

# Irish Hotels Federation



**Submission to the Joint Oireachtas Committee on  
Enterprise and Small Business**

***Insurance Reform***

March 2003

## Table of Contents

<b>1. Introduction</b>	<b>1</b>
<b>2. How Insurance Costs are Crippling the Hotel and Guesthouse Sector</b>	<b>2</b>
<b>3. The Issues which need to be tackled</b>	<b>4</b>
<b>4. Recommended Action – The Personal Injuries Assessment Board (PIAB)</b>	<b>6</b>
<b>5. Recommended Action – Protection against Fraudulent and Exaggerated Claims</b>	<b>8</b>
<b>6. Recommended Action – Bringing About Changes in the Courts and Legal Systems</b>	<b>9</b>
<b>7. Recommended Action – Reforming the Insurance Industry</b>	<b>12</b>
<b>8. Conclusion</b>	<b>14</b>

## 1. INTRODUCTION

- 1.1 The Irish Hotels Federation (IHF) welcomes this opportunity to make a submission to the Joint Oireachtas Committee on Enterprise and Small Business. **Insurance reform is now an issue of such significance that it has become an imperative for the continued viability of the hotel and guest house sector and for the survival of individual businesses within the sector.**
- 1.2 Over the last two years or so, the issues involved in insurance reform have been widely publicised and analysed. Through various mechanisms such as the Alliance for Insurance Reform and the Business Insurance Alliance, the IHF and its members have contributed significantly to highlighting the case for reform. Government consideration of the issues involved has been evident through the MIAB and otherwise. **There is no longer any doubt as to the need for reform.**
- 1.3 However, the IHF is anxious to impress upon the Committee that the time for consideration and analysis has passed and that the time for action is long overdue. Many of the initiatives planned for reforming the insurance regime in Ireland do not go far enough and will not achieve the radical shake-up necessary. **The pace of change is unacceptably slow.** While Government, and the various vested interests involved (the insurance companies, the legal profession, the medical profession, the Courts regime etc), continue to procrastinate and to avoid the substantive issues involved, **individual businesses find themselves in a situation where their very existence is under threat.**
- 1.4 The purpose of this submission is to set out succinctly for the Committee:
  - The reasons why insurance reform is necessary;
  - The issues which need to be tackled;
  - The actions which are now urgently needed to bring about necessary change.
- 1.5 In preparing this submission for the Committee, the IHF engaged FGS Consulting to carry out a survey of our over 900 member businesses and to assist us in relating the issues and concerns of our members to known or planned initiatives (such as the proposed setting up of a Personal Injuries Assessment Board) for addressing the substantive issues involved under appropriate headings as set out on the contents page. This submission also includes a “story board” of individual real life cases which chronicles, by example, the impossible situation facing our members under the current insurance regime in Ireland.
- 1.6 We request that the Committee carefully consider our views and that it will use its influence and authority to galvanise immediate action on the issues involved. **Effective action which will bring down insurance costs in the short-term is our most immediate and urgent need.**

## 2. HOW INSURANCE COSTS ARE CRIPPLING THE HOTEL AND GUESTHOUSE SECTOR

2.1 The following key points emphasise the extent to which insurance costs have escalated out of all proportion:

- **The mean increase in insurance premiums in the hotel and guesthouse sector over the period 2000 to 2003 has been 351%.**
- **Annualised premium increases in 2000, 2001 and 2002 have been in the range of 30-60%.**

There is no objective, nor transparent rationale for such increases.

In addition, over the same period, excesses on insurance policies have, in many cases increased by over 2,000%.

2.2 The hotel and guesthouse sector is highly competitive. We are in a low margin business which is highly competitive and extremely price sensitive. The increased cost of insurance cannot be passed on to our customers. In any event, there is significant evidence from Bord Failte, Tourism Ireland Ltd. and elsewhere, that the Irish tourism product is viewed as expensive by international comparison. The high cost of compliance (insurance, local authority charges, the taxation regime, levies, employment related costs etc) is the major contributory factor in this situation.

2.3 The exorbitant increases in insurance costs (30-60% per annum) have taken place against a background of an annual inflation rate which has been running, over the same period, at less than 5%.

