



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Private Motor Insurance Report 6

National Claims Information Database

October 2024

Contents

Introduction	4
Overview of the Report	4
Data Contained within the Report	4
Note on the Grouping of Claims	5
Enhancements to the Report.....	5
Executive Summary	6
Private Motor Insurance Report 6 - Key Findings 2023.....	6
PART 1 - Premiums	8
Total Premiums	9
Trends in Written Premium.....	10
PART 2 - Claims	13
Total Claims.....	14
Frequency of Claims.....	14
Average Cost of a Claim.....	16
Average Cost of Claims per Policy.....	17
Premiums and Claims Costs.....	19
PART 3 - Income and Expenditure	21
Changes for Year-End 2023.....	22
IFRS 17	22
Reserve Movements	22
Breakdown of Income and Expenditure.....	23
Profitability of Private Motor Insurance	24
Operating Performance split by Key Components.....	25
Overview	25
Insurance-related results	26
Investment Income.....	27
Reinsurance	28
Combined Operating Ratio (COR)	30
Underwriting Expenses.....	32

Reserve Movements	33
Commission	36
PART 4 – Claim Settlements	39
Background	39
Grouping of Claims	39
Structure of Part 4	39
Settlement Channels.....	40
Settlement of Claims.....	42
Total Claims	42
Nil Compensation Claims	42
Injury vs. Damage.....	43
Settlement Channels.....	45
Damage Claims	45
Injury Claims	48
Settlement Channels.....	48
Distribution of Injury Claims	52
Duration of Injury Claims	53
PART 5 – Personal Injuries Guidelines	55
Background	56
Grouping of Claims	56
Background to the Guidelines.....	56
Important Points to Note	56
Settlements under the Guidelines	57
Impact of the Guidelines on average claim costs.....	57
PART 6 – Claim Development and Large Claims	60
Premium and Claims Cost by Reporting Year	61
Claim Development Patterns.....	64
Large Claims	67
Appendix 1 – Supporting Documentation	71
Appendix 2 – Personal Injuries Guidelines	72
Appendix 3 - List of Participating Insurers.....	73

Introduction

The Central Bank is publishing the National Claims Information Database (NCID) Private Motor Insurance Report in an effort to improve the overall transparency of the private motor claims environment. This is the sixth publication of the annual Private Motor Insurance Report.

Overview of the Report

Part 1 considers premiums for private motor insurance between 2009 and 2023 and is based on data from firms that collected 95% of the private motor insurance premiums in Ireland in 2023 (market coverage)¹.

Part 2 examines claims related to motor accidents that occurred between 2009 and 2023 and is based on 94% market coverage.

Part 3 gives a breakdown of insurers' income and expenditure for private motor insurance in financial years 2009 to 2023 and is predominantly based on 96% market coverage (with some highlighted exceptions).

Part 4 analyses how claims were settled between 2015 and 2023 and the various associated costs (claimant compensation, legal fees and other costs) and is predominantly based on 88% market coverage (with some highlighted exceptions).

Part 5 analyses the impact of the Personal Injuries Guidelines on claims settlements and is predominantly based on 84% market coverage (with some highlighted exceptions).

Part 6 analyses the change in the ultimate cost of claims from reporting years 2018 to 2023, and provides information on claim development patterns and large claims from 2009 to 2023 and is based on 94% market coverage.

Appendices provide further information on the background to the NCID and reporting population.

Data Contained within the Report

All insurers selling private motor insurance in Ireland were required to meet the same data submission requirements, regardless of country of

¹ As measured by the ratio of 2023 gross earned premium of included submissions to the 2023 gross earned premium of all submissions.

authorisation. The insurers that submitted a return for year ending 31 December 2023 are listed in the appendices. 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.

Note on the Grouping of Claims

Throughout this report, claims are shown on three different bases, as explained below:

Accident year (Parts 2 and 6): the year in which the accident occurred. It may take several years for all claims relating to a particular accident year 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.

Settlement year (Parts 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.

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 private motor insurance data specification will continue to be reviewed, with the goal of increasing the insight that can be gained into the cost of claims in private motor insurance

² Follow the link to Key Concepts in Appendix 1 to find an explanation of ultimate claims costs.

Executive Summary

Private Motor Insurance Report 6 - Key Findings 2023

Cost of Insurance

Premium: The average written premium per policy increased by 2% to €568 in 2023.

Claims cost per policy: increased by 5% in 2023 to €369 and is now similar to pre-COVID levels in 2019.

- **Damage claims** cost per policy has increased to €178 due to the increased average cost and frequency of damage claims.
- **Injury claims** cost per policy is lower than pre-pandemic levels at €191. This is due to the frequency of claims not returning to pre-pandemic levels, and the average cost of injury claims reducing.

Claims as % of premiums: increased to 67% in 2023 from 62% in 2022.

Income & Expenditure

Operating profit was 8% of total income in 2023.

The Combined Operating Ratio (COR)³ was 86% gross, and 91% net of reinsurance.

The Net Cost of Reinsurance was 7% of total income.

Investment income was 3% of total income.

Reserve releases on prior year claims contributed 9% to the operating profit in 2023; this offset a loss of 1% on current year claims.

Claim Settlements

Total Settled Claims Cost was €693m in 2023, the highest annual claim cost in the time series (2015 to 2023).

- **Damage claims** annual settled costs were 118% higher than the 2015 to 2019 average, while the number of settled damage claims was 24% higher.
- **Injury claims** annual settled costs were 25% lower than the 2015 to 2019 average. However, this was 24% higher than 2022 which had the lowest total cost of settled injury claims over the time series

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

due to the delayed impact of COVID-19 on injury claim settlements.

For injury claims settled in 2023:

- **45%** settled directly with an insurer where the average time taken to settle was **1.9 years**.
- **17%** settled through the Injuries Resolution Board where the average time taken to settle was **2.7 years**.
- **37%** settled through litigation where the average time taken to settle was **5.1 years**.

Personal Injuries Guidelines

For injury claims settling directly or through the Injuries Resolution Board, virtually all claims settling in 2023 settled under the Guidelines.

For injury claims settled through litigation in H2 2023:

- **27%** settled under the Guidelines.
- **73%** settled with reference to the Book of Quantum.

The average cost of claims that settled under the Guidelines in 2023 were:

- **38%** lower for claims that settled directly before the Injuries Board;
- **22%** lower for claims settling through Injuries Resolution Board;
- and
- **39%** lower for claims settling directly after the Injuries Board,

when compared to claims that settled in the same channel under the Book of Quantum in 2020.

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.

PART 1 - Premiums

Data was collected on premiums and the number of policies between 2009 and 2023.

Key Insights and Findings

2023 Findings

The average written premium per policy was €568 in 2023. This was 2% higher than in 2022.

The proportion of policies that include comprehensive cover, rather than third party cover, has increased over recent years, from 83% of policies in 2017 to 93% in 2023.

Premium Trends 2009 - 2023

For the average written premium, there are three distinct periods of pricing behaviour leading up to 2023:

- A period of falling premiums from 2009–2013, when annual premiums decreased by 17%;
- A period of increasing premiums from 2013–2017, when annual premiums increased by 67%; and
- A period of falling premiums from 2017–2022, where annual premiums decreased by 23%.

Average premiums then increased in 2023, as above.

Total Premiums

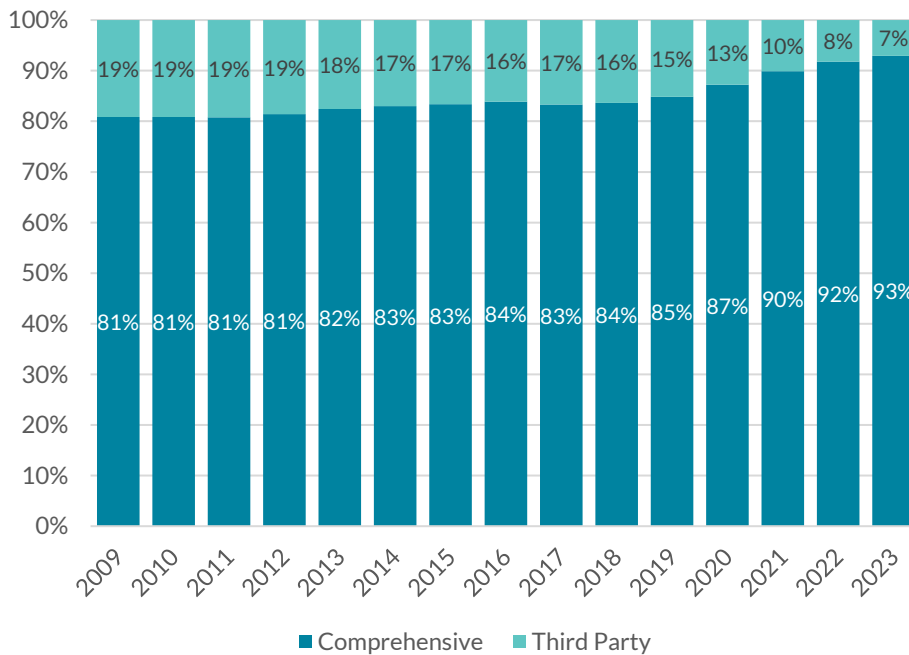
Table 1 shows that for firms that collected 95% of the private motor insurance premiums in 2023, there were approximately 2.28 million written policies and €1.29bn in gross written premium.

Table 1: The total written policy count and gross written premium, 2009 to 2023.

Year	Written Policy Count (000's)	Gross Written Premium (€m)
2009	1,772	917
2010	1,740	894
2011	1,852	889
2012	1,891	843
2013	1,871	807
2014	1,864	852
2015	1,832	960
2016	1,835	1,203
2017	1,859	1,340
2018	1,895	1,321
2019	2,039	1,358
2020	2,129	1,320
2021	2,193	1,301
2022	2,227	1,242
2023	2,274	1,291

Figure 1 shows the proportion of written comprehensive policies compared to third-party policies (i.e., third party only and third party fire and theft combined). Policies that provide comprehensive cover accounted for at least 80% of policies in each year since 2009. Since 2017, there has been an increasing trend in the proportion of comprehensive policies, from 83% of policies in 2017 to 93% of policies having comprehensive cover in 2023. This has occurred during a period of decreasing average premiums between 2017 and 2022.

Figure 1: The proportion of comprehensive policies written compared to third party policies from 2009 to 2023.



Trends in Written Premium

Figure 2 shows the trend in the average written premium over time. The average written premium is the average premium of policies which start during a particular year. This contrasts with the average premium of policies earned in the year⁴ which provides a more useful comparison to claims costs analysed in Part 2. Trends in the average premium are reflected more quickly in written premium than in earned premium.

