of total injury settlement costs, having increased from 77% in 2015 to 89% in 2023. Direct and Injuries Board settlements are a less material proportion of total injury settlement costs for liability claims. The proportion of costs for claims settling directly has decreased from 15% in 2015 to 5% in 2023. The

proportion of costs for claims settling through the Injuries Board has remained relatively stable during the period from 2015-2018, accounting for approximately 9% of settlements; this decreased to 5% in 2021, before increasing to 6% in 2023.

Figure 23: The proportion of settled claimants and total cost of injury claims through each of the five settlement channels between 2019 and 2023²³.

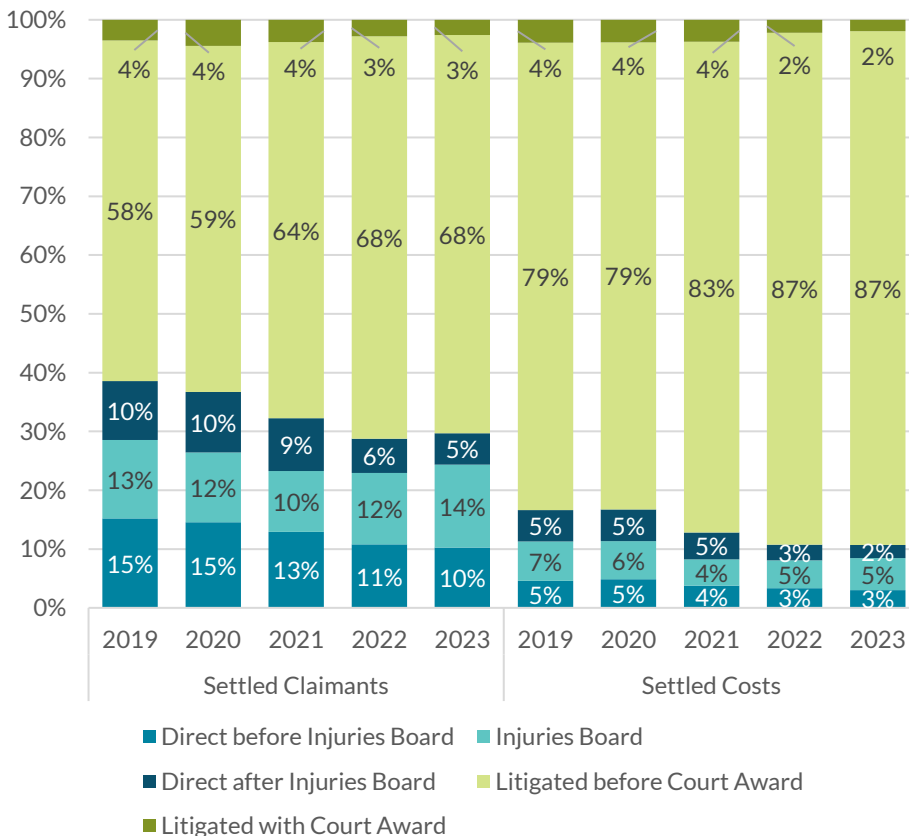


Figure 23 shows the proportion of settled injury claimants and costs between 2019 and 2023 through the more detailed split of settlement channels.

The 15% of claimants who settled directly in 2023 can be divided into 10% who settled directly before Injuries Board involvement, and 5% who settled directly after Injuries Board involvement (but before the initiation of any legal proceedings). These proportions have declined from their 2019 values when they were 15% and 10% respectively.

The 71% of claimants who settled through litigation in 2023 can be divided into 68% who settled before a court award and 3% who settled with a court

²³ Figure 23 is based on data from firms that insured 74% of the EL, PL and Commercial Property insurance market in Ireland in 2023.

award. The proportions of litigated claims have increased overall from their 2019 values when they were 58% and 4% respectively.

It can be seen that in 2023 while 10% of claimants settled directly before Injuries Board, only 3% of total settlement costs were attributable to this channel. Litigated claimants who settled before a court award in 2023 accounted for 87% of total settlement costs.

Distribution of Injury Compensation Awards

From Figure 20, the index of the number of injury claims settled, it can be seen that the number of litigated claims has been quite stable over the period 2015 to 2023, whereas the number of claims settling directly with the insurer and via the Injuries Board has fallen since 2015. In addition to the changing number of claims over this time period, the distribution of compensation amounts within the settlement bands has also changed, most markedly for claims settling via the Injuries Board.

Figure 24 shows the number and changing distribution of compensation amounts for claims settling directly with insurers over the period 2015 to 2023. It can be seen that the number of claims settling with a compensation award of €5,000 or less declined from 599 claims in 2015 to 222 claims in 2023. For both 2015 and 2023 this was 33% of the claims in those years.

Figure 24: The number of injury claimants that settled directly with the insurer, by compensation cost band between 2015 and 2023.

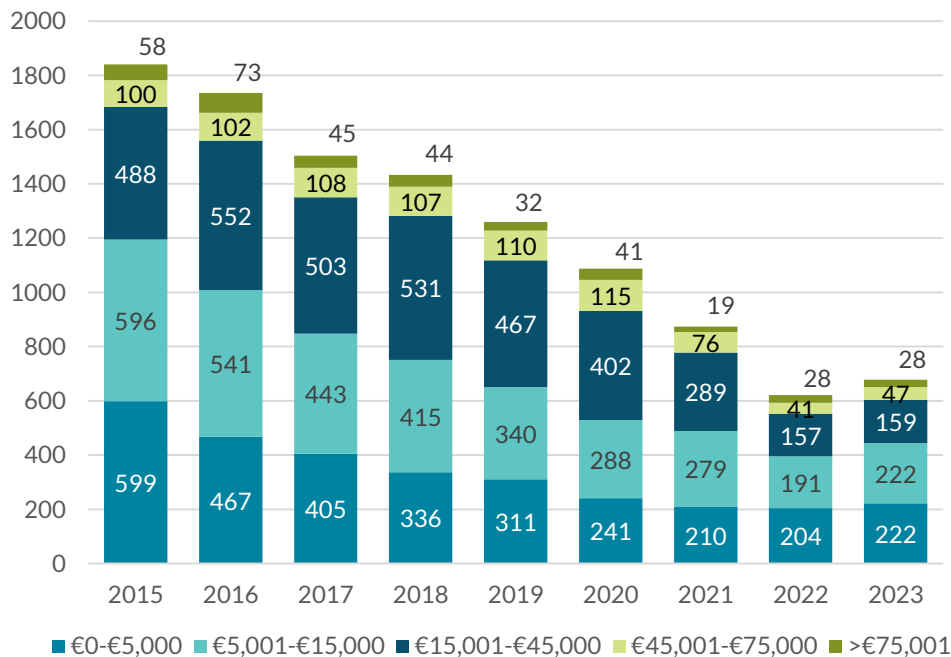
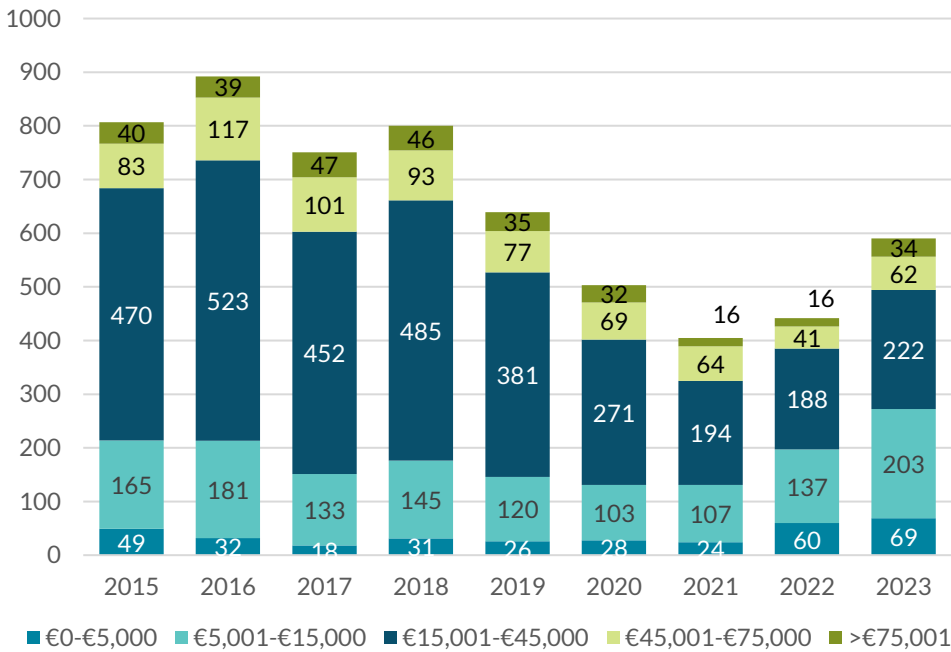


