CONSULTATION ON AMENDMENTS TO STATUTORY INSTRUMENT NO. 74 of 2007

SUBMISSION TO THE CENTRAL BANK

Introduction

The Vintners' Federation of Ireland (VFI) is the representative body for publicans in the 25 counties outside of Dublin. We have close to 4,000 members who, for the most part, run family-owned businesses. They operate in all parts of the country, both urban and rural, city, town and village, where they employ over 40,000 staff.

Our members operate small and medium sized businesses. Figures from Revenue, based on licence bands, indicate that over 55% of VFI members have a turnover of less than €190k (sales of alcohol) while almost 80% have a turnover of less than €380k. From 2005 to 2015 over 1,400 pubs closed in Ireland.

Insurance & the pub sector

The sale of alcohol in the On-Trade (pubs, hotels and restaurants) has reduced by over a third in the past eight years. In tandem with this loss of trade, insurance premiums have risen to such a level that for many publicans it is now their number one concern.

Many publicans have difficulty in securing insurance and some are probably operating without insurance.

VFI members have found that the cost of insuring pubs has increased substantially over the past two years. There are a number of reasons for this, not least the amount of personal injury claims made against our members.

A survey conducted by the VFI in September 2016 revealed that 88.3% of members have seen an increase in insurance in the past two years.

Over 38% are paying between 10% and 20% more for insurance while 39.5% have seen increases between 20% and 40%. Some publicans (12%) have seen increases over 40%.

Almost 40% of our members report difficulty even obtaining a quote. These are publicans with an excellent insurance history.

If the current position is allowed to continue more businesses will close, simply because they cannot access insurance or afford the quoted premiums.

Amendments to Statutory Instrument No. 74 of 2007

While the proposed amendments to Statutory Instrument No. 74 of 2007 relate to motor insurance, these issues, in part, highlight the challenges facing our members when attempting to secure public liability insurance.

We would like to address the questions raised in Consultation Paper CP 114 with the following answers:

Question 1

We are calling for full transparency as to how premiums are calculated. This will allow policy holders better understand the composition of a premium and in turn will let the customer make an informed decision about whether to accept or reject non-mandatory elements. This ability to reject non-mandatory elements of the policy will lead to better value in the market.

Question 3

In our view, it would take a relatively short period of time (under three months) to develop the appropriate new system to detail the breakdown of premiums. All the required information is already available, it is simply a matter of adding that extra information to the letter of offer.

Question 4

Regarding the current renewal notification of a motor insurance policy, allowing policy holders 20 days to renewing the policy would be the prudent course of action. The extra week will allow motorists undertake comparisons about competing insurance offers. The current renewal period - three working weeks - is too short for people who are frequently out of the country i.e. on holidays.

Question 5

We see no reason why there cannot be an immediate change to the renewal period. There are no practical obstacles to implementing such a change, specifically we do not envisage an increased workload for insurance staff.

Question 6

We support extending the current renewal notification from 15 to 20 days for all non-life insurance policies. Many polices, such as public liability insurance, are complex documents that require close analyses. As with motor insurance, an extra week will allow policy holders more time to compare rival offers and make a more informed decision.

Question 7

See answer to question five.