Overall, annual average written premiums per policy increased by 10% from 2009 to 2023. This was characterised by three distinct periods:

- 17% decrease in written premiums, 2009 to 2013.
- 67% increase in written premiums, 2013 to 2017.
- 23% decrease in written premiums, 2017 to 2022.

The average written premium increased by 2% to €568 in 2023 compared to 2022.

⁴ See [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)) for an explanation of these terms.

Figure 2: Average written premium for years 2009 to 2023.

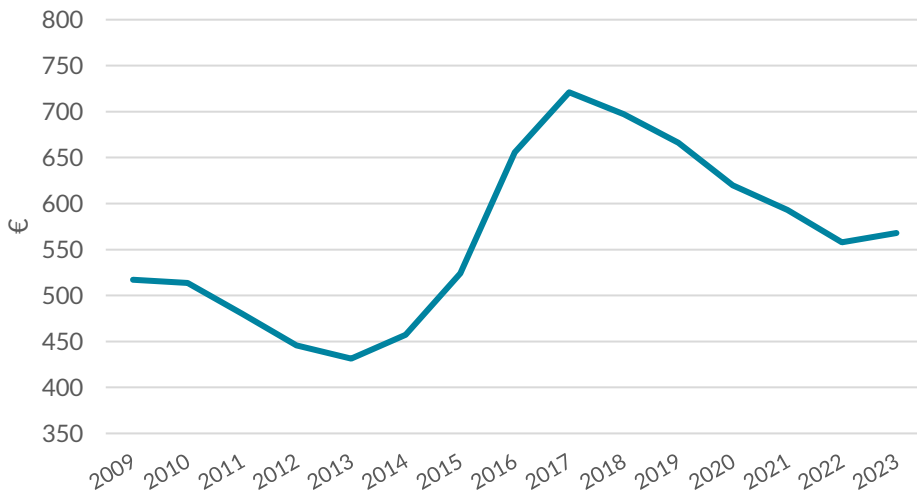


Figure 3 shows the quarterly average written premium between 2016 and 2023. The dip in average written premiums in Q2 2020 is due to insurers issuing rebates because of the COVID-19 restrictions. The highest average written premium was €738 in Q3 2017. Average written premiums then declined by 35% to €547 in Q4 2022 before increasing by 6% to €578 in Q4 2023.

Figure 3: Quarterly average written premium per policy for all policy types, 2016 to 2023.

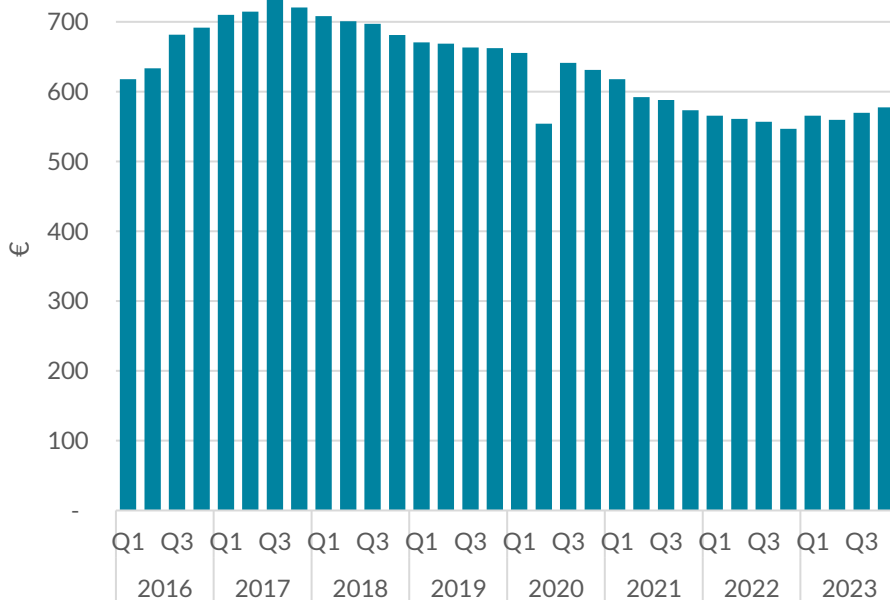
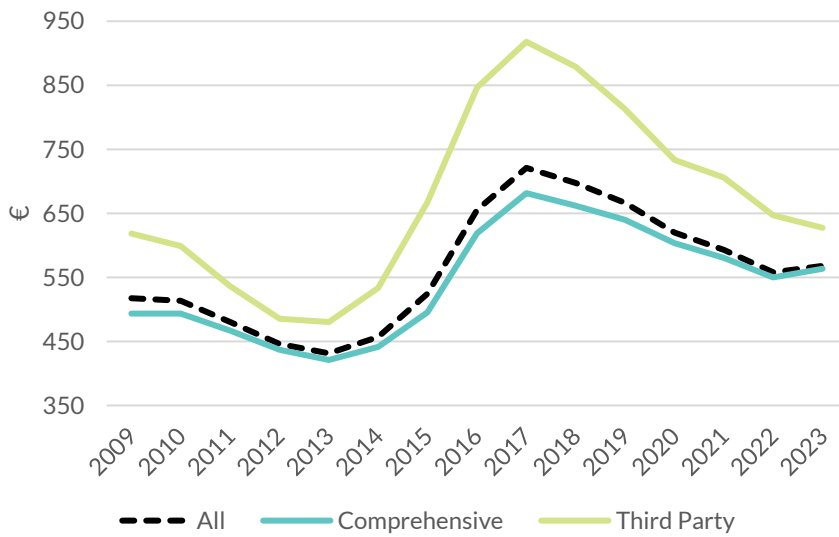


Figure 4 shows the average written premium per policy for different levels of cover. As the majority of policies are comprehensive, the average written premium for all policies is significantly weighted by the average premium paid for comprehensive policies. Average annual written premiums peaked in 2017 at €721 for all policies; €681 for comprehensive policies; and €918 for third party policies (third party fire and theft and third party only policies combined).

Figure 4: The average annual written premium per policy for different levels of cover for years 2009 to 2023.



PART 2 - Claims

Data was collected on the ultimate number and cost⁵ of private motor insurance claims relating to accidents that occurred between 2009 and 2023. Data was collected separately for different types of claims: third party injury; accidental damage; fire & theft; third party damage; and windscreen.

Key Insights and Findings

Insurers' ultimate cost of claims per policy increased by 5% in 2023 to €369. This is now at a similar level to the years before COVID-19 and is the highest it has been since 2016.

However, the make-up of the cost of claims per policy has changed compared to before the pandemic:

- The cost per policy of damage claims has increased to €178 in 2023, which equals the previous highest point in the time series in 2009.
- The average cost per policy of injury claims in 2023 is the lowest in the time series at €191, with the exception of COVID impacted years 2020 and 2021.

This change is as a result of:

- Increasing coverage and frequency of damage claims.
- Significant increases to the average cost of damage claims, impacted by inflation.
- The frequency of injury claims has not returned to pre-COVID levels.
- The average cost of injury claims has reduced, impacted by the Personal Injuries Guidelines.

Loss Ratio

The industry gross loss ratio (claims as a percentage of premiums) averaged 65% between 2009 and 2023. The gross loss ratio increased from 62% in 2022 to 67% in 2023.

⁵ As calculated at 31 December 2023.

Total Claims

Table 2: Total ultimate claim numbers and ultimate claim costs split by injury and damage claims, for accident years 2009–2023.

Accident Year	Ultimate Claim Numbers (000's)			Ultimate Claim Costs (€m)		
	Damage	Injury	Total	Damage	Injury	Total
2009	276	16	292	333	470	803
2010	241	13	254	249	386	635
2011	216	12	229	214	460	675
2012	208	14	222	203	482	685
2013	209	13	222	204	489	693
2014	205	14	219	215	537	753
2015	186	13	199	205	505	710
2016	168	13	180	180	503	683
2017	157	13	169	178	505	683
2018	162	12	175	189	486	674
2019	158	12	170	201	457	658
2020	126	9	134	159	378	536
2021	146	9	155	204	385	589
2022	177	11	188	329	434	763
2023	194	11	205	394	422	816

Table 2 shows the total ultimate claim numbers and ultimate claim costs for 94% of the private motor insurance market in 2023. It is estimated that the total claims cost for 2023 will be approximately €816m across 205,000 claims. This represents an increase of approximately €53m in claim costs and 17,000 in the number of claims compared to the 2022 accident year.

The increase in 2023 has primarily been driven by an increase in the number and cost of damage claims. The expected ultimate cost of damage claims in 2023 is the highest in the time series at €394m.

Frequency of Claims

Figure 5 shows the number of each type of claim per 1,000 policies⁶. Claims frequency has been reducing for all claim types and overall is down 40% from 2009 to 2023. Over the course of the time series the combined frequencies of injury and damage claims:

- Reduced by 44% from 2009 to 2019:

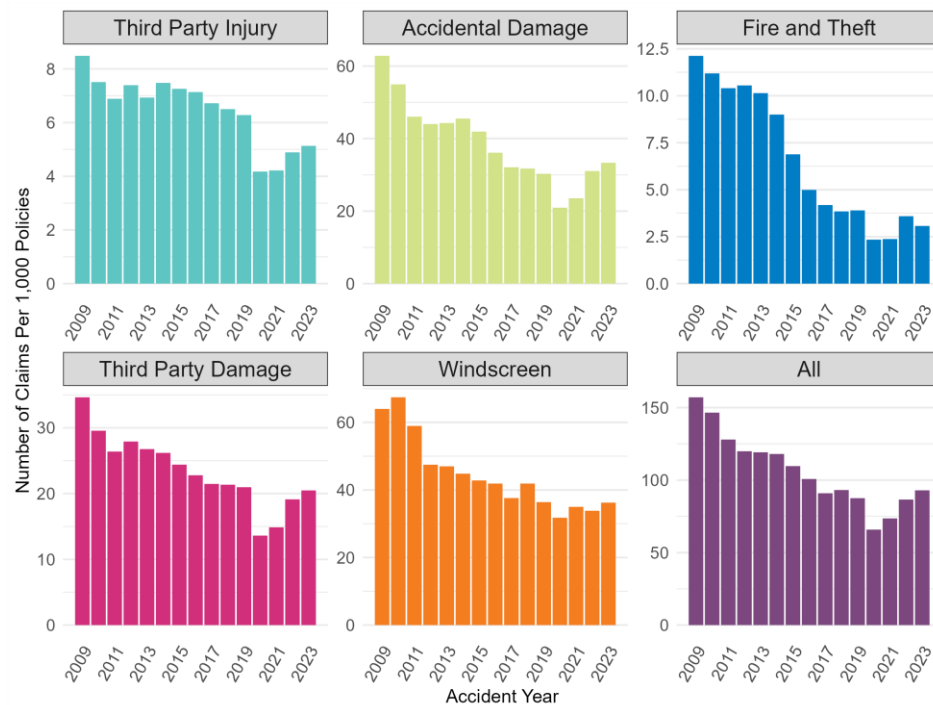
⁶ Note that not every policy will cover each claim type – e.g., accidental damage is only covered by comprehensive policies. The frequency by cover has been calculated as the average number of claims per policy that covers the claim type in question. The overall frequency per policy has been calculated as the average number of claims per policy, including all policies, regardless of coverage.