Figure 25 shows the changing number and distribution of claims by compensation amount for claims settling via the Injuries Board over the period 2015 to 2023. Overall, the number of claims settling via the Injuries

Board has decreased from 807 in 2015 to 590 in 2023. However the number of claims settling with a compensation award of €5,000 or less increased from 49 (6% of claims) in 2015 to 69 (12% of claims) in 2023. Likewise the number of claims in the €5,000 to €15,000 compensation band increased from 165 claims (20% of the total) in 2015 to 203 in (34% of the total) in 2023. For claims settling with a compensation award of between €15,000 and €45,000 the number decreased from 470 (or 58% of the total) in 2015 to 222 (or 38% of the total) in 2023.

Figure 25: The number of injury claimants that settled via the Injuries Board, by compensation cost band between 2015 and 2023.



Overall, Figure 25 shows a falling number of settled claims in the Injuries Board channel between 2015 and 2021, followed by an increase in 2022 and 2023. At the same time, there was a change in the distribution of compensation amounts, with smaller compensation amounts becoming more prevalent in this channel.

Figure 26 shows the changing number and distribution of compensation costs for claims settling via litigation over the period 2015 to 2023. Overall the number and distribution of compensation awards has remained relatively consistent over the time period.

Figure 26: The number of litigated injury claimants, by compensation cost band between 2015 and 2023.

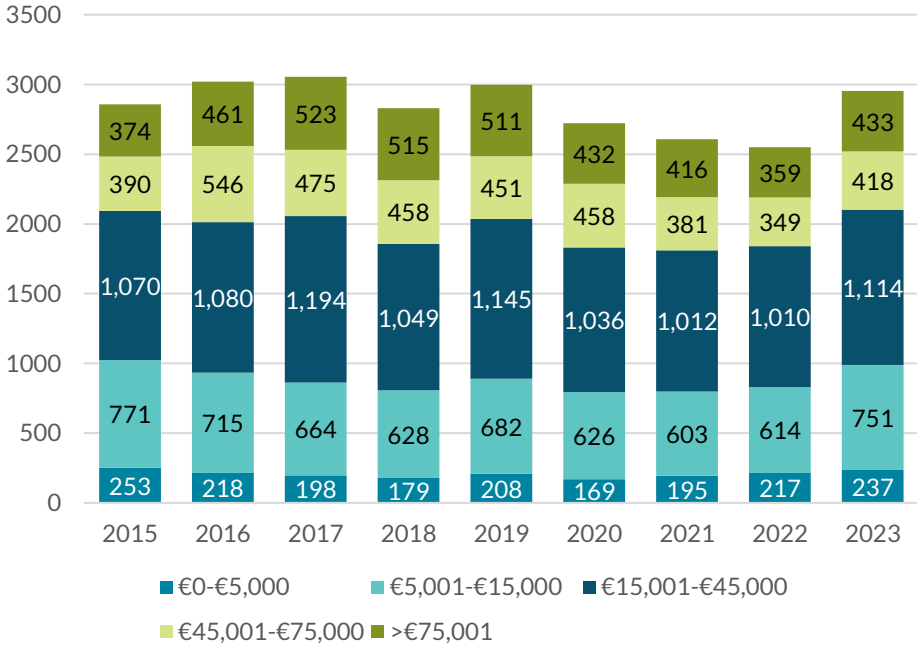
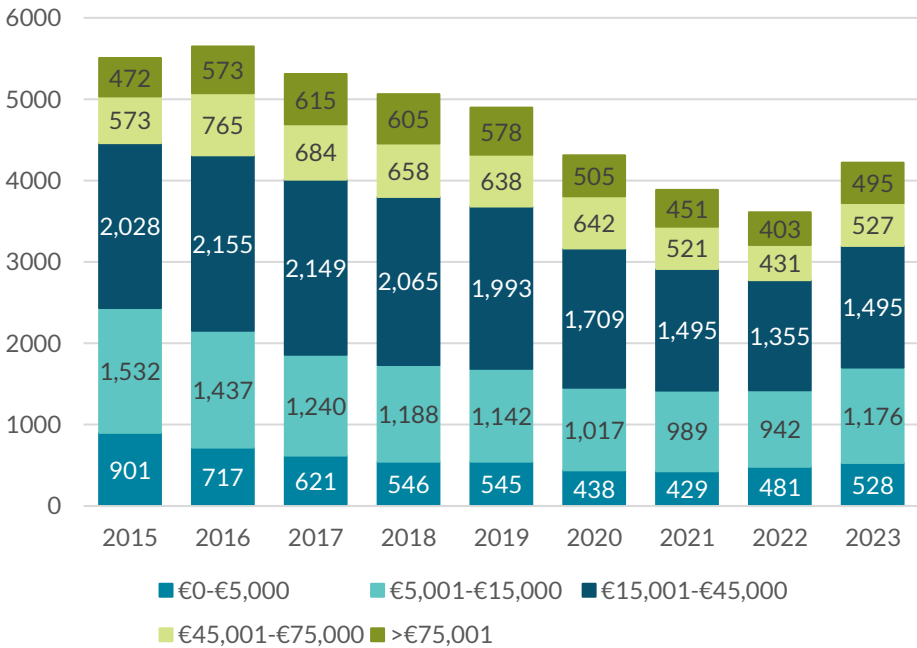


Figure 27 shows the changing number and distribution of compensation awards for all claims combined, settling over the period 2015 to 2023. The number of claims decreased each year from 2016 to 2022 before increasing in 2023. Over this period the distribution of the claims across the different compensation cost bands has remained relatively stable.

Figure 27: The number of all injury claimants, by compensation cost band between 2015 and 2023.