2.4 The stark reality for our members in the market place is that insurance cost increases now amount to the biggest potential threat to continued viability. **Insurance is now the biggest below the line cost item impacting on individual businesses in the sector.**

2.5 In trying to deal with the insurance market in Ireland, against the background set out above, our members experience the following major difficulties:

- **It is impossible to obtain a range of quotations for cover. At best it may be possible to get two quotes. However, for many businesses with additional facilities (e.g. night clubs), they are captives of their current supplier.**
- **The insurance industry, through the imposition of large excesses and other exceptions to cover, has effectively placed many businesses in a position whereby they are, to all practical intents and purposes, providing self cover. This is a financially dangerous and unacceptable situation.**
- **No matter what steps our members take to manage and reduce risks, these have little or no impact on the rate of premium charged. There is no correlation between claims history and premiums either on an individual business by business basis, nor on a sectoral basis. The case made by insurance companies that premium increases reflect claims experience does not stand up in this sector.**

- 2.6** It would, in all circumstances, be difficult to overstate the extent to which insurance costs, and the difficulties involved in obtaining adequate cover, are crippling the hotel and guesthouse sector. In the subsequent sections of this submission, we identify what we believe to be the primary causal factors for the current unsatisfactory situation and we set out a clear action programme for immediate amelioration of the situation. **Our recommendations are both practical and implementable.**

### 3. THE ISSUES WHICH NEED TO BE TACKLED

- 3.1 The primary causal factors underpinning the current unsatisfactory and unsustainable insurance regime in Ireland may be summarised as follows:

#### **There is Insufficient Competition In The Insurance Market.**

There are too few insurance companies operating in the market and fewer still willing to provide a service (especially for public liability cover) to our members. The anti-competitive practices emanating from low participation by insurance companies in the market have the effect of creating a market place which has all the characteristics which would prevail if a cartel were in operation. Removing the disincentives and effective barriers to entry to the market is an absolute imperative. **Effectively the costs to insurance companies (including, primarily, the cost of claims) of doing business in the Irish market must be reduced.**

#### **Fraudulent and Exaggerated Claims are an Endemic Problem.**

Despite recent publicity, and some initiatives by the insurance industry itself, not enough is being done to tackle the issue of fraudulent and exaggerated claims. A concerted programme of action is urgently needed to provide protections against such claims and to investigate and prosecute those involved. The same effort that has gone into dealing with such issues as drink driving, speeding etc which has led to a **seismic shift in public attitudes to what constitutes socially unacceptable behaviour** now needs to be aimed at the issue of fraudulent and exaggerated insurance claims. Such claims in an era of an increasingly litigious public, cloud the issues for all parties in attempting to deal with genuine claims.

#### **Legal and Professional Fees are Unnecessarily High Drivers of Costs**

The continued existence of anti-competitive practices, and the absence of independent regulation and statutory control of certain professions (chiefly, in this instance, the legal and medical professions), is a matter of grave concern to our members. We wonder how much more evidence and how many more reports (the latest of which is the Indecon Report on lack of competition in key professions) will be necessary before Government takes action on these anti-competitive practices. **The whole issue of the high cost of claims is underpinned by the degree to which claims costs are driven by high fees to the legal and medical professions.** Self-regulation, as a model of operation for these professions, has not worked and the continued slow pace at which change is being embraced by these professions, which effectively are in a position to undermine initiatives by Government and the industry to reduce insurance costs, is a clear testament to the need for direct Government action.

### Ireland Has Higher Compensation Costs than Most Other Countries

The inter-dependent relationships between the Courts regime, the legal and medical professions, the insurance industry and the statutory and regulatory frameworks which currently exist, have combined to create a situation where the compensation awards in Ireland are higher than elsewhere and markedly so in the case of our nearest neighbour, the UK. Any attempt to deal with the cost of claims issue based on carrying into the future the historic levels of awards established by the Irish Courts system will fail to resolve the problems involved. **International benchmarking, leading to greater certainty and standardisation of awards in successful claims cases, is absolutely essential in bringing much needed order into the compensation awards regime.**