- Driven by a 45% reduction in damage claim frequency.
- Injury claims decreased by 26% from 8.5 per thousand policies in 2009 to 6.3 in 2019.
- Decreased by 25% between 2019 and 2020:
 - As a result of the COVID-19 pandemic in 2020 the frequency of both injury (-34%) and damage claims (-24%) decreased significantly.
- Increased by 41% from 2020 to 2023:
 - Injury claims by 23% and damage claims by 42%.

The frequency of claims has generally shown a decreasing trend since 2009. However, the frequency of claims stabilised somewhat from 2017 to 2019 before the impact of COVID-19 in 2020. Comparing 2023 to this period, injury claim frequency in 2023 was 21% lower than the average over 2017 to 2019. Damage claim frequency was 5% higher than the 2017 to 2019 average, driven primarily by accidental damage claims.

The increase in accidental damage claims is both as a result of the proportion of policies covering these claims increasing (comprehensive policies), as well as the frequency of accidental damage claims for comprehensive policies increasing (6% increase compared to the 2017 to 2019 average).

Figure 5: Number of claims per 1,000 policies by claim type for accident years 2009–2023.

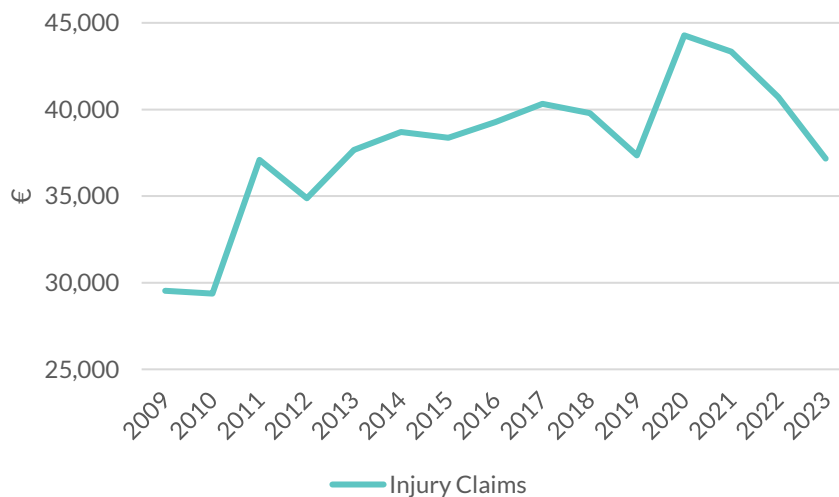


Average Cost of a Claim

The average cost of a claim increased by 44% between 2009 and 2023, from €2,753 to €3,971. The trend in average injury claim costs can be seen in Figure 6 and the trend for damage claims in Figure 7.

The average cost of an injury claim in 2023 was €37,171. This was lower than the average cost of an injury claim in each year since 2012, with 2019 being closest at €37,354.

Figure 6: Average cost per injury claim for accident years 2009 to 2023.



To understand the trend in average injury claim costs, it is useful to separate the smaller number of large claims from the majority of injury claims. This split is analysed in detail in the Large Claims section of Part 6 for claims valued above and below €250,000. This shows that:

- The average cost for injury claims less than €250,000 increased by 50% from €20,140 in 2009 to €30,184 in 2015; it remained stable from 2015 to 2020 and then decreased by 19% to €23,712 in 2023.
- The average cost for injury claims greater than €250,000 has been volatile over the time series, but was significantly higher over the 2020 to 2023 accident years than it was in previous years.

The average cost of an injury claim in 2020 and 2021 were the highest values in the time series. This period was affected by COVID-19 related restrictions which resulted in reduced driving activity. The subsequent claim averages were influenced by smaller claim numbers which included a higher proportion of large claims. As driving activity increased between 2021 and 2023 the average cost of injury claims decreased.

The introduction of the Personal Injuries Guidelines in April 2021 has also had an impact on the average cost of injury claims in this period, and in

particular can be seen in the reduction to the average cost of injury claims for those less than €250,000 since 2020.

Figure 7: Average cost per claim of damage claims for accident years 2009 to 2023.



Figure 7 shows that the average cost of a damage claim increased by 68% overall between 2009 and 2023, from €1,207 to €2,028. The average cost of a damage claim:

- Decreased by 19% from 2009 to 2013;
- Increased steadily by 29% between 2013 and 2020; before
- Increasing significantly by 61% from 2020 to 2023; which included an 11% increase in 2021, a 33% increase from 2021 to 2022 and a 9% increase to the average cost of a damage claim in 2023.

The high inflationary environment in recent years has affected the average cost of damage claims across all claim types. The proportionally higher increase in the number of accidental damage, third party damage and fire and theft claims relative to windscreen claims in recent years, which are typically lower in value, would further increase the overall average.

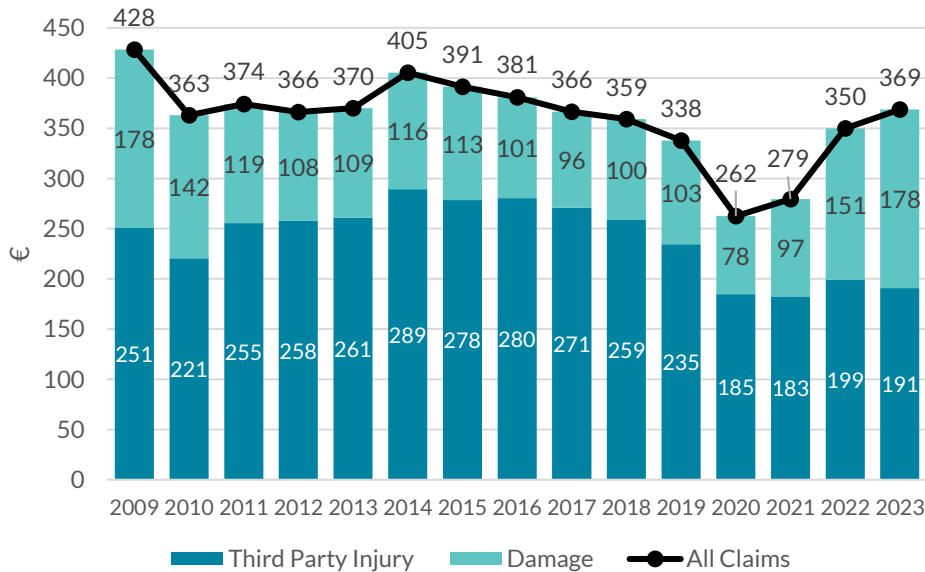
Average Cost of Claims per Policy

Figure 8 shows the average cost of claims per policy split between injury and damage claims, while Figure 9 shows this in more detail breaking out damage claim types⁷.

⁷ The average cost is per the policy that covers the claim type in question, e.g., accidental damage is only covered by comprehensive policies.

As can be seen from Figure 8, the average cost of claims per policy was €369 in 2023. The cost of claims per policy has been increasing since the impact of COVID in 2020 led to the lowest cost of claims per policy over the time series. The cost of claims per policy increased by 5% in 2023 compared to 2022. It was 40% higher in 2023 than the cost per policy in 2020 and is now at a similar level to the years before the pandemic.

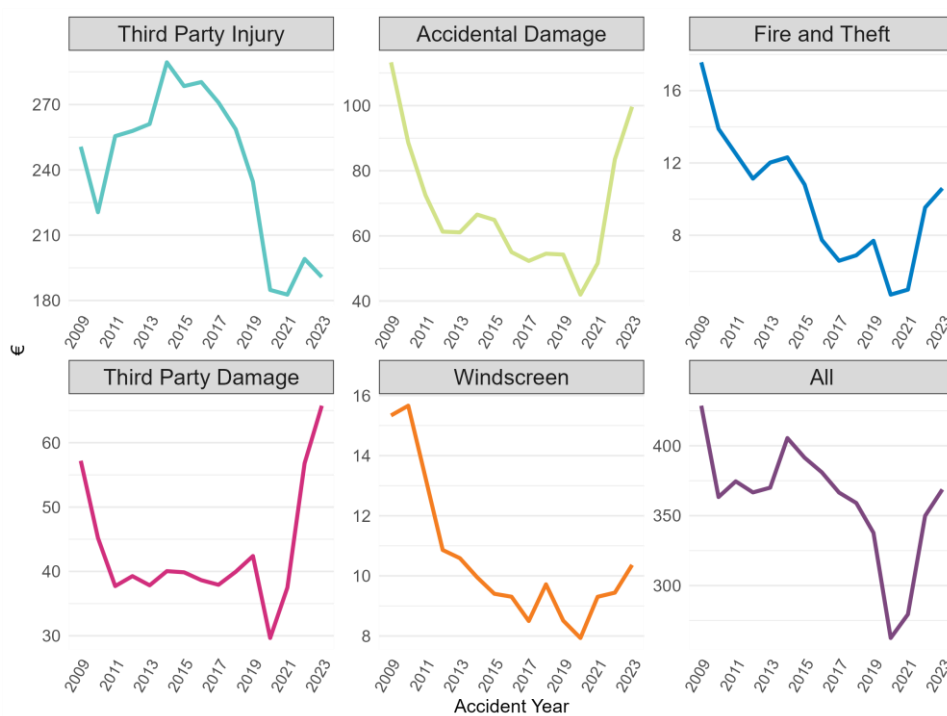
Figure 8: Average cost of claims per policy split by injury and damage claims, for accident years 2009 to 2023.



However, the increase in claims cost per policy since 2020 can primarily be seen in damage claims. The combined effect of an increase in the frequency and average cost of damage claims is an increase to the cost per policy of damage claims to €178 in 2023, which is the highest over the time series tied with 2009. The average cost per policy of injury claims in 2023 is the lowest in the time series, with the exception of 2020 and 2021, at €191. The frequency of injury claims in 2023 is 21% lower than pre-COVID levels and the increase in frequency that has been seen since 2020 has been offset to some extent by reductions in the average cost of injury claims.