Average Costs of Injury Claims

Table 24 to Table 27 show the average costs of settling injury claims per claimant, split into compensation paid to the claimant, legal fees and other costs²⁴ (e.g., the cost of medical assessment) for EL and PL claims respectively. The complexity or severity of the injury claims settled in the different channels could vary significantly and this should be borne in mind when comparing the cost and time of settling injury claims. The average costs associated with an injury claim are higher for EL claims compared to PL claims across all settlement channels. PL claims account for 61% of the combined total number of EL and PL injury claims, whereas they make up 49% of total settled injury costs.

Table 24: Average EL injury settlement costs for claims less than €150k in each settlement channel across years 2015-2023.

Settled Year	Compensation (€)	Legal (€)	Other (€)	Total (€)
Direct				
2015-2020	21,757	2,149	372	24,278
2021	22,264	3,514	603	26,382
2022	22,418	2,744	161	25,323
2023	22,111	2,433	889	25,432
Injuries Board				
2015-2020	31,938	696	226	32,860
2021	32,535	1,200	939	34,674
2022	26,370	1,487	605	28,463
2023	25,052	1,005	565	26,738
Litigated				
2015-2020	37,945	23,496	564	62,004
2021	37,024	25,547	944	63,514
2022	33,669	23,031	703	57,402
2023	33,631	26,087	623	60,341
All Channels				
2015-2020	31,705	13,251	454	45,409
2021	32,784	17,246	857	50,887
2022	30,112	15,500	565	46,178
2023	30,094	17,626	664	48,402

The average costs by channel for EL and PL claims was stable for the period between 2015 and 2020; the tables of average claim costs show the

²⁴ Note that “other costs” include all other expenses incurred in the course of settling a claim. This may include the cost of assessing claims (e.g., medical or engineering reports), administration costs or 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”.

average cost components for all settlements for the period from 2015 to 2020 combined, 2021, 2022 and 2023.

Table 24 shows the average cost for EL injury claims that settled with a total settled cost less than €150,000 in each of the three channels. This includes 87% of claimants across all channels and 81% of EL claimants who settled through litigation between 2015 and 2023.

Settlements costing more than €150,000 account for 19% of claimants settling through litigation yet they make up 55% of the total settlement costs in that channel. This category includes some very large settlements, which impact the average costs. Excluding these large claims shows that for EL claims settling through litigation for less than €150,000 in 2023, the average settled cost was €60,341, compared to €26,738 for claims settling through the Injuries Board and €25,432 for claims settling directly with the insurer. The average total settled costs for claims settling via the Injuries Board has fallen since 2021 when the Personal Injuries Guidelines were introduced.

Table 25: Average EL injury settlement costs for all claims in each settlement channel across years 2015-2023.

Settled Year	Compensation (€)	Legal (€)	Other (€)	Total (€)
Direct				
2015-2020	24,663	2,717	883	28,263
2021	23,932	4,510	1,927	30,369
2022	26,847	3,165	1,535	31,547
2023	24,795	3,226	1,492	29,513
Injuries Board				
2015-2020	37,183	962	297	38,442
2021	32,788	1,817	1,015	35,619
2022	26,370	1,487	605	28,463
2023	26,877	1,007	600	28,599
Litigated				
2015-2020	73,390	36,745	1,148	110,995
2021	77,568	41,366	1,227	120,160
2022	70,381	41,131	1,440	112,952
2023	65,120	42,661	1,153	108,934
All Channels				
2015-2020	54,307	22,129	964	77,234
2021	61,426	29,429	1,361	92,215
2022	56,658	29,020	1,365	87,043
2023	53,211	30,424	1,132	84,783

In Table 24, legal costs are most significant for claims settling through litigation, comprising 43% of the total settled costs (or 78% of the compensation cost) of litigated EL claims less than €150,000 in 2023. This compares with the direct channel where legal costs were 10% of total cost and the Injuries Board where legal costs averaged 4% of total cost.

Table 25 shows the average settled cost of injury claims for all EL claims. This will be influenced by settlements of large claims which are less consistent year on year. The main difference to Table 24 can be seen in the litigated settlement channel where the average total claim cost increased to €108,934 in 2023. The majority of claims that settle for greater than €150,000 settle in the litigated channel.

Table 26 shows the average cost of settling PL injury claims where the total cost of the claims was less than €150,000. For these claims the compensation awards in the Injuries Board and litigated channels were at similar levels over the period 2015 to 2023. In 2023 the average compensation cost in the litigated channel was €23,803, whilst the average compensation for claims through Injuries Board was €23,794.

Table 26: Average PL injury settlement costs for claims less than €150k in each settlement channel across years 2015-2023.

Settled Year	Compensation (€)	Legal (€)	Other (€)	Total (€)
Direct				
2015-2020	16,879	2,585	240	19,704
2021	17,044	3,946	577	21,567
2022	13,318	3,120	688	17,125
2023	13,540	3,615	525	17,680
Injuries Board				
2015-2020	27,299	1,358	727	29,384
2021	25,272	901	1,135	27,308
2022	21,136	1,745	1,475	24,355
2023	23,794	966	1,568	26,250
Litigated				
2015-2020	26,581	19,611	445	46,636
2021	24,921	20,869	828	46,617
2022	24,687	22,947	1,163	48,797
2023	23,803	23,261	1,102	48,165
All Channels				
2015-2020	23,886	11,749	431	36,066
2021	23,103	14,603	803	38,510
2022	22,400	16,963	1,129	40,492
2023	22,099	16,725	1,075	39,888

Legal costs were substantially higher in the litigated channel compared to the Injuries Board. In 2023 the average legal costs were €23,261 in the litigated channel for PL injury claims settling for less than €150,000 compared to €966 in the Injuries Board channel. Consequently, in 2023 the average total cost for claims is higher in the litigated channel (€48,165) than through the Injuries Board (€26,250).

Table 27 shows the average settled cost of injury claims for all PL claims, including large claims above €150,000. For PL injury claims, the average total settled cost is lower across all channels compared to EL injury claims. In 2023, the average compensation cost of PL settlements in the litigated channel (€39,456) is higher than the average in the direct channel (€13,856) and the Injuries Board channel (€24,298), as claims greater than €150,000 are more likely to be settled through litigation.

Table 27: Average PL injury settlement costs for all claims in each settlement channel across years 2015-2023.

Settled Year	Compensation (€)	Legal (€)	Other (€)	Total (€)
Direct				
2015-2020	17,533	2,810	662	21,006
2021	17,618	3,961	559	22,139
2022	13,473	3,908	676	18,057
2023	13,856	3,670	533	18,060
Injuries Board				
2015-2020	28,256	1,405	661	30,322
2021	25,272	901	1,135	27,308
2022	21,835	1,738	1,494	25,067
2023	24,298	969	1,602	26,790
Litigated				
2015-2020	40,303	24,883	660	65,101
2021	35,817	26,228	1,008	63,052
2022	35,750	28,051	1,289	65,090
2023	39,456	31,297	713	71,467
All Channels				
2015-2020	32,038	15,032	661	47,311
2021	30,524	18,392	920	49,835
2022	30,536	20,962	1,221	52,718
2023	33,270	22,658	810	56,727

For PL injury claims, legal costs are a higher proportion of costs compared to EL injury claims, and are most significant for litigated settlements. They amounted to 44% of the total costs (79% of compensation costs) for litigated PL injury claims in 2023. This compares to the Direct channel where legal costs averaged 20% of total costs (26% of compensation costs)

and the Injuries Board where legal costs averaged 4% of total costs (4% of compensation costs).

