



FINANCIAL REGULATOR  
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**Re: Themed Inspection – Third Party Motor Insurance Personal Injury Claims**

Dear «Greeting»

During 2007, as part of our ongoing supervision of insurance companies, the Financial Regulator undertook a themed inspection project on claims processing of third party motor insurance personal injury (“TPMIPI”) claims that had been closed during the period 1 January 2006 to 31 March 2007 by non-life insurance companies. In addition, we also undertook a survey of firms in relation to these types of claims. The survey covered the same period. We would like to take this opportunity to thank you for your co-operation in relation to this work.

Although not all non life insurance firms are providers of motor insurance products, the purpose of this letter is to provide firms with some general feedback in relation to the on-site inspection visits. It is hoped that this feedback will be of future assistance in developing and ensuring your own institution’s compliance with the Consumer Protection Code which is now fully in force. Accordingly, we would ask you to consider whether any of the issues set out below are relevant to your institution.

1. While the new claims handling provisions of the Code were not fully in force at the time of the on-site visits, we noted that all firms visited were working towards the

implementation deadline. They had undertaken a review of their practices and procedures to ensure compliance and we noted that they had made significant progress towards full compliance with these provisions of the Code.

2. We noted that while firms were aware of the role of the Personal Injury Assessment Board (“PIAB”), the way in which its operations was brought to the attention of TPMIPI claimants varied from firm to firm. At the time of the inspection, we noted that one firm was developing a leaflet intended for claimants to explain the PIAB process. We would encourage other firms to give initiatives of this type consideration particularly in the context of Chapter 5 Provision 15 a) of the Consumer Protection Code which states that;

“Each regulated entity must have in place a written procedure for the effective and proper handling of claims. At a minimum the procedure must provide that the potential claimant is provided with information on how to make a claim, including where applicable, full details on the Personal Injuries Assessment Board process and the manner in which the potential claimant can deal with the Personal Injury Assessment Board and what the potential claimants responsibilities are in relation to a claim”

3. We noted that 16% of agreed settlements for TPMIPI claims in the period 1 January 2006 to 31 March 2007 took more than 10 business days to be paid. As you are aware, the Code, which now requires that a regulated entity must pay all proven claims to the claimant within 10 business days of the conclusion of the claims process.
4. We noted that firms hold extensive records relating to TPMIPI claim settlements, the majority of which are in an electronic format. In some cases, issues arose in relation to the accessibility of information on specific claims records. Firms are requested to satisfy themselves that the accessibility of records and documentation is adequate for retrieval and examination purposes.

5. It was noted that firms did not generally notify TPMIPI claimants in writing of the terms of any settlement offer. As you are aware, the Code now requires that the claimant must be advised, in writing, of the outcome of the investigation into the claim, explaining the terms of any offer of settlement.
6. Of the sample of TPMIPI claim files examined, it was noted that most policyholders were not notified by their insurer that a settlement had been made on a claim against their policy with a TPMIPI claimant. As you are aware, the Code now requires that where the policyholder is not a beneficiary of the settlement amount, the policyholder must be advised in writing by the regulated entity of the final outcome of the claim.

A survey was issued to nine non-life firms, including the firms that received an on-site inspection visit. Information was sought on closed / settled TPMIPI claims during the period 1 January 2006 to 31 March 2007. Some issues for clarification have arisen in relation to the data provided and these will be raised with the respondents under separate cover.

It is appreciated that not all of the issues raised in this letter will be applicable to your firm but nevertheless, it is hoped that you find the information useful as you review your firm's procedures, systems and processes in order to ensure your compliance with the requirements of the Code.

Should you have any queries in relation to the contents of this letter please do not hesitate to contact Mr Kevin Stabb at (01) 410 4003 or [kevin.stabb@financialregulator.ie](mailto:kevin.stabb@financialregulator.ie).

Yours sincerely,

**Brenda O'Neill**  
**Deputy Head of Consumer Protection Codes**