Figure 9 provides further detail on the average cost of claims per policy by claim type. It can be seen that accidental damage and third party damage claims make up the largest cost for damage claims and have seen the largest increase relative to pre-COVID levels.

Figure 9: Average cost of claims per policy of each claim type for accident years 2009 to 2023.



The significant increase to the average cost per policy in 2022 and 2023 is likely influenced by both increased driving activity following COVID-19 restrictions in 2020 and 2021 and the high inflationary environment experienced in recent years. The impact of inflation will primarily be seen on damage claims.

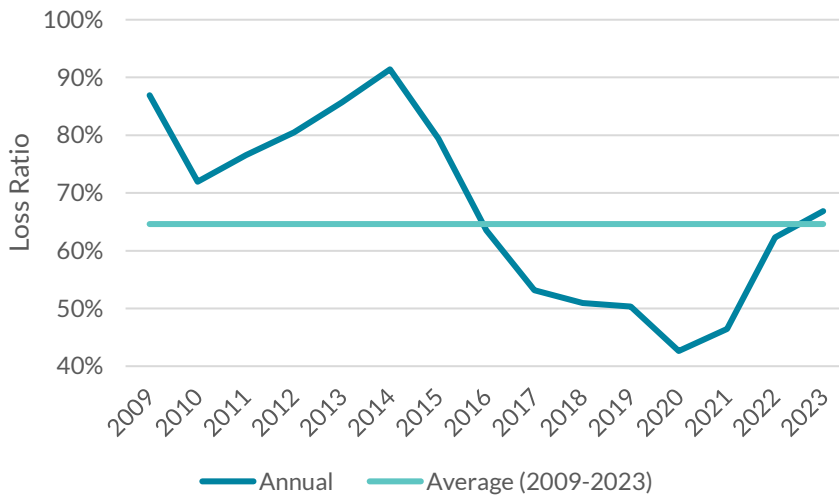
The 2021 to 2023 accident years will also include the impact of the introduction of the Personal Injuries Guidelines in April 2021. The Guidelines are expected to reduce overall injury claim costs. The Personal Injuries Guidelines are discussed in more detail in Part 5.

Premiums and Claims Costs

The trends in claims costs shown in this Part are based on an estimate of ultimate claims costs calculated as at 31 December 2023. This may differ from the estimates that insurers made when setting their premium levels. The difference between the estimates calculated at 31 December 2018 and 31 December 2023 are shown in Part 6.

Figure 10 shows claims cost as a percentage of earned premiums, known as the loss ratio. Between 2009 and 2023, claims costs have been, on average, 65% of premiums earned. The loss ratio peaked in 2014 at 91%. It then exhibited a downward trend, reaching 43% in 2020, before increasing to 62% in 2022, and 67% in 2023.

Figure 10: The ratio of ultimate claims costs to earned premiums (loss ratio) for accident years 2009 to 2023.



The volatility in loss ratio seen in Figure 10 is mainly driven by changes in premium over the time series as opposed to movements in claim values which have been relatively stable (excluding 2020 and 2021 which were impacted by COVID-19 related restrictions).

Figure 11: Comparison of the average earned premiums per policy and the average cost of claims per policy for accident years 2009 to 2023.

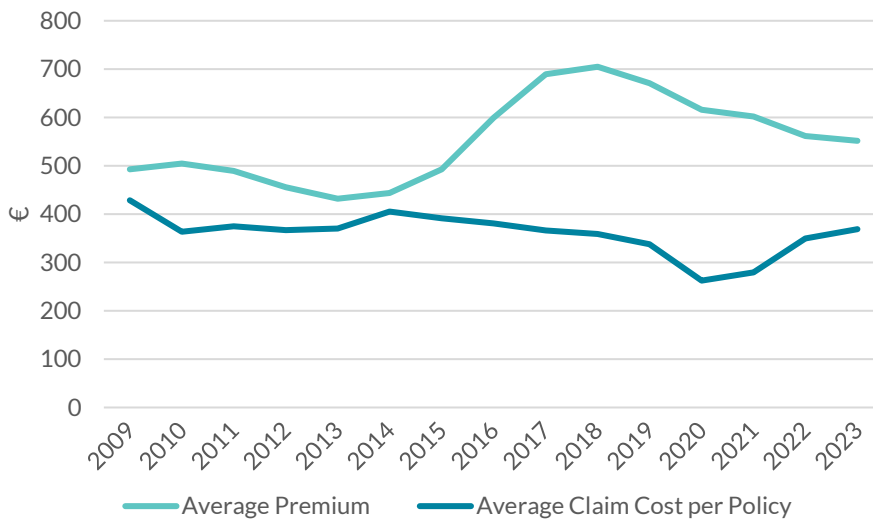


Figure 11 is an alternative view of ultimate claim costs and earned premiums over time. It can be seen that in 2023 average premiums decreased compared to 2022 when calculated on an earned premium basis⁸ and costs increased.

⁸ Average premiums shown on an earned basis lag average premiums on a written basis as shown in Part 1. Earned premiums allow for a consistent comparison of premiums and ultimate claims costs for each accident year.

PART 3 - Income and Expenditure

Statements of income and expenditure for private motor insurance were collected from firms across financial years 2009 to 2023.

Key Insights and Findings

2023 Findings

- Insurers' operating profit was 8% of total income.
- This was driven by an operating loss of 1% on current year claims, which was offset by reserve releases on prior years which contributed 9% to operating profit.
- Overall, the Combined Operating Ratio (COR) for 2023 was 86% gross of reinsurance and 91% net.
- The net cost of reinsurance was 7% of total income.
- Investment Income was 3% of total income.

2009-2023

Over the period 2009 to 2023 insurers' operating profit was 5% of total income:

- 2009 to 2012, the operating profit was 8% of total income
- 2013 to 2016 there was an operating loss of 9%
- 2017 to 2023 there was a 10% operating profit.

Across all years the Combined Operating Ratio was:

- 95% gross of reinsurance
- 99% net of reinsurance.

The net cost of reinsurance across all years has averaged 4% of total income:

- 3% for related reinsurance
- 1% for third party reinsurance.

Investment income has averaged 5% of total income across all years, decreasing from 14% in 2009 to 1% in 2020 before increasing to 3% in 2023.

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.

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. Therefore it describes increases or decreases to reserves for prior years that were made during the financial year. This occurs as insurer's 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.

Breakdown of Income and Expenditure

Table 3 and Table 4 provide a breakdown of the income and expenditure components for the latest financial year 2023. From Table 3, it can be seen that the profit for the 2023 financial year was 8% of total income.

The remainder of the income and expenditure section will concentrate on the financial performance of firms providing private motor insurance cover from 2009 to 2023.

Table 3: Breakdown of total income and expenditure for 2023.

Category	2023
Income (€m)	
Gross Earned Premium / Insurance Revenue	1,285
Investment Income	43
Other Earnings	26
Expenses (€m)	
Gross UW Expenses	-1,111
Reinsurance Impact	-95
Other Expenses	-15
Adjustment for IFRS 17 ⁹	-8
Interest & Tax	-20
Profit (€m)	
Profit	105
Profit (%)	8%

Table 4: Breakdown of gross underwriting expenses for 2023.

Category	2023
Gross Underwriting Expenses (€m)	
Gross Claims Incurred	-686
Claims Management Expenses	-69
MIBI Expenses	-51
Gross Commission	-110
Management Expenses	-193
Total (€m)	
Total - Gross UW expenses	-1,111

⁹ The Adjustment for IFRS 17 includes the impact of differing treatment of reinsurance, Net Insurance Finance Expenses and Other Expenses captured under IFRS 17.

Profitability of Private Motor Insurance

Figure 12 shows the total income and total expenses across all firms over the period 2009 to 2023. These results are limited to firms that have written private motor insurance in Ireland since 2018 i.e., it does not include firms that exited the market prior to the introduction of the NCID.

Operating profit as a percentage of total income is also shown. The aggregate operating profit for private motor insurance across all years 2009 to 2023 was 5% of total income.

Figure 12: Breakdown of total income and expenditure from 2009-2023.

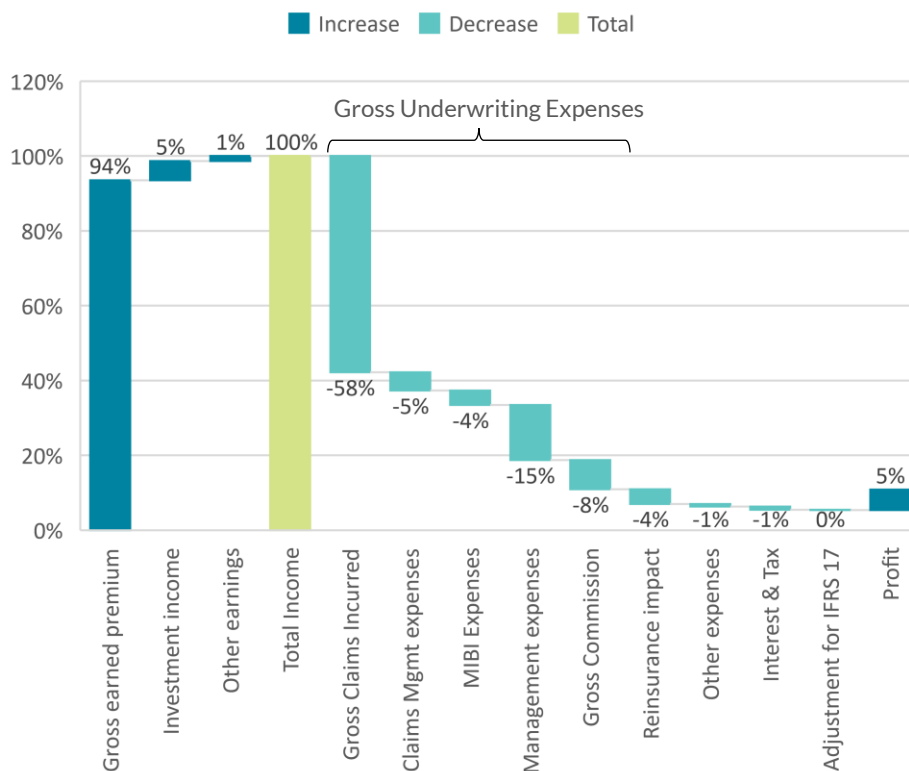
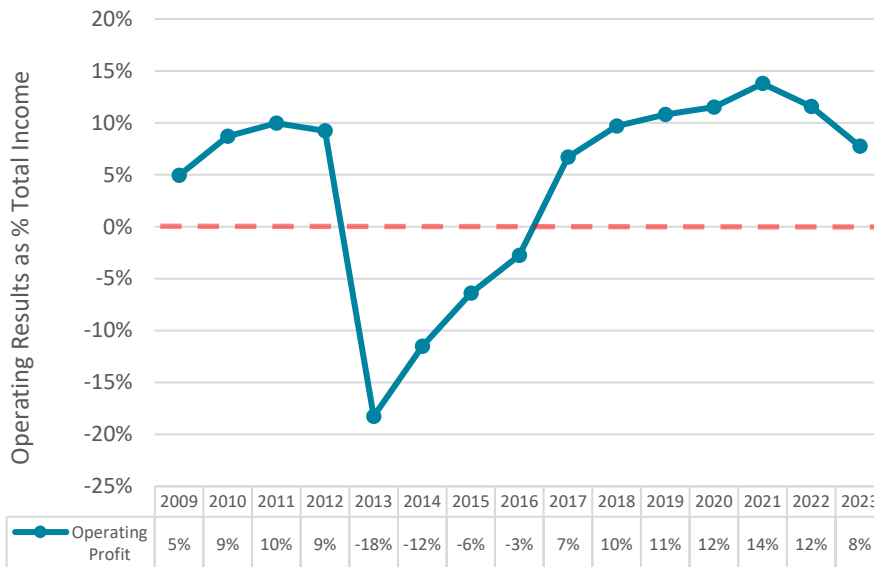


Figure 13 shows how insurers' operating results varied across the time series for private motor insurance. There are three distinct periods in the data: 2009-2012, 2013-2016 and 2017-2023.