Table 28: Average injury settlement costs of liability claims by settlement channel, using the 5-way settlement channel and cost splits, between 2019 and 2023²⁵.

Settlement Channel	Comp - General Damages (€)	Comp - Special Damages (€)	Legal Own (€)	Legal Third Party (€)	Other (€)	Total (€)
All Claims						
Direct before Injuries Board	15,219	2,372	3,646			21,237
Injuries Board	25,112	2,024	349	484	1,148	29,117
Direct after Injuries Board	23,480	3,083	629	5,280	583	33,055
Litigated before Court Award	40,356	12,263	12,694	21,443	951	87,707
Litigated with Court Award	22,745	5,017	10,322	18,523	1,440	58,047
Claims <€150k						
Direct before Injuries Board	14,300	2,257	2,115		524	19,195
Injuries Board	24,508	1,785	349	484	1,220	28,347
Direct after Injuries Board	22,651	2,590	434	5,138	564	31,378
Litigated before Court Award	26,557	2,345	9,065	14,585	737	53,288
Litigated with Court Award	18,255	648	6,907	13,679	1,192	40,681

Table 28 shows the average costs of settling injury claims per claimant, using the 5-way settlement channel and cost type split for liability claims between 2019 and 2023. Here, compensation costs are split into general damages and special damages. 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 insurers' own legal costs and third party legal costs. Own legal costs are the legal costs incurred by the insurer in settling a claim and third party legal costs are

²⁵ The statistics in Table 28 are based on data from firms that insured 60% of the EL, PL and Commercial Property insurance market in Ireland in 2023. Please note that it is not possible to publish information on all data points due to statistical confidentiality rules applied to the data.

those incurred by the claimant in the course of settling a claim and which were paid by the insurer.

Table 28 shows that between 2019 and 2023, liability claimants who settled directly after the Injuries Board had an average total settlement cost of €33,055, compared to €21,237 for those who settled directly before the Injuries Board, and €29,117 for those who settled through the Injuries Board.

Legal costs made up the largest difference between the average total costs of claims settled through the Injuries Board and claims settled directly after the Injuries Board. The average third party legal costs for claims settled directly after the Injuries Board were €5,280 compared to €484 for claims settling through the Injuries Board.

Liability claimants who settled through litigation before a court award between 2019 and 2023 had an average total cost of €87,707 compared to €58,047 for those who settled with a court award.

For claimants who settled through litigation before a court award, legal costs totalled 39% of the total settled cost (or 65% of compensation cost), split 14% own legal costs and 24% third party legal costs. For those who settled with a court award, legal costs totalled 50% of total cost (or 104% of compensation cost), split 18% own legal costs and 32% third party legal costs.

Table 29 shows the average legal costs for claims settling via litigation between 2019 and 2023. Third party legal costs increased by 19% from €19,932 in 2019 to €23,731 in 2023. In the same period insurers own legal costs increased by 4% from €12,669 to €13,143.

Table 29: Average legal costs for claims settling via litigation across years 2019-2023.

Legal Cost	2019	2020	2021	2022	2023
Average Litigated Legal Own Costs (€s)	12,669	12,401	12,112	12,324	13,143
Average Litigated Legal Third Party Costs (€s)	19,932	19,931	21,215	21,304	23,731

Duration of Injury Claims

Settlement duration is the time lag between the accident being reported to an insurer and the claim being settled. Table 30 shows the average number of years from when the claim event was reported until the claim was settled for all claims settling in years 2015 to 2023.

Across all years, damage claims settled much faster than injury claims, with an average duration from the reported quarter to the settled quarter of 0.6 years compared to 4.8 years for an injury claim in 2023. Of the injury claims, litigated claims took the longest to settle, with an average duration of 5.8 years in 2023. Claims settled directly and via the Injuries Board had an average duration of 2.3 years in 2023.

Settlement durations by settlement channel remained relatively consistent for injury claims over the period 2015 to 2019. The average settlement durations for injury claimants increased in 2020 and later years across all settlement channels.

Table 30: The average time at settlement since the claim event was reported, for claims settled between 2015 and 2023.

Years	2015	2016	2017	2018	2019	2020	2021	2022	2023
Injury Claims									
Direct	1.4	1.4	1.7	1.8	1.5	1.9	2.1	2.0	2.3
Injuries Board	1.7	1.8	1.8	1.8	1.7	2.2	2.2	2.3	2.3
Litigated	4.5	4.5	4.5	4.5	4.5	4.7	5.1	5.2	5.8
All Claims									
Injury	3.0	3.1	3.3	3.3	3.4	3.7	4.1	4.3	4.8
Damage	0.8	0.9	0.9	0.7	0.6	0.6	0.7	0.7	0.6

As can be seen in Table 31, in 2023 claims settled directly before the Injuries Board had the shortest settlement duration (2.0 years). Claims settled directly after the Injuries Board had a longer settlement duration on average (3.0 years) compared to those that were settled through the Injuries Board (2.2 years).

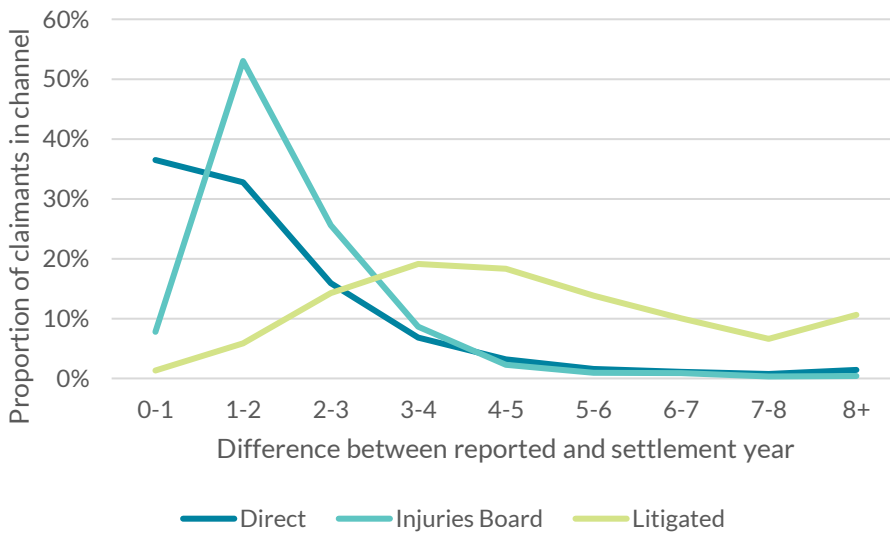
Table 31: The average time in years since the claim event was reported, for injury claims settled in 2019-2023.

Settlement Channel	2019	2020	2021	2022	2023
Direct before Injuries Board	1.2	1.8	1.7	1.7	2.0
Injuries Board	1.7	2.2	2.2	2.3	2.2
Direct after Injuries Board	1.9	2.1	2.8	2.6	3.0
Litigated before Court Award	4.5	4.7	5.1	5.3	5.9
Litigated with Court Award	4.2	4.5	4.8	5.2	5.5

On average, claims settled through litigation before a court award had a slightly longer duration (5.9 years) compared to litigation with a court award (5.5 years) in 2023. Similar to Table 30 above, the average settlement duration across all channels except the Injuries Board has increased in 2023 when compared to previous years.