- 3.2 The net effect of the foregoing issues, in their various manifestations, is that the Insurance Sector in Ireland is characterised by:
- **Few market participants and no effective competition.**
  - **High incentives to go to litigation in a Courts and legal regime which is effectively devoid of adequate protections for the insured.**
  - **Systematic failures which allow powerful vested interests in the legal and medical professions to self-determine very high fees which form a disproportionate percentage (up to 60%) of overall compensation awards as evidenced by the MIAB Report.**
  - **High disincentives and effective barriers to entry and operation thus isolating Ireland as a model of worst international practice thereby undermining the competitiveness of the insurance regime and, by extension, the relative competitiveness of Irish business across all sectors.**
- 3.3 The IHF believes strongly that unless the causal factors identified in this section of our submission are tackled in a fundamental way, current initiatives aimed at insurance reform will amount to no more than ineffective tinkering at the margins. **We believe that a fundamental reform package is both necessary and feasible.** Our recommended programme of specific actions is set out in the sections which follow below.

## 4. RECOMMENDED ACTION – THE PERSONAL INJURIES ASSESSMENT BOARD (PIAB)

- 4.1 The IHF agrees wholeheartedly with the need to provide a mechanism whereby large numbers of claims can be taken out of the Courts system and be dealt with in a speedier, less costly and more effective forum. The slowness with which progress towards the establishment of the PIAB has been made; the resistance of vested interests and the limited scope for its initial roll-out are all matters of grave disappointment. **In effect, what is currently planned, as we understand it, for the PIAB is too little and too late and if allowed to proceed on planned lines will represent a major missed opportunity to do something of real significance.**
- 4.2 Our main recommendations for the PIAB are as follows:
- **Its establishment needs to be prioritised and fast-tracked.**
  - **Its remit must immediately be extended to public liability cases. The PIAB will be of little or no relevance to IHF members if public liability cases, even on an interim basis, are excluded.**
  - **Costs must be reduced. A Book of Quantum must be set up based on international benchmarking of awards. The awards regime operated to date by the Irish Courts system cannot be carried forward into the future. The rationale behind monetary compensation is that it seeks to restore the victim to the position he/she was in before the injury was sustained. Evidence would tend to suggest that far from merely restoring victims to their pre-accident position, current awards reward and enrich victims, far in excess of what a lay person might consider appropriate in a given case. Certainly, Ireland has for some time had the highest average awards for personal injury in the European Union. The publication of a Book of Quantum, to be drafted in consultation with all relevant interested parties (employers' bodies, insurers, unions, the legal profession etc, the judiciary etc.), would for the first time constitute an exercise whereby Irish society actually sat down and considered in an informed fashion what a given injury was worth and more importantly, what Ireland as a society can afford to pay. It would involve a balancing exercise between the various affected and competing interests. There is nothing to suggest that Irish judges, who have spent their entire working lives practising as barristers or solicitors, are uniquely imbued with an understanding of what level of compensation is most appropriate in a given set of circumstances. A second highly desirable effect of introducing a Book of Quantum would be that it would eliminate or at least reduce the vast inconsistency which currently prevails in personal injury awards.**
- 4.3 The PIAB will not be effective unless:
- **Reform also takes place in relation the Courts regime. If the alternative means of redress, i.e. litigation, is demonstrably more favourable for claimants then the PIAB will be a white-elephant.**

- **The vested interests in the professions, whose fee income will be threatened, are made to comply with the requirements of the PIAB on something other than a purely voluntary basis.**
- 4.4 A PIAB which does not deal immediately and effectively with public liability cases will be of little or no use to enterprise and small business. **The Committee needs to take a strong line on this issue.**