From 2009 to 2012, private motor insurance was predominantly profitable, with an operating profit of 8% of total income across this period. From 2013 to 2016, it was predominantly unprofitable and the market had an operating loss of 9% of total income across these years.

The private motor market was profitable again from 2017 to 2023 with a combined operating profit of 10% of total income. In summary, over the time period from 2009-2023, there has been an average operating profit of 5% across all firms for private motor insurance.

Figure 13: Operating result by financial year from 2009 to 2023.

As highlighted previously, the data collection includes any firm writing private motor business since 2018. The profitability figures will have an element of survivor bias; they will not include the results of those firms that exited the market prior to 2018.

Operating Performance split by Key Components

Overview

The key income components are gross earned premium and investment income; the key expense components are gross underwriting expenses and reinsurance.

Table 5 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 5: Profit, investment income and other earnings and expenses
2009-2023 as proportion of total income.**

Year	*Gross Insurance Related Result	Reinsurance	Net Insurance Related Result	Investment Income	**Other Earnings / Expenses	Operating Result
2009	-8%	0%	-8%	14%	-1%	5%
2010	-1%	-1%	-2%	11%	0%	9%
2011	6%	-2%	4%	8%	-2%	10%
2012	-1%	0%	0%	9%	0%	9%
2009-2012	-1%	-1%	-2%	11%	-1%	8%
2013	-27%	0%	-27%	8%	1%	-18%
2014	-19%	-1%	-20%	7%	2%	-12%
2015	-17%	2%	-15%	6%	3%	-6%
2016	-8%	0%	-8%	4%	1%	-3%
2013-2016	-17%	0%	-17%	6%	1%	-9%
2017	8%	-4%	4%	4%	0%	7%
2018	16%	-8%	8%	3%	-1%	10%
2019	17%	-7%	10%	2%	-1%	11%
2020	22%	-10%	12%	1%	-1%	12%
2021	19%	-7%	12%	3%	-1%	14%
2022	11%	-4%	7%	4%	0%	12%
2023	13%	-7%	6%	3%	-1%	8%
2017-2023	15%	-7%	8%	3%	-1%	10%
Total (2009-2023)	4%	-4%	1%	5%	0%	5%

* Gross Insurance-related result:

(Gross Earned Premium or Insurance Revenue) - Gross UW Expenses

Total Income (including Investment Income)

**Other Earnings / Expenses = Other Earnings, Expenses, Interest, Tax and IFRS 17 Adjustment

Insurance-related results

The gross insurance-related result indicates if there is a profit or loss in relation to insurance activities, gross of reinsurance; we have shown this as a percentage of total income. This includes premiums, claims, and expenses related to writing insurance business. Across all years, there has been a gross insurance-related profit of 4% as a proportion of total income (-1% from 2009-2012, -17% from 2013-2016 and +15% from 2017-2023).

The net insurance-related result indicates if there is a profit or loss in relation to insurance activities net of reinsurance; we have shown this as a percentage of total income. This calculates the insurance-related result using premiums, claims and expenses net of reinsurance. Across all years,

there has been a net insurance-related result of 0% as a proportion of total income (-2% from 2009-2012, -17% from 2013-2016 and +8% from 2017-2023).

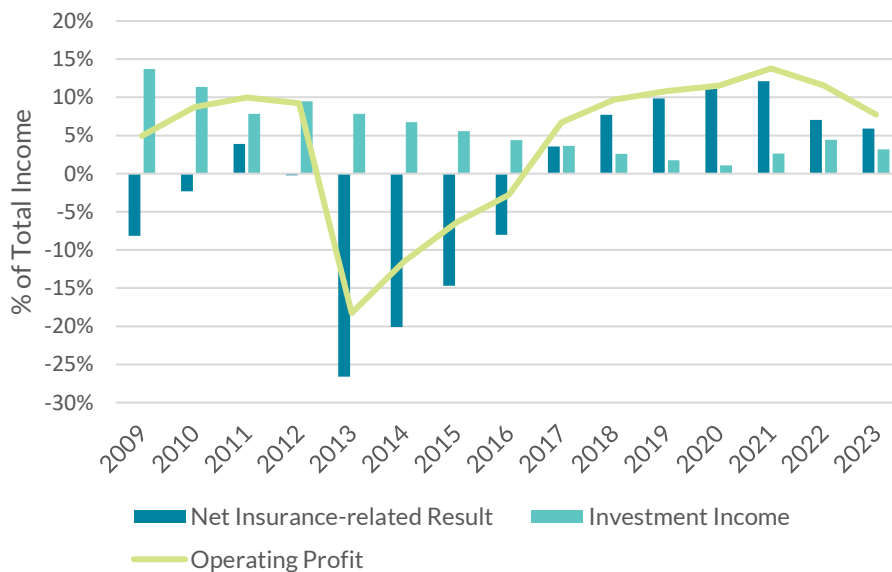
From 2009-2016, the market experienced an insurance-related loss each year with the exception of 2011, both gross and net of reinsurance. From 2017 to 2023, there was an insurance-related profit each year both gross and net of reinsurance.

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 proportion of total income across all years has averaged 5%. As detailed in Table 5, investment income as a percentage of total income gradually reduced across the time period; from a high of 14% in 2009 to a low of 1% in 2020, subsequently increasing to 3% in 2023.

Figure 14: Interaction between profit and investment income for 2009-2023.



Investment income reported through insurer’s income and expenditure does not include unrealised gains or losses to investments. Therefore, fluctuations in the overall value of insurer’s asset are not reflected here. For example, the impact of rising interest rates in 2022 on the value of insurer’s assets is not reflected within this data.

Figure 14 shows the interaction of the net insurance-related result, investment income and operating profit for the 2009 to 2023 financial years.

- For the 2009 and 2010 financial years, the net insurance-related result was negative, but this was offset by investment income leading to a positive operating result;
- For the 2011 and 2012 financial years, 4% and 0% net insurance-related results respectively combined with investment income, resulted in positive operating results;
- For the 2013 to 2016 financial years, the operating result was negative as a result of negative net insurance-related results which falling levels of investment income could not offset fully;
- For the 2017 to 2023 financial years, although investment income is lower than previous years, a positive net insurance-related result has led to an operating profit over this period.

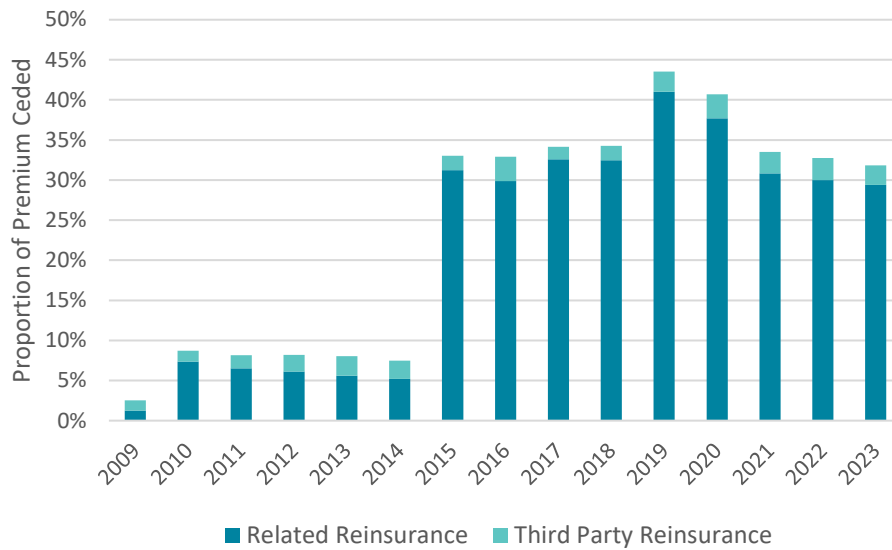
Reinsurance

Figure 15 shows how the proportion of premium ceded to reinsurers has changed from 2009-2023. Premium 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 in writing the business. Premiums can be ceded to a third party reinsurer, i.e., an external provider of reinsurance cover; or through 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 7% for 2009-2014 to 35% for 2015-2023. This increase is driven by the increase in related reinsurance cover which has increased from 5% on average for 2009-2014 to 33% for 2015-2023. The proportion of premium ceded was at its highest at 44% in 2019 and has since reduced to 32% in 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 15: Proportion of premium ceded by insurers for reinsurance, split between related and third party reinsurers for 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 poor-performing years and profits in well-performing 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 16 illustrates the net cost of reinsurance for each year from 2009 to 2023 for related and third party reinsurance. The total net cost across all financial years 2009-2023 equates to a cost of 4% of total income. This is shown as -4% in Table 5 to signify that reinsurance was an expense to the insurer. This is the case where the insurer paid more 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 them.

Figure 16: Net cost of related and third party reinsurance cover for years 2009-2023.