Figure 28 shows how the distribution of time taken to settle injury claims varies by settlement channel. It can be seen that litigated claims have a greater spread of settlement delays. Although nearly half of claimants (41%) who settled through litigation had their claim settled within four years of the accident being reported, 27% of claimants took six or more years to have their claim settled. For direct settlements, 3% of claimants and for the Injuries Board, 1% of claimants took six or more years to settle.

Figure 28: Distribution of injury claimants by duration of settlement process for injury claims settled between 2015 and 2023.



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

Only a small proportion (13%) of litigated claims settled under the Personal Injuries Guidelines in H2 2023. Therefore their impact in this channel cannot be determined.

Change in average injury claim costs for claims settled under the Guidelines in 2023 compared to claims settled under the Book of Quantum in 2020:

EL claims:

- -31% for claims settled directly before Injuries Board
- -13% for claims settled through Injuries Board
- -36% for claims settled directly after Injuries Board

PL claims:

- -29% for claims settled directly before Injuries Board
- -22% for claims settled through Injuries Board
- -35% for claims settled directly after Injuries Board

Background

Grouping of Claims

Similar to Part 4, claims discussed in this section have been collected on a settlement year basis i.e., 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 6th of March 2021 and implemented with effect from the 24th of April 2021. They provide the basis for determining compensation awards. Additional background to the Personal Injuries Guidelines can be obtained in Appendix 3.

Important Points to Note

Given the relative recentness of the introduction of the Personal Injuries Guidelines, there are limitations to the insight that can be derived from the data as at 2023 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 between 2021 and 2023 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 2023, and so will not yet feature in this data.
- (4) The relative mix of claim types settled within each channel may change over time, and in particular following a change such as the introduction of the Guidelines.

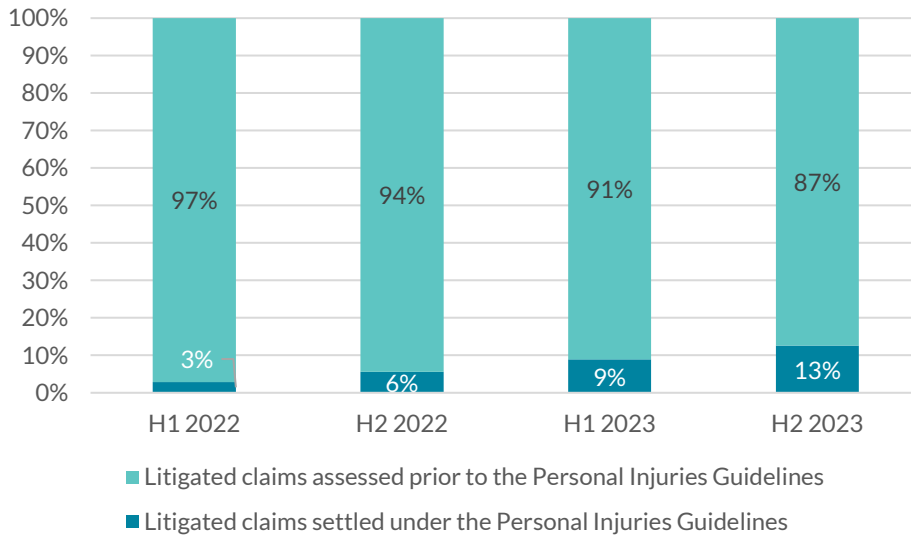
Settlements under the Guidelines

The average time to settle injury claims varies significantly by settlement channel (see Table 31). It may take many years for injury claims to settle. Therefore, many of the claims that have been assessed under the Guidelines may not have settled by 2023, and so will not yet feature in this data. It will take some time for insight on the impact of the Guidelines to be fully available.

For claims settled directly with insurers or via the Injuries Resolution Board, where claims settle faster compared to litigation, 99% of all settled

claims in 2023 had awards settled using the Guidelines. As can be seen from Figure 29, the proportion of litigated claims settling under the Guidelines has been increasing since their introduction, from 3% of claims in H1 2022 to 13% in H2 2023.

Figure 29: Proportion of litigated injury claimants settled under the Personal Injuries Guidelines and the Book of Quantum in 2022 and 2023.



Impact of the Guidelines on average claim costs

To assess the impact of the introduction of the Guidelines, the average cost of claims settled under the Personal Injuries Guidelines between 2021 and 2023 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 Guidelines²⁶.

A comparison of the impact of the Personal Injuries Guidelines on average claims cost is provided for the Direct before the Injuries Board, Direct after Injuries Board and Injuries Board settlement channels, as there are a reasonable number of claims settled under the Guidelines in these channels.

Impact of Guidelines on Direct and Injuries Board Channels

Table 32 provides a comparison of the average cost for claims that settled through the Direct before Injuries Board, the Injuries Board, and Direct after Injuries Board settlement channels in 2023 under the Personal

²⁶ 2019 was also considered as the base year for this comparison. However, it was shown to be relatively similar to 2020.

Injuries Guidelines against those that settled in 2020 with reference to the Book of Quantum.

The average cost of claims was 31% lower for Employers' Liability claims that settled directly before the Injuries Board, 36% lower for EL claims settling directly after the Injuries Board and 13% lower for EL claims settling via the Injuries Board under the Personal Injuries Guidelines compared to the Book of Quantum.

For Public Liability claims that settled directly before the Injuries Board, the average cost was 29% lower under the Personal Injuries Guidelines in 2023 compared to the Book of Quantum in 2020, 35% lower for PL claims settling directly after the Injuries Board and 22% lower for PL claims settling via the Injuries Board.

Table 32: Comparison of the average cost of claims settled under the Personal Injuries Guidelines in years 2021-2023 and those settled under the Book of Quantum in 2020.

Settlement channel	Settled under Book of Quantum	Settled under Personal Injuries Guidelines			% Difference 2023 vs 2020
	2020	2021	2022	2023	
Employers' Liability					
Direct before Injuries Board	29,718	15,215	20,966	20,449	-31%
Injuries Board	32,589	19,058	26,924	28,428	-13%
Direct after Injuries Board	44,577	26,332	33,548	28,311	-36%
Public Liability					
Direct before Injuries Board	17,591	10,584	9,573	12,522	-29%
Injuries Board	31,867	19,657	22,155	24,790	-22%
Direct after Injuries Board	30,952	20,465	16,690	20,025	-35%

Impact of Guidelines on the Litigated Channel

The Personal Injuries Guidelines have not yet materially impacted the cost of claims settled via litigation. Only 13% of claims settled via litigation in 2023 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 (5.8 years on average for litigation claims settled in 2023).

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 the Injuries Board is significant, they have not yet had a marked impact on the overall claims settlement cost.

Table 33 provides a breakdown of total claims cost between each settlement channel in 2020 (before the introduction of the Personal Injuries Guidelines) and 2023. In 2020, the direct and Injuries Board channels accounted for 16% of the total claims cost. As such, a large reduction in average claim costs in these channels, such as that shown in Table 32, 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 to see the impact of the Personal Injuries Guidelines in this channel.