## 5. RECOMMENDED ACTION – PROTECTION AGAINST FRAUDULENT AND EXAGGERATED CLAIMS

- 5.1 Our main recommendations in order to protect against fraudulent and exaggerated claims are as follows:
- There should be a mandatory system of incident reporting whereby those involved in an incident must bring the matter to the attention of the management of the establishment in which the incident occurred. Incident reporting should be a feature of the claims regime irrespective of whether or not injury has occurred and/or whether or not a compensation claim is being contemplated. **While immediate on-the-spot incident reporting is preferable, there should, at a minimum, be a process whereby claims for compensation which have not been properly notified within two weeks of the alleged incident would be disbarred.**
  - The “whistleblower” advertising campaign currently being undertaken by the insurance industry should **require mandatory notification of suspect cases to the insured party** as well as to the insurance company.
  - The process by which insurance companies can settle claims without reference to the insured party must immediately cease.
  - **A separate criminal charge of insurance fraud with stringent sanctions needs to be introduced** into the criminal justice system. Adequate dedicated resources (as happened in the case of the CAB, for example) need to be made available in order to ensure enforcement in this key area.
  - Solicitors should be **required to lodge security against costs** when taking compensation claims.
- 5.2 **It is not the intention of the IHF to advocate the introduction of a regime which would mitigate against genuine claimants.** Our members are fully cognisant of the onerous duty of care which they have in operating their establishments and of the rights of individuals. What the IHF is demanding is a balanced regime which gives a fair and equitable weighting to the rights of insured parties as well as to claimants.
- 5.3 At present, the system is unfairly balanced in favour of the claimant. The absence of adequate protections means that there are inordinate pressures to settle even spurious claims because of the high costs of processing such claims to finality in a regime with little or no disincentive for a spurious claimant. While settlement of such cases may make some economic sense for insurance companies, it makes no sense for the insured party and it merely serves to foster the current compensation culture.

## 6. RECOMMENDED ACTION – BRINGING ABOUT CHANGES IN THE COURTS AND LEGAL SYSTEMS

- 6.1 While the PIAB is a major plank of Government policy in this whole arena, there will be little point in developing such an approach unless it is accompanied by major reform of the Courts and legal systems. **The PIAB will quickly become marginalised if claimants, and their vested interest professional advisers, see the Courts system as a “gravy train” alternative.**
- 6.2 Our primary recommendations, therefore, for reform of the Courts and legal systems are as follows:
- The judiciary must work with the same Book of Quantum as regards compensation awards as the PIAB. As previously mentioned, the Book of Quantum should be based on international benchmarking and not just on the Irish Courts’ awards history. In our view, the adoption of the UK “blue book” would not be an unreasonable interim measure to adopt in support of both the PIAB and the Courts’ compensation awards regime. This would be an effective short-term measure in controlling the ever-escalating costs of awards. **Awards in Ireland for certain compensation categories are up to 12 times those which apply in the UK. For example, awards in England and Wales start at STG£500-£1000 for minor soft tissue injuries lasting up to one year, rising to as much as STG£4,000 for an injury lasting about two years. In this jurisdiction, awards of €10,000 and €20,000 for very minor soft tissue injuries are common place. Indeed, awards of more than €100,000 can be obtained for whiplash type injuries notwithstanding the fact that clinically, the plaintiff appears to be in good health! The Book of Quantum prepared by the Judicial Studies Board in England and Wales contains over 70 pages of guidelines on the appropriate level of compensation in respect of a broad spectrum of injuries. Judges in England are not obliged to follow the guidelines contained in the book, but do so as a matter of course. The book is drafted by senior judicial figures in England and Wales with the express aim of assisting their fellow judges in assessing damages in personal injury cases and in ensuring consistency in the sums awarded. If a similar book were to be introduced in this jurisdiction, it might be necessary to put it on a strict statutory footing, as is the case with the assessment of damages in hearing injury cases, to ensure that it is properly and universally applied. Irish judges tend to be more ‘anti-establishment’ than their English counterparts and may ignore a non-binding Book of Quantum. As is the case in relation to the assessment of hearing injury cases, the statute could direct that the trial judge ‘must have regard to’ the appropriate sections in the book of quantum in assessing damages in a given case.**
  - A separate division of the Courts Service should be established to deal with personal injuries cases. **The new Division should be serviced by specialised judges and specialist support staff.**
  - **New rules of disclosure and transparency** need to be introduced at District, Circuit and High Court levels. Expert Reports (including medical reports) should be made

available to all parties from the outset in all court cases as should claims for special damages (with the necessary supporting documentation). Such an approach will obviate the need for standby fees and lead to speedier resolution of claims.