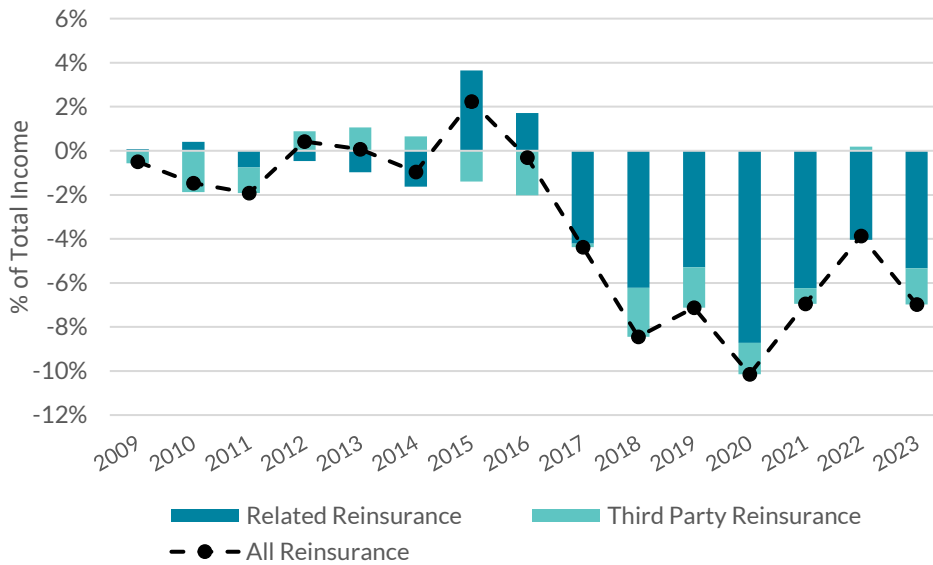


Table 6 below shows how the net cost of reinsurance varies for related and third party reinsurance cover across various time periods.

At a total level, the impact of third party reinsurance was -1% across all years and this has been relatively stable across the time period; this averaged -1% for 2009-2011, 1% for 2012-2014, -2% for 2015-2016 and -1% for 2017-2023.

For related reinsurance, the total impact was -3% across all years and this has varied across the time period; this averaged 0% for 2009-2011, -1% for 2012-2014, 3% for 2015-2016 and -6% for 2017-2023.

Table 6: Net cost of related and third party reinsurance cover.

Year	Third Party Reinsurance	Related Reinsurance
2009-2011	-1%	0%
2012-2014	1%	-1%
2015-2016	-2%	3%
2017-2023	-1%	-6%
Total	-1%	-3%

Combined Operating Ratio (COR)

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.

This is defined as:

$$\text{COR} = \frac{\text{Claims Incurred}^{10} + \text{Other Underwriting Expenses}^{11}}{\text{Earned Premium or Insurance Revenue}}$$

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 unchanged by the quota share reinsurance arrangements described previously in the Reinsurance section. The Net COR will differ from the Gross COR 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 outgoings than insurance-related income.

Figure 17 provides the Gross and Net COR from 2009 to 2023. The total Gross COR was 95% across all financial years; the Net COR was 99%. Between 2009 and 2016, 2011 was the only year where the Gross and Net COR were less than 100%, i.e., where underwriting was profitable. From 2017 to 2023 the COR has been less than 100%.

¹⁰ 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.

¹¹ Other underwriting expenses include: commissions; other acquisition costs; policy administration; and claims handling expenses.

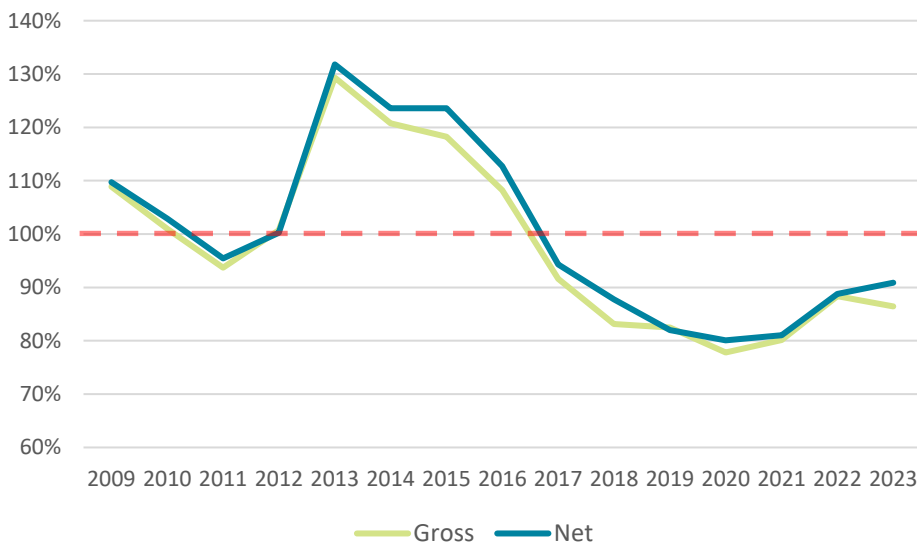
Figure 17: Gross and Net COR for 2009-2023.

Table 7 shows the Gross and Net COR across the distinct periods of profit and loss. Between 2009 and 2012 both the Gross and Net COR were slightly above 100%, which meant insurance outgoings slightly exceeded premium income for this period. For the period between 2013 and 2016 the ratio was very high, with a Gross COR of 118% and a Net COR of 123%, indicating that the insurance business was loss making.

From 2017 to 2023 the Gross and Net CORs averaged 84% and 87% respectively, indicating that the insurance business has been profitable. The lowest COR results were achieved during 2020, which had a Gross COR of 78% and a Net COR of 80%. In 2023, the Gross COR reduced to 86% while the Net COR increased to 91%.

Table 7: Gross and Net COR for various time periods.

Year	Gross COR	Net COR
2009-2012	101%	102%
2013-2016	118%	123%
2017-2023	84%	87%
All Years	95%	99%

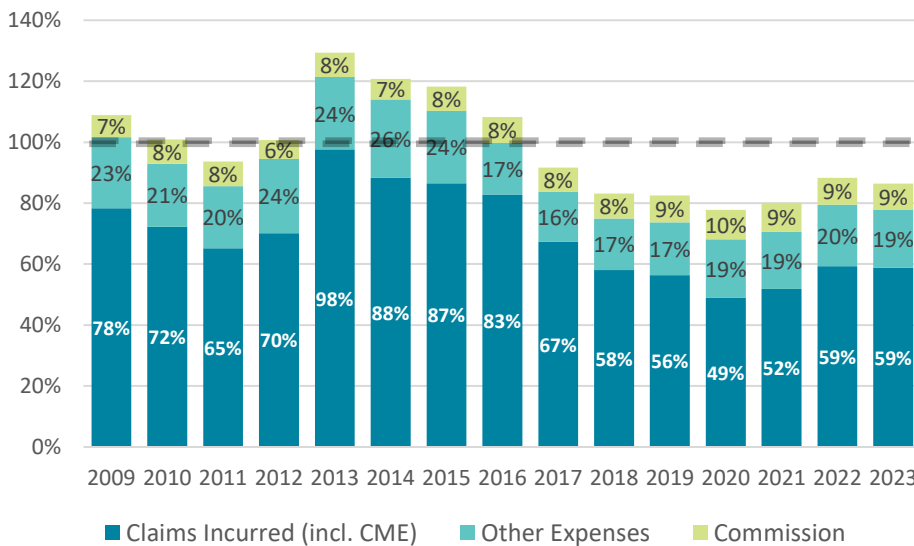
Underwriting Expenses

Figure 18 provides a breakdown of the underwriting costs as shown in the Combined Operating Ratio section above. Gross claims-related costs (i.e., claims incurred and claims handling expenses) were the greatest expenditure accounting for 67% of gross earned premium between 2009 and 2023.

Other expenses are a combination of management expenses and MIBI¹² expenses. These amounted to 20% of gross earned premium across 2009-2023, while commission expenses amounted to 8% of gross earned premium over the same period.

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 18: Breakdown of the gross underwriting costs for 2009-2023 as a percent of gross earned premium or insurance revenue.



Reserve Movements¹³

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.

¹² MIBI expenses are amounts payable to the Motor Insurance Bureau of Ireland (MIBI). MIBI's principal role is to compensate victims of road traffic accidents caused by uninsured and unidentified vehicles and is funded by all companies underwriting motor insurance in Ireland.

¹³ This section is based on 93% market coverage for the 2023 financial year and 88% market coverage for the 2016-2022 financial years.

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.

Movements in reserves for prior years are reported alongside the expected cost of claims for the current accident year and in total are reported as claims incurred in the financial year. 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 19: Movement in reserves for prior years that were recognised in financial years 2016-2023, split between the insurer's or reinsurer's share of the reserves.

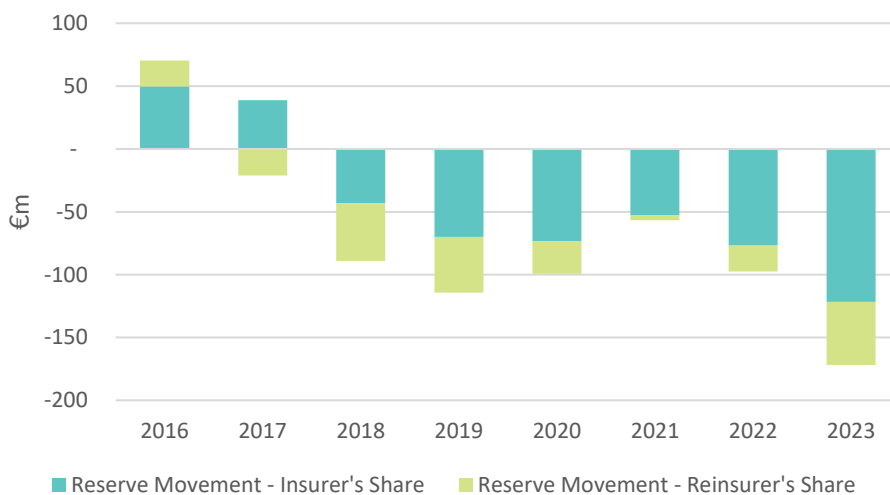


Figure 19 shows the movement in reserves for prior years that occurred in each financial year from 2016 to 2023. The total movement in reserves is split into the reinsurer's share, i.e. claim costs that are expected to be covered by the reinsurer, and the insurer's share, i.e. the movement in reserves 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 €122m net of reinsurance. This followed smaller reserve releases of between €43m and €77m net of reinsurance in each financial year since 2018. Insurers increased their reserves by €50m in 2016 and €39m in 2017, net of reinsurance.

COVID-19, the Personal Injuries Guidelines and provisions for large claims have all contributed to reserve releases 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 20: Operating profit split between operating profit based on claims for the current year and the contribution of the movement in reserves for prior years to operating profit, for 2016-2023 financial years.