Table 33: 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 2023.

Settlement channel	2020	2023	
	Settled under Book of Quantum	Settled under Book of Quantum	Settled under Personal Injuries Guidelines
Direct before Injuries Board	5%	1%	2%
Injuries Board	5%	0%	5%
Direct after Injuries Board	6%	1%	1%
Litigated	84%	85%	5%
Total across all settlement channels	100%	87%	14%

PART 6 – Claim Development

Data on the development of claims was collected for accident years 2009-2023. This data forms the basis for insurers' estimates of ultimate claims 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 2019 to 2023. It also provides insight into the underlying claims development patterns.

Key Insights and Findings

In 2023, insurers' best estimate of total claims costs for EL, PL and Commercial Property decreased by approximately €162m (or 2.4% of total claims cost) across accident years 2009 to 2022. This made a significant contribution to the industry's profit as reported in Part 3.

As at 31 December 2023, 15% of the expected ultimate claims costs for accident year 2023 are paid, 41% are claim reserve estimates and 45% are estimates of the cost for claims that have not yet been reported.

The development of claims costs varies significantly by policy type, with Commercial Property claims developing and being paid faster than EL or PL claims. This is driven by Commercial Property primarily covering Damage claims which tend to be reported and settled much faster than Injury claims.

Premium and Claims Cost by Reporting Year²⁷

The trends in claims costs shown in Part 2 of this report are based on estimates of ultimate claims costs²⁸ for each accident year, calculated as at 31 December 2023. 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 uncertain and there is greater reliance on judgement.

In 2023, insurers' best estimates of total claims costs across EL, PL and Commercial Property insurance and accident years 2009-2022 decreased by €162m (2.4% of total claims costs).

A decrease to an insurer's total estimate of ultimate claims cost will result in reserve releases which add to profitability (or reduce losses) in the year they are released. Similarly, increases to an insurer's estimates of ultimate claims costs typically lead to an increase in reserves which reduce profitability (or add to losses) in the year they are increased.

²⁷ This section is based on 71% market coverage to provide a consistent comparison against the ultimate claims costs reported for previous EL, PL and Commercial Property NCID reports.

²⁸ Key concepts including ultimate claims cost can be found on the NCID webpage - [https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database/key-terms---national-claims-information-database-\(ncid\)](https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database/key-terms---national-claims-information-database-(ncid)).

Figure 30: The ratio of ultimate claims costs to premiums (loss ratio) for Employers’ Liability as at 31 December 2019-2023 and for accident years 2009-2023.

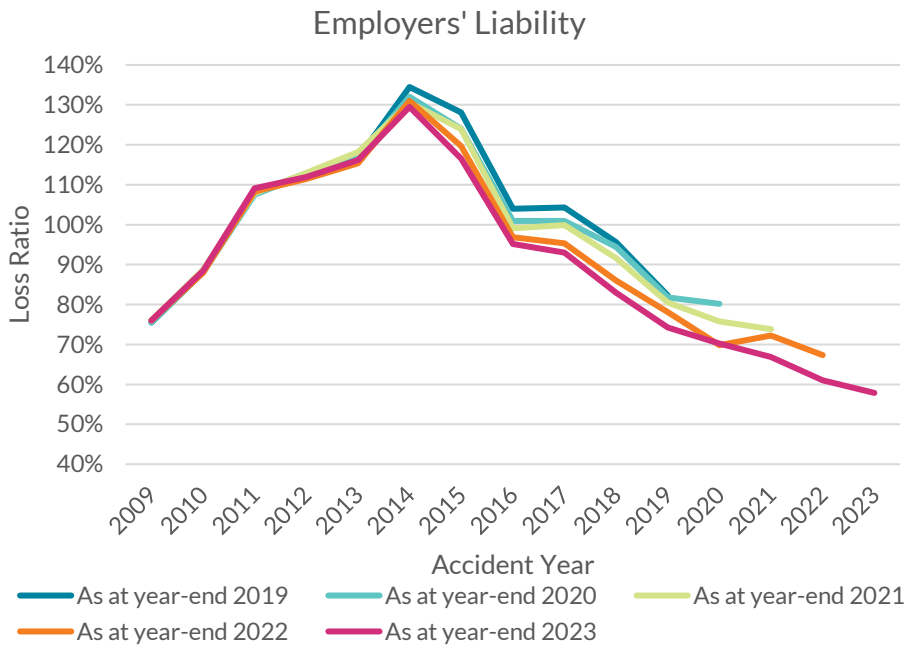


Figure 30 shows the loss ratio for EL claims using ultimate claims costs calculated at each year-end from 2019 to 2023. The loss ratio increased from 75% in 2009 to 128% in 2014 before reducing to 58% in 2023 (year-end 2023 values). In recent years the recalculation of the ultimate claims cost has generally been to reduce the value and release reserves. For example, the loss ratio estimated for accident year 2019 was 82% when reported as at year-end 2019. Subsequently the value was revised to 80% as at year-end 2021 and 74% when reported in the 2023 data submission (as at year-end 2023).

Figure 31 shows the loss ratio for PL claims. The loss ratio has been falling since 2015 when it was 96%, reaching 49% in 2023 (year-end 2023 values). In recent years the ultimate claims costs and therefore the loss ratios have primarily been revised downwards reflecting the impact of COVID-19 and the introduction of the Personal Injuries Guidelines, but have been revised upwards for some accident years. Data reported in respect of 2023 shows that the expected loss ratio for accident year 2021 was 51%, whereas as at year-end 2022 insurers were estimating it to be 47%. The opposite happened for accident year 2022: the estimated loss ratio was reduced to 51% in the 2023 data, from 54% reported the year before.

Figure 31: The ratio of ultimate claims costs to premiums (loss ratio) for Public Liability as at 31 December 2019-2023 and for accident years 2009-2023.

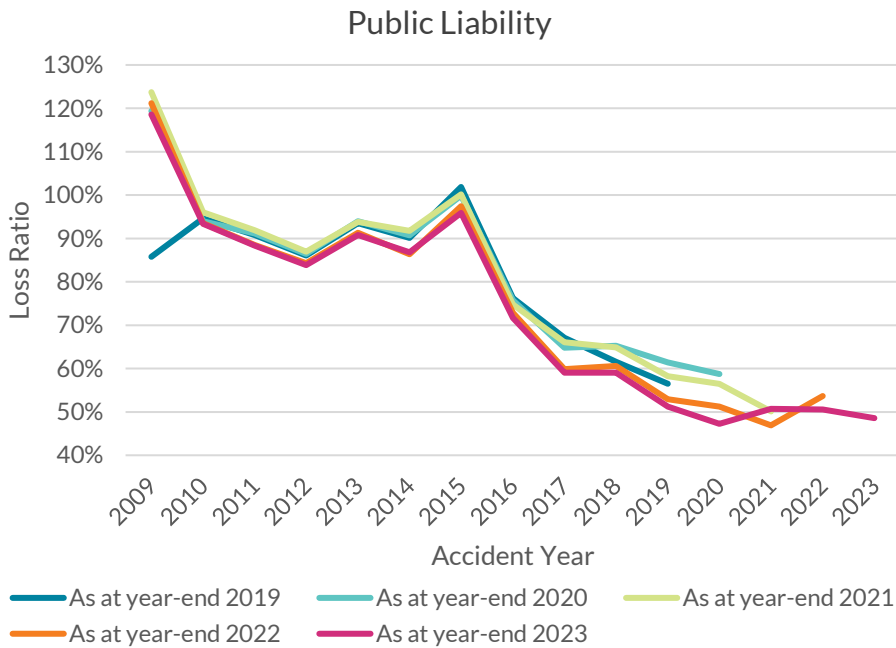


Figure 32: The ratio of ultimate claims costs to premiums (loss ratio) for Commercial Property as at 31 December 2019-2023 and for accident years 2009-2023.