- Section 45(1)(1)(iii) of the Courts and Court Officers Act 1995 and Order 39 Rule 46(1) of the Rules of the Superior Courts went a certain way towards introducing a protocol for the conduct of personal injury litigation in the High Court. However, no such protocol has been introduced in the Circuit Court. In addition, it is arguable that the protocol does not go far enough, only requiring the parties to make disclosure of their expert reports, witnesses and special damages after the pleadings have been closed, instead of prior to commencement of the proceedings. In England and Wales, the Woolf reforms introduced a very stringent protocol in personal injury litigation, requiring parties not only to disclose medical reports and medical records prior to commencement of proceedings, but to meaningfully engage in settlement negotiations. It also allows the trial judge to supervise the conduct of the litigation and to ensure that it is dealt with and disposed of in a timely manner, thereby reducing costs. The protocol introduced by Lord Woolf allows defendants to make 'Part 38' offers – these are offers made prior to the issuing of proceedings which, if deemed by the trial judge to have been sufficient, allow him to penalise the claimant/plaintiff in relation to costs.
- At present **tenders or lodgements** can only be made within certain specified time limits. Lodgements should be capable of being made at any time prior to resolution of the case.
- In many cases the civil bill or statement of claim is hopelessly inadequate and it is only at a very advanced stage in the pleadings that full details of the plaintiff's claim are known. There should, therefore, be a cost sanction for issuing proceedings with insufficient detail to enable the defendant to properly investigate and evaluate the claim.
- Solicitors are entitled to charge **interest on costs** from the date of the settlement award even if the costs, as often happens, are not determined until well after the case itself. This is a patently unfair practice and interest should not apply until at least one month has expired after reasonable effort has been made to negotiate the costs.
- It would clearly act as a disincentive to potential plaintiffs if the courts had no discretion but to make orders for costs against unsuccessful plaintiffs. Given the current practice by the courts in relation to costs, plaintiffs who instruct their solicitors to act on their behalf on a 'no foal no fee' basis essentially pursue their case without any significant risk that they will suffer financial loss in the event that they lose their case, however unmeritorious it may be to begin with! Needless to say, the judicial discretion in relation to costs should be removed or at the very least, lessened.
- A system of **scale fees** should be introduced in order to simplify and speed up the process. The process whereby each County Registrar applies different fees should be terminated. Scale fees should reduce the number of cases referred to taxation.
- **Court Duty** at 9% is payable on plaintiff's costs where they are set by the Taxation Master of the High Court or County Registrars in Circuit Court cases. This cost must be paid by the defendant. This practice should be abolished. Solicitors should be responsible for paying their own costs.

- It is really nonsensical that as a matter of practice, parties retain both a solicitor and counsel in very minor personal injury cases, oftentimes involving no dispute on liability. In the High Court, each side's legal team will comprise as a matter of course a solicitor, a junior counsel and a senior counsel. In larger cases, the plaintiff usually retains a second senior counsel! It is widely known that in the High Court, junior counsel rarely makes little more than an appearance in the courtroom during the conduct of the case – as one would expect, the case can be handled by the senior counsel and solicitor without any need for the involvement of the junior counsel! This practice endures because the fees charged by junior and senior counsel are allowed by the taxing master. In reality, solicitors should deal with straightforward cases without any recourse to counsel. However, there is clearly no incentive for them to do so while the rules allow them to recover the costs of retaining counsel from the defendant's insurers. Indeed, one finds that counsel habitually deal with simple pre-trial settlement negotiations on behalf of plaintiffs – again, this practice endures because of the fact that counsel's fees in negotiations are allowed by the taxing master. This area clearly needs urgent reform as the involvement of a multiplicity of lawyers in very minor trials and negotiations clearly has a significant knock-on effect on the overall cost of personal injury litigation.
- The limitation period for most personal injury actions is currently 3 years, from the date of knowledge of the victim. The date of knowledge is defined as the date:
  - a) that the person alleged to have been injured had been injured,
  - b) that the injury in question was significant,
  - c) that the injury was attributable in whole or in part to the act or omission which is alleged to constitute negligence, nuisance or breach of duty,
  - d) the identity of the defendant, and
  - e) if it is alleged that the act or omission was that of a person other than the defendant, the identity.

Clearly, it would help to reduce the number of claims being brought if the limitation period was reduced to as set out in 5.1 above.