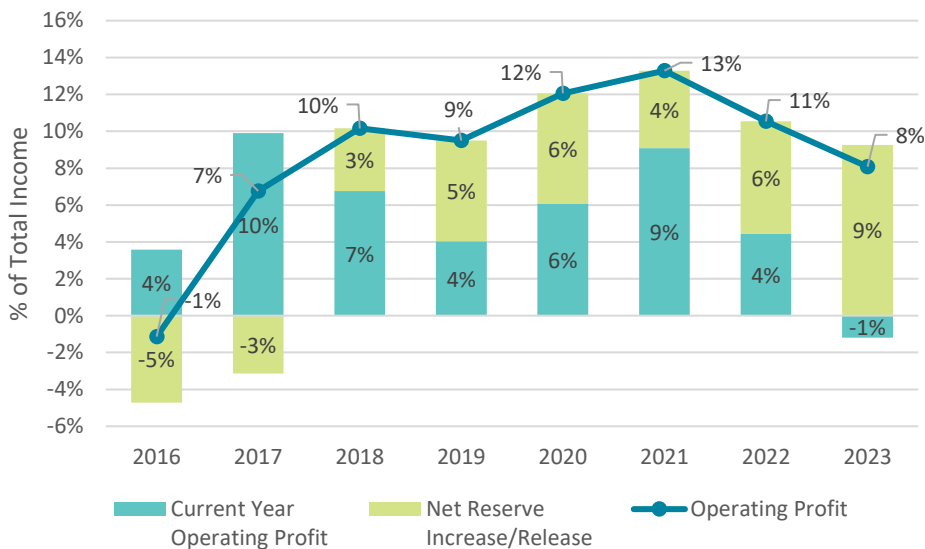


Figure 20 and Table 8 show how movements in reserves have contributed to profitability from 2016 to 2023. The operating profit in each financial year is split into the operating profit based on current year claims only, and the contribution of the movement in reserves to profit or loss.

Over recent years, current year profitability has reduced from 9% in 2021, to 4% in 2022 and was loss making at -1% for the 2023 financial year, the only time between 2016 and 2023.

Reserve releases have supported profitability over 2018 to 2023 and the significant reserve release of €122m in 2023 offset the current year operating loss and led to an 8% operating profit overall.

Increases to reserves led to an operating loss in 2016 and reduced profitability in 2017. However, since 2018 reserve releases have contributed between 3% and 9% to operating profit each year.

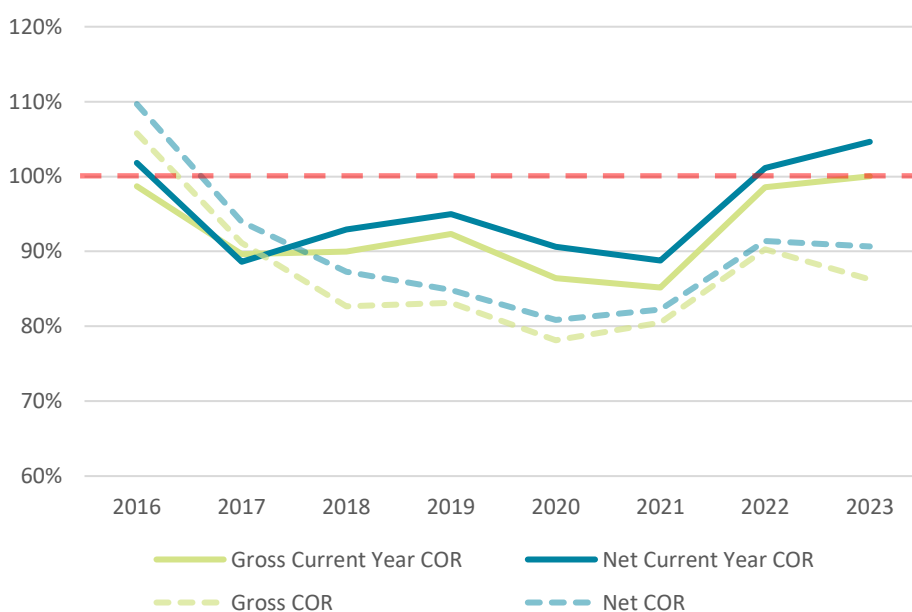
Table 8: Operating profit split between operating profit based on claims for the current year and the contribution of the movement in reserves for prior years to operating profit, for 2016-2023 financial years.

Years	2016	2017	2018	2019	2020	2021	2022	2023
Current Year Profit	4%	10%	7%	4%	6%	9%	4%	-1%
Reserve Movements	-5%	-3%	3%	5%	6%	4%	6%	9%
Operating Profit	-1%	7%	10%	9%	12%	13%	11%	8%

Figure 21 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 100% gross of reinsurance and 105% net of reinsurance.

The gross current year COR was at its lowest at 86% and 85% in 2020 and 2021 before increasing to 99% in 2022. The net current year COR increased from 91% and 89% respectively in 2020 and 2021 to 101% in 2022.

Figure 21: Gross and Net COR based on current year claims only and for all claims, including reserve movements.



Commission

Figure 22 provides a breakdown of gross earned premium by distribution channel between third party distribution, i.e., brokers and comparison websites; direct distribution, i.e., the firm's own distribution networks; and related distribution, i.e., distribution through companies related to the firm.

Policies sold through third party intermediaries made up 46% of gross earned premium across all years, 2009 to 2023. The proportion sold through this channel increased from 38% of premium in 2012 to 48% in 2017 and has remained relatively stable between 2017 and 2023.

Policies sold through related distribution and direct distribution made up 16% and 38% of gross earned premium respectively across all years, 2009 to 2023.

Figure 22: Split of gross earned premium between third party, direct and related distribution channels¹⁴.

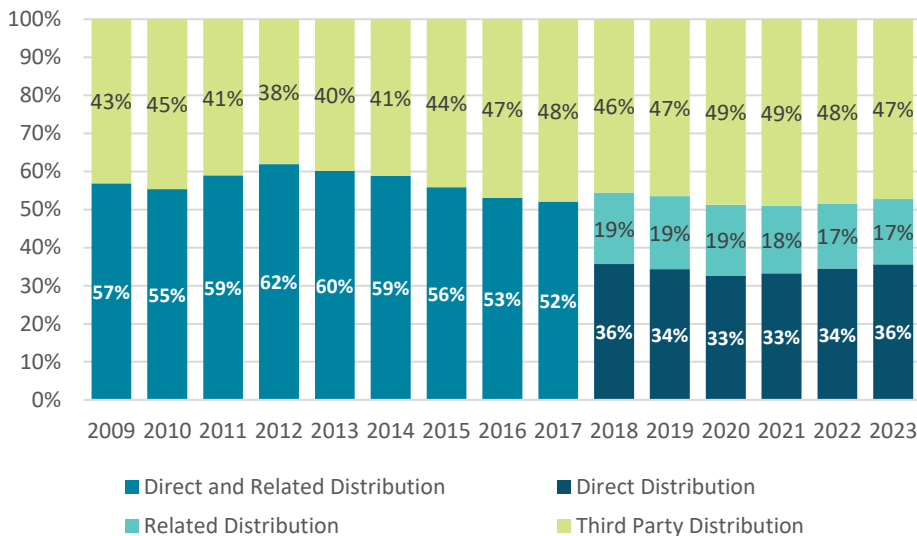
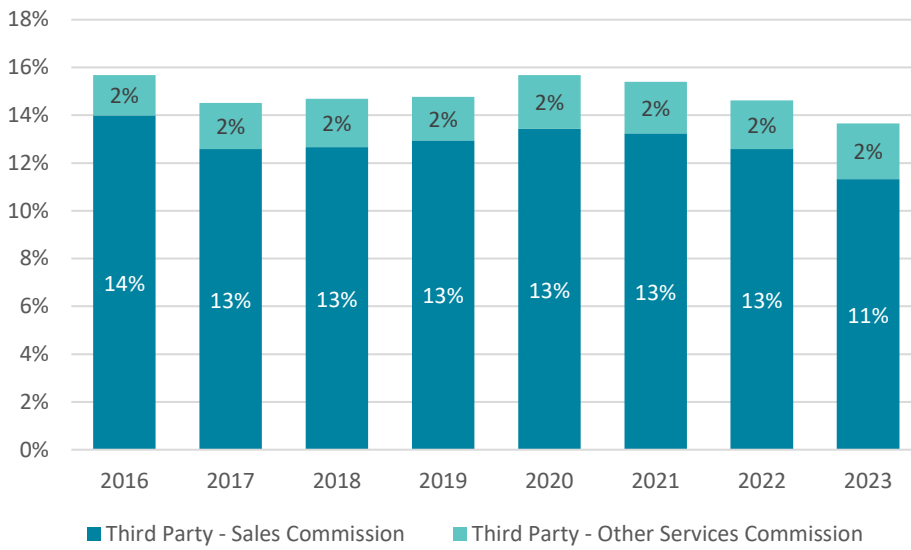


Figure 23 highlights commission costs as a percentage of premium on policies sold through third party intermediaries. On average, the total amount of commission as a percentage of premium sold through third party intermediaries was 15% from 2016 to 2023. This remained relatively stable across the time series, reducing to 14% in 2023.

Figure 23 also provides the split of commission costs between sales commission, i.e., amounts paid to a distributor in respect of the sale of a policy; and other services, i.e., all other amounts paid to the intermediary that are not related to the selling of a policy. On average, the total amount of sales commission as a percentage of premium sold through third party intermediaries was 13% from 2016 to 2023; costs for other services were 2% of premium sold through third party intermediaries.

¹⁴ It is not possible to publish direct and related distribution percentages separately for 2009-2017 due to statistical confidentiality rules applied to the data.

Figure 23: Commission as a percentage of earned premium for policies sold through third party intermediaries¹⁵.



¹⁵ Based on 93% of market coverage in 2023.

PART 4 – Claim Settlements

Data was collected on claimants who settled 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.

Key Findings

2023 had the largest total settled claim costs of any year in the time series, 15% above the 2015 to 2019 pre-COVID average.

The total cost of damage claims settled in 2023 was 118% higher than the 2015 to 2019 average while the number of settled damage claims was 24% higher.

The total cost of injury claims settled in 2023 was 25% lower than the 2015 to 2019 average. However, this was 24% higher than 2022 which had the lowest total cost of settled injury claims over the time series due to the delayed impact of COVID-19 on injury claim settlements.

Background

Grouping of Claims

Private motor 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.

The cost of damage claims increased noticeably in 2023, and this is discussed later in this chapter.

Injury claims are then 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

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.

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 Board.
- **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.

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 Resolution Board.