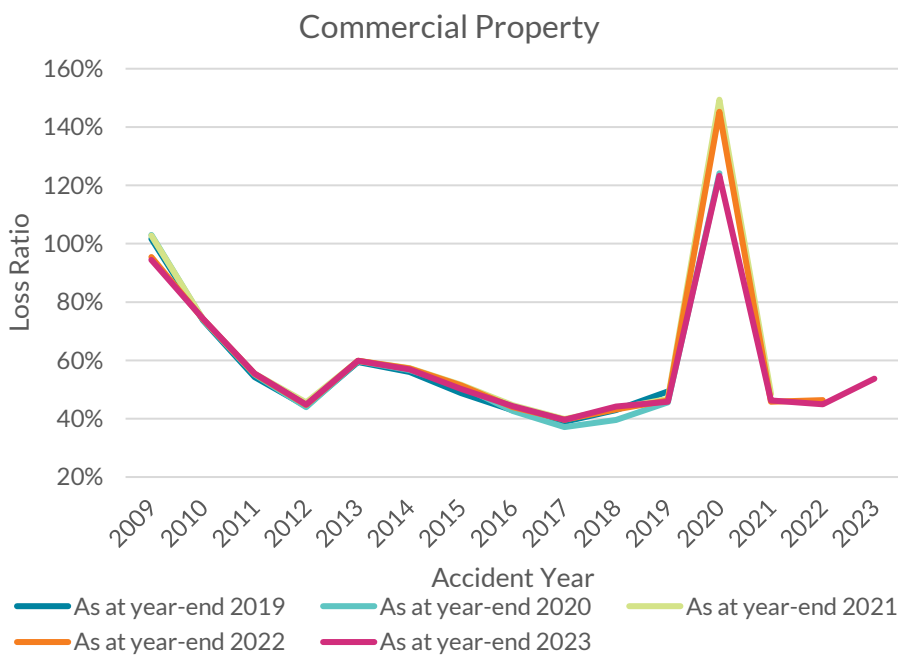


Figure 32 shows the loss ratio for Commercial Property claims. From 2011 onwards, the loss ratio was within a range of 40% to 60%, with the exception of 2020. The loss ratio in 2020 increased markedly because of Business Interruption claims resulting from COVID-19 related restrictions. However, the estimated loss ratio for accident year 2020 fell from 149% as at year-end 2021 to 123% as at year-end 2023 data.

Overall, the estimates of total ultimate claims costs have remained relatively stable over the years, with the combined EL, PL and Commercial Property loss ratio being within the 50-55% range for each year from 2019 to 2023, with the exception of 2020 which is an outlier at 87%.

Claim Development Patterns²⁹

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 results of this analysis are usually a key input in the estimation of insurers' ultimate claims cost.

Table 34 and Table 35 show the proportion of ultimate claims costs that are incurred for each accident year across development years for EL and PL. The development year measures the number of years that have passed since the start of the relevant accident year.

Incurred claims 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.

²⁹ This section shows claim development patterns for 73% of the EL, PL and Commercial Property market (based on the proportion of 2023 gross earned premium).

From Table 34 and Table 35 it can be seen that PL claims generally develop to their ultimate claims costs faster than EL claims. Across all accident years, at least 41% of ultimate claims costs for PL are incurred in development year 1, 54% are incurred by development year 2 and 67% by development year 3. In contrast, these figures are 32%, 41% and 57% respectively for EL.

Where the incurred claims costs as a percent of ultimate claims costs is greater than 100%, this suggests that insurers' estimates for incurred claim costs at that time were greater than what they ultimately settled for, or what they currently expect these claims to ultimately settle for.

Table 36: Incurred claims costs as a percentage of current ultimate claims costs for each accident year across development years, for Commercial Property.

Commercial Property															
Accident Year	Development Year														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	111%	109%	105%	105%	106%	108%	109%	110%	109%	110%	110%	110%	110%	101%	100%
2010	87%	107%	104%	104%	105%	104%	103%	100%	100%	100%	100%	100%	100%	100%	
2011	112%	103%	102%	102%	101%	101%	101%	101%	100%	100%	100%	100%	100%		
2012	112%	102%	102%	101%	100%	101%	100%	100%	100%	100%	100%	100%			
2013	109%	107%	103%	103%	103%	102%	100%	99%	99%	99%	100%				
2014	107%	101%	100%	100%	100%	99%	99%	99%	99%	99%					
2015	101%	104%	103%	102%	103%	102%	101%	101%	101%						
2016	102%	97%	98%	98%	98%	98%	97%	97%							
2017	107%	100%	99%	99%	99%	98%	98%								
2018	104%	98%	98%	97%	96%	96%									
2019	92%	99%	98%	98%	97%										
2020	60%	94%	95%	99%											
2021	82%	86%	88%												
2022	77%	81%													
2023	77%														

Table 36 shows the proportion of ultimate claims costs that are incurred by accident year and development year for Commercial Property. Commercial Property claims tend to develop much faster than EL or PL claims as a result of Commercial Property business primarily covering damage claims, the costs for which can be reasonably accurately estimated faster than injury claims. Property claims tend to settle much faster than EL or PL claims.

The 2020 accident year is an outlier here for Commercial Property as it is unusually uncertain as a result of COVID-19 and the consequent business interruption claims in this year.

Table 37, Table 38 and Table 39 show the proportion of ultimate claims costs that are paid for each accident year across development years for EL,

Table 38: Paid claims costs as a percentage of current ultimate claims costs for each accident year across development years, for Public Liability.

Public Liability															
Accident Year	Development Year														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	7%	20%	34%	49%	63%	77%	85%	90%	93%	96%	97%	97%	98%	98%	98%
2010	6%	16%	30%	48%	61%	76%	82%	88%	91%	94%	95%	96%	97%	97%	
2011	5%	16%	30%	45%	60%	71%	78%	83%	85%	88%	95%	96%	98%		
2012	6%	16%	31%	47%	61%	74%	79%	84%	87%	89%	91%	92%			
2013	5%	15%	30%	48%	61%	72%	80%	85%	88%	91%	93%				
2014	7%	18%	34%	49%	63%	72%	77%	83%	85%	88%					
2015	4%	14%	26%	37%	50%	59%	65%	72%	75%						
2016	4%	15%	28%	41%	53%	62%	68%	73%							
2017	4%	14%	28%	39%	51%	59%	67%								
2018	4%	13%	24%	34%	43%	56%									
2019	5%	11%	21%	30%	40%										
2020	4%	9%	15%	23%											
2021	4%	8%	13%												
2022	4%	8%													
2023	4%														

Paid costs are much slower to develop to ultimate due to the time lag between when claims are reported and their costs are estimated, to when claims are settled and paid. For example, while incurred costs for EL and PL claims are between 87% and 113% of ultimate claims costs by development year 5, only between 33% and 63% of EL and PL ultimate claims costs have been paid by this time.