## 7. RECOMMENDED ACTION – REFORMING THE INSURANCE INDUSTRY

7.1 Apart from the overarching systemic issues requiring action as set out above, the IHF believes strongly that the approaches and practices of the insurance industry itself are in need of reform. Our primary recommendations in this regard are as follows:

- It is clearly evident from our member survey that there is **no transparency nor consistency in the manner in which premiums are calculated**. There are inexplicable variations in quotations for cover which seem to bear no relation to turnover, number of employees, throughput of guests, room numbers, facilities provided etc. The insurance industry needs to be more transparent as regards the basis on which premium charges are calculated.
- Furthermore, it is not evident how the insurance industry deals with the issue of claims history. Its approach to this issue needs to be more transparent and there is a clear need for a “no claims bonus”-type arrangement to apply. Based on the evidence supplied by our members, **we can see little correlation between premiums and claims history either in the case of individual businesses or for the sector as a whole**.
- The insurance industry does not do enough to reward best practice. It needs to introduce **a better regime of incentives** for its customers who partake in structured risk assessment and risk management programmes.
- Procedures at the renewal stage need to be improved. **There should be a minimum 60 day notification period for renewals**.
- **Brokers should be remunerated on a fee basis**. The current arrangement whereby they are remunerated on a commission basis should be terminated.
- There is a protocol which currently operates between brokers and insurance companies whereby the insurance companies will give the same insurance quotation to different brokers irrespective of how the case is presented by a broker. **This practice is highly anti-competitive and should cease**.
- Insurance companies are currently charging very high premiums and at the same time, insisting on very large excesses. **There needs to be significant premium reductions to allow for the large excesses involved**.

7.2 The IHF is anxious to promote a greater sense of partnership between its members and its insurers. Some, but insufficient, progress is being made in this regard. For example:

- There is some early evidence that premium increases in 2003 will not be as large as those which have applied over the previous three year period. However, it must be borne in mind, from our members perspective, that any 2003 increases will be coming on top of what is now an unacceptably high base figure caused by the exorbitant increases in 2000, 2001 and 2002.
- There is some evidence of a greater willingness on the part of the industry to engage in constructive dialogue on how premium changes might be impacted by more structured

approaches to risk assessment and risk management. However, we have yet to see such initiatives translate into actual premium reductions.

## 8. CONCLUSION

- 8.1 In conclusion, the IHF would like to reiterate the fact that time for action on the issues outlined in this submission is long overdue. The current situation with regard to both obtaining quotations for insurance and with the subsequent premiums being charged is crippling the hotel and guesthouse sector in Ireland. Immediate action is required to ameliorate the difficulties facing IHF members.
- 8.2 The insurance cost increases stand as the biggest single threat to the continued viability of the IHF members.
- 8.3 The **core issues** which need to be tackled are:
- **There is Insufficient Competition in the Insurance Market**
  - **Fraudulent and Exaggerated Claims are an Endemic Problem**
  - **Legal and Professional Fees are Unnecessarily High Drivers of Costs**
  - **Ireland has Higher Compensation Costs than most other Countries**
- 8.4 The IHF have a number of **core recommendations** which, if implemented effectively, will ameliorate the issues noted above:
- **Reform of the Personal Injuries Assessment Board (PIAB) model**
  - **Protection against Fraudulent and Exaggerated Claims**
  - **Bringing about Changes in the Court and Legal Systems**
  - **Reform of the Insurance Industry**
- 8.5 The IHF believe that if the above issues and recommendations are addressed in a comprehensive and holistic manner, as a matter of urgency, the industry will not continue to suffer in the manner currently being experienced. Further to this, the inevitable consequence resulting from in-action, are unthinkable. The reality is that thousands of jobs are at stake, along with the reputation for a “Céad Míle Fáilte” to visitors which Ireland holds so dear.

## Appendix A – Story Board

### Opposite Page 2

*“Our insurance repayments per month are now like a 2nd major mortgage on our business. Our ability to pay our other creditors and our tax liabilities as they fall due is being severely affected. It is now impossible for a small hotel such as ours to show a trading profit, without which we cannot continue in business”.*

A hotel with less than 100 bedrooms in a provincial city has seen their premium rise from €50,000 to €200,000 from 2001 to 2002. That rise in costs of €150,000 p.a. means that the proprietor has to generate an extra €3,000 a week in a combination of net profit and reduced cost just to stand still.

*“Companies such as ours, who have not made claims for a number of years should not be penalised by 75% increase”.*

*“Why is our excellent health and safety record, clear and concise procedures and investment in risk reduction not being taken into account when premiums are being calculated?” Our insurance continues to rise even though we have put many procedures and safety features in place over the past number of years. Our efforts have been in vain”.*

### Opposite Page 4

*“There should be an incentive for the insured to effect savings in claims. For example, one claim against my hotel was for a broken leg suffered by a customer. Through my intervention, this claim was settled for £11,000 but the insurance inspector had told me beforehand it was worth £75,000! I still had to pay full excess of £5,000 even though I saved the company £64,000”.*

*The jump from €29,000 to €59,000 WITHOUT a single claim or adding to buildings obviously means that we have to earn €30,000 more to pay for difference of premium from one year to the other which means we have to increase our prices = less competitive”.*

*“Investigation of claims by insurance companies and the input allowed by the insured into claim processing is wholly inadequate. We the insured are the people suffering as a result of decisions made by insurance companies without our prior knowledge, even when we have evidence to prove contrary to the claim being made!”*

*“If we are unable to secure public liability cover, we will be forced to close this hotel which is the principal employer in this parish. Our hotel has been in business since 1690”.*

### Opposite Page 6

*"As the figures clearly show the cost increase is exorbitant. Definite restriction in volume of business because certain risks are not worth taking any more, i.e. fêtes, dancing classes, discos. Gross margins are reduced by 10%. Embargo on casual employees is necessary, even if at times this could mean poor service".*

*"2002-2003 has seen our premiums increase by circa 150%, this has undoubtedly had a major impact on our margins resulting in increased prices to our customers, reduced competitiveness and accusations of "ripping off" the public. We have seen a reduction of 8 in our staffing numbers of the past six to eight months as a direct result of increased insurance premiums, we have no choice but to pay the premiums being demanded and therefore must find the money in other areas".*

### Opposite Page 7

*"The fact now that we only have catastrophe cover in place leaves us in a very vulnerable position. If we have 2 or more very serious claims it would have a devastating effect on our business. We seem to be working now to pay our insurance and rates bills. Each year we can only increase our selling prices by 5% which means that the yearly insurance hikes are eating into the monies that would otherwise be used to fund employment and renovation schemes".*

*"We were quoted €82,844 for renewal of combined liability in 2002, which we could not afford; the excess quoted on this cover was €50K!!".*

*"I feel that it is vital that stronger action is taken to deter fraudulent claims - perhaps those found guilty of making such claims should be liable for a criminal prosecution. The time limit for the notification of an incident/accident should be reduced from years to weeks, thus affording the opportunity to investigate the matter fully and report the incident to their insurers; this should not affect their right to claim. As things stand at present anyone can make a claim for an incident that allegedly occurred months and sometimes years earlier. In many cases we have no knowledge of this incident and therefore are unable to defend ourselves. If an accident has occurred the individual concerned has a right to be compensated, we should simply be told at the time an incident has occurred".*

### Opposite Page 8

*"If only somebody could stop solicitors & judges dealing with hoax claims! This would take care of most 'insurance problems' including insurance companies themselves settling silly claims with silly money 'out of court'".*

*"I hold the firm belief that the judicial system is in need of radical and immediate reform. The law reform should incorporate: 1) allow sworn deposition of plaintiff shortly after claim is filed 2) Criminalise fraudulent claim 3) access costs against SOLICITORS who file fraudulent claims. Such measures would make some impact on the insurance industry and help to ease the problems hotel operators are currently faced with".*

*"At a very minimum, there should be more Government investigations into insurance claims and particular focus on legal costs. The current legal system is wholly unfair".*

*"The whole insurance industry is tied up with solicitors and the legal eagles. We have had claims settled without the insurance company even contacting us to hear our side of the story. I once got legal advice over a matter for which we had legal insurance cover. It was not the correct advice and I ended up paying an increased premium while the solicitor in question still got paid by my insurance company in the ensuing case!"*

### Opposite Page 10

*"Claims should be seriously examined. Too often insurance companies settle claims without even consulting their clients. They argue that it is cheaper to settle early to avoid expensive legal cost. However, the insured ultimately bears the cost (in increased premiums) and should therefore have a greater input before claims are settled".*

*"There is a serious issue surrounding the manner in which insurance companies refuse to fight claims. My business had a case where lady slipped in the bath - insurance engineers agree we have all necessary safety features. She grabbed the shower curtain instead of the rail - insurance company told us she will get "nuisance money" approx €15k. We insisted they fight it. The settlement is still pending".*