Table 39 shows that, as with incurred claims cost as a percentage of ultimate claims, paid costs develop to ultimate much faster for Commercial Property claims than they do for EL or PL claims. On average, 41% of Commercial Property ultimate claims costs are paid in development year 1, 82% by development year 2 and 99% by development year 5.

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

As mentioned previously, the 2020 accident year for Commercial Property will be particularly uncertain given the unique nature of this year as a result of COVID-19 and business interruption claims. The difference in values for 2020 compared to other accident years highlights this uncertainty.

Appendix 1 – Supporting Documentation

Background to NCID reports:

- [https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database/background-to-the-national-claims-information-database-\(ncid\)](https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database/background-to-the-national-claims-information-database-(ncid))

Key Concepts

- [https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database/key-terms---national-claims-information-database-\(ncid\)](https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database/key-terms---national-claims-information-database-(ncid))

Appendix 2 - Trends in Premium Costs - Standalone Policies

Standalone policies are policies which include only one of EL, PL or Commercial Property insurance covers. In 2023, Standalone policies made up 14% of all policies, or 6% of all insurance covers. The 14% of policies consists of 1% EL, 8% PL and 5% Commercial Property policies. Standalone policies make up 40% of total earned premium.

Table 40: The proportion of policies and gross earned premium by premium band and policy type, for Standalone policies in 2023³⁰.

Premium Band	Employers' Liability		Public Liability		Commercial Property	
	% of Policies	% of Premium	% of Policies	% of Premium	% of Policies	% of Premium
€1-€1,000	16%	0%	85%	4%	66%	2%
€1,001-€2,000	15%	1%	5%	1%	11%	1%
€2,001-€5,000	18%	1%	4%	2%	8%	2%
>€5,001	51%	98%	5%	93%	14%	94%

Table 40 shows the distribution of policies and premium across premium size bands and policy types. For each policy type the majority of gross earned premium is attributed to the proportion of policies with a premium greater than €5,000. This reflects the very large Standalone policies which can be found in the EL, PL and Commercial Property insurance markets.

As highlighted for Package policies, the average earned premium may be significantly influenced by changes to the underlying mix of policies over time. This is particularly relevant for Standalone policies given that they make up a much smaller proportion of the market and include some very large policies. Policies entering or leaving the dataset will have a greater influence on the average for Standalone policies than they will for Package policies.

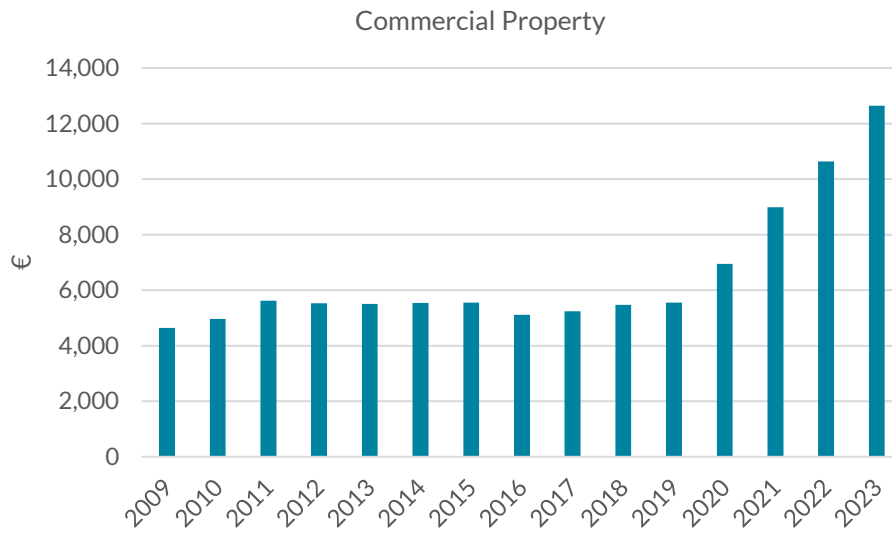
As shown in Figure 33, the average earned premium for EL policies increased by 123% from €26,011 in 2009 to €57,991 in 2020, decreased by 18% to €47,736 in 2022 before increasing 9% in 2023 to €52,016. There were much fewer Standalone EL policies earned over the period compared to PL or Commercial Property and the premium for these policies was higher on average.

³⁰ Table 40 is based on 84% market coverage.

The average earned premium for Standalone PL policies increased by 66% from €4,588 in 2009 to €7,594 in 2023, and by 161% for Commercial Property from €4,646 in 2009 to €12,141 in 2023. The average earned premium for Standalone Commercial Property policies has increased significantly since 2019.

Figure 33: The average earned premium for Standalone policies by policy type, for years 2009 to 2023.





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 the Injuries Board 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 the Injuries Board data.

Between 2021 and 2023, 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 Injuries Board 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 the Injuries Board, Direct after the Injuries Board or the Litigated before Court Award settlement channels refer to claims that would have been assessed under the Guidelines if they were assessed by the Injuries Board or settled through litigation with a court award.

Appendix 4 - List of Participating Insurers.

Table 41: Firms who contributed data to this report.

Authorisation Status	Undertaking Name
Irish Authorised	Allianz PLC
	Allied World Assurance Company (Europe) DAC
	Arch Insurance (EU) DAC
	Aviva Insurance Ireland DAC
	AXA Insurance DAC
	AXIS Specialty Europe SE
	Berkshire Hathaway European Insurance DAC
	Chaucer Insurance DAC
	Everest Insurance (Ireland) DAC
	FBD Insurance PLC
	Hamilton Insurance DAC
	IPB Insurance CLG
	Markel International Insurance Company Ltd
	RSA Insurance Ireland DAC
	Travelers Insurance DAC
XL Insurance Company SE	
Zurich Insurance PLC	
EU/EEA Authorised, Freedom of Establishment basis	AIG Europe S.A. (Irish Branch)
	Chubb European Group SE (Irish Branch)
	Ecclesiastical Insurance Office PLC
	HDI Global SE
	Hiscox S.A (Irish Branch)
	Liberty Mutual Insurance Europe SE
	Liberty Seguros Compania de Seguros y Reaseguros
RiverStone Insurance (UK) Limited	

EU/EEA Authorised, Freedom of Services basis	Allianz Risk Transfer AG
	Allianz Versicherungs AG
	ArgoGlobal SE
	CNA Insurance Company (Europe) S.A. (UK)
	ERGO Versicherung AG
	Generali Italia S.P.A
	Generali Espana S.A. de Seguros y Reaseguros
	HDI Versicherung AG
	If P&C Insurance Ltd (publ)
	Lloyd's of London
	Mitsui Sumitomo Insurance Company (Europe) Limited
	QBE Europe SA/NV
	SI Insurance (Europe), SA
	Starr International (Europe) Limited
	Tokio Marine Europe S.A. (UK)
	Unipol Assicurazione S.P.A.
	WAKAM
Wurttembergische Versicherung AG	
Zavarovalnica Sava d.d.	



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