The Injuries Resolution Board releases cases where an insurer does not consent to them 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

For data collected in this report until April 2021, the Injuries Resolution Board calculated compensation amounts using the ranges set out in the Book of Quantum¹⁶, 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.

For years 2021 to 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.

¹⁶ 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

Total Claims

Table 9 shows the total number of claimants that settled and the total cost of claims in each year, based on firms that collected 88% of the private motor insurance premiums in 2023. It can be seen that the cost of claims that settled in the period 2023 totalled approximately €693m, and this was spread across 160,000 claims.

Table 9 also allocates the total cost of settled claims into the amount of compensation, legal and other costs incurred in the course of settling those claims. An example of other costs incurred by an insurance firm would be the cost of medical assessment. In aggregate, compensation costs are the largest component of claims costs.

Table 9: Total number of claimants settled and total cost of settlements for settlement years 2015 to 2023.

Settled Year	Total Claimants (000's)	Sub Costs (€m)			Total Cost (€m)
		Compensation Cost	Legal Cost	Other Cost	
2015	148	485	102	13	600
2016	136	473	101	14	588
2017	121	486	113	16	615
2018	129	472	111	16	599
2019	126	491	117	10	618
2020	111	427	99	11	536
2021	112	418	94	6	518
2022	129	413	81	5	499
2023	160	582	102	9	693

Nil Compensation Claims

Table 10 shows that for the 2023 settlement period, approximately 14,000 claimants settled without receiving compensation with a total cost to insurers of €8.2m. This was 9% of total claim settlements and 1% of total settlement costs.

Table 10: 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	10.3	2.3	2.3
2016	8.8	2.3	2.1
2017	8.3	2.4	2.3
2018	8.6	3.2	2.8
2019	9.1	3.1	2.9
2020	7.5	2.4	2.3
2021	7.1	2.5	2.5
2022	9.5	2.8	3.6
2023	14.2	3.5	4.7

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

Table 11 shows that both the number and overall cost of damage claims increased in 2023 and is high relative to previous periods. Indeed, more damage claims were settled in 2023 (approximately 138,000) than any other year in the dataset. Furthermore, the total cost of these damage claims in 2023 (€362m) was significantly higher than any other year.

The number and overall cost of injury claims are still below the 2015-2019 pre-COVID average, but this did increase in 2023. Approximately 8,300 injury claims were settled in 2023 with the total cost of \$323m.

It is important to note that damage claims settle much faster than injury claims. In 2023 the average time taken to settle damage claims was 0.4 years compared to 3.2 years for injury claims. Therefore, trends seen in the number of claims being reported to insurers will take longer to emerge in injury claim settlements compared to damage claims. This is relevant considering the impact of COVID-19 on reported claim numbers in 2020 and 2021.

Table 11: Total number of damage and injury claimants settled and total cost of these settlements for settlement years 2015 to 2023, excluding nil compensation claims.

Settled Year	Settled Claimant Numbers (000's)			Settled Claim costs (€m)		
	Damage	Injury	Total	Damage	Injury	Total
2015	125.0	12.4	137.4	182	414	596
2016	115.2	12.3	127.5	167	417	583
2017	101.0	11.7	112.7	146	464	610
2018	109.1	11.4	120.5	166	428	593
2019	105.0	11.7	116.7	169	444	612
2020	94.1	9.8	103.9	156	375	531
2021	96.8	8.3	105.0	156	357	513
2022	112.7	6.8	119.5	232	261	493
2023	138.0	8.3	146.2	362	323	685

From Table 12, it can be seen that the proportion of claims related to damage remained stable at 94% in 2023, up from 90% of claimants in 2019. The proportion of settled costs related to damage claims increased from 28% to 53% of total settled costs over the same period. Settled damage claim costs in 2023 were greater than injury claim costs for the first time in the data set.

Table 12: Breakdown of claimant numbers and claim costs for injury and damage claims for 2015 to 2023.

Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	All
Settled Claimant Numbers										
Injury	9%	10%	10%	9%	10%	9%	8%	6%	6%	8%
Damage	91%	90%	90%	91%	90%	91%	92%	94%	94%	92%
Settled Claim Costs										
Injury	69%	71%	76%	72%	72%	71%	70%	53%	47%	67%
Damage	31%	29%	24%	28%	28%	29%	30%	47%	53%	33%

Settlement Channels

Table 13 provides a breakdown of claimant numbers and claimant costs between the different settlement channels. This table shows the results for both injury and damage claims.

Table 13: Breakdown of claimant numbers and claim costs, for all claim types, between the different settlement channels for settlement years 2015 to 2023.

Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	All
Settled Claimant Numbers										
Direct	95%	94%	94%	94%	94%	95%	95%	97%	97%	95%
Injuries Board	2%	2%	2%	2%	2%	2%	1%	1%	1%	2%
Litigated	3%	4%	4%	4%	4%	4%	3%	2%	2%	3%
All	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Settled Claim Costs										
Direct	45%	44%	39%	43%	44%	46%	44%	55%	60%	47%
Injuries Board	9%	10%	9%	8%	8%	7%	6%	4%	4%	7%
Litigated	46%	46%	52%	49%	48%	47%	50%	41%	36%	46%
All	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

During the period from 2015 to 2023, 95% of claimants settled directly with the insurer, 2% settled through the Injuries Resolution Board and 3% settled through litigation. Over this period, 47% of total claim costs were settled through the direct channel, 7% through the Injuries Resolution Board and 46% through litigation.

From Table 13 it can also be seen that in 2023, there was an increase in the proportion of total cost of claims settled directly (60%), compared to previous years. This is due to the noted increase in the total cost of damage claims, which are predominately settled directly with the insurer and do not require the Injuries Resolution Board involvement or litigation.

Damage Claims

The total cost of damage claims settled in 2023 was €362m across approximately 138,000 claims, which was significantly higher than any other half year period in the data set.

Both the number of settled damage claims and the average cost of those claims increased in 2023 compared to previous years.

Table 14: Number of damage claims settled by claim type, from 2015 to 2023.

Settled Year	Accidental Damage	Fire and Theft	Third Party Damage	Windscreen	All Damage Claims
2015	33,393	9,641	26,650	55,287	124,971
2016	27,675	6,567	23,831	57,137	115,210
2017	22,521	5,015	21,952	51,477	100,965
2018	24,275	4,708	22,645	57,464	109,092
2019	23,186	5,378	23,178	53,257	104,999
2020	20,283	4,559	19,592	49,676	94,110
2021	19,336	3,740	17,212	56,481	96,769
2022	26,214	5,105	21,943	59,470	112,732
2023	36,723	7,085	29,487	64,658	137,953

Figure 24: Index of the number of settled damage claims by claim type, channel in each settlement period, compared to 2015.

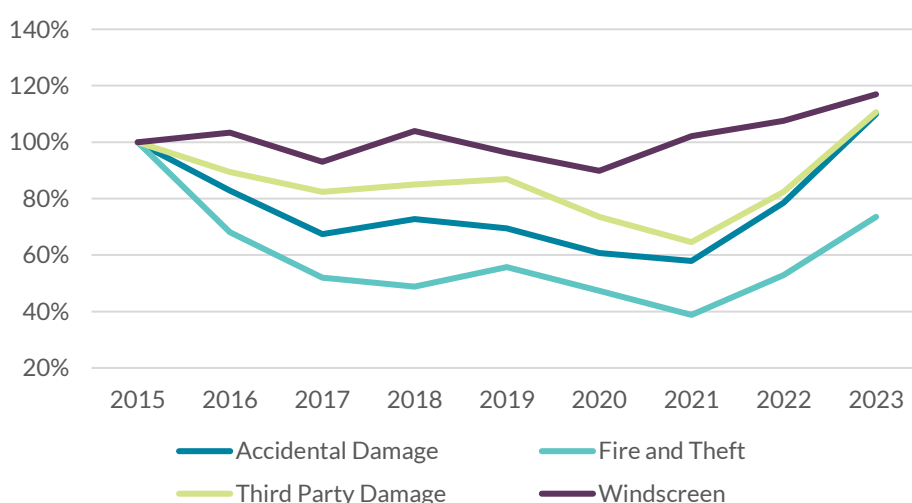


Table 14 and Figure 24 show the trend in the number of damage claims settled by claim type. The number of accidental damage, third party damage, fire and theft, and windscreen claims have increased by 40%, 34%, 39% and 9% respectively between 2022 and 2023, following an increasing trend since 2021. This trend is not adjusted for any changes to the number of policies over time. An increase in the number of policies written, as can be seen in Part 1, would naturally lead to an increase in the number of claims. The frequency of claims, as shown in Part 2, does adjust for this.

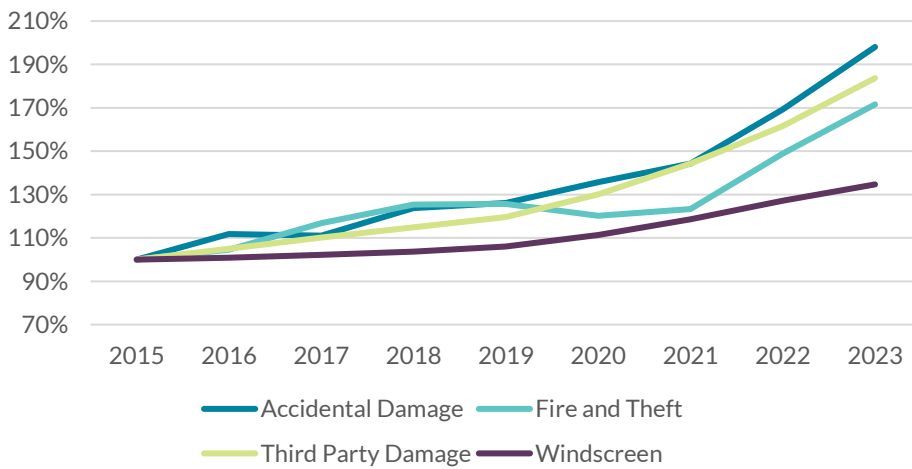
There have also been significant increases to the average cost of damage claims over this period, across all claim types Table 15 and Figure 25 show the average cost of damage claims and the trend in these values, by claim type.

The average cost of settled accidental damage, third party damage and fire and theft claims increased by 17%, 14% and 15% respectively in 2023 compared to 2022, while the average cost of windscreen claims increased by 6%. This follows similar large increases to average costs in 2022.

Table 15: Average cost of settling damage claims in the years 2015 to 2023, by claim type.

Settled Year	Accidental Damage (€)	Fire and Theft (€)	Third Party Damage (€)	Windscreen (€)	All Damage Claims (€)
2015	2,564	1,908	2,449	227	1,455
2016	2,867	1,995	2,571	228	1,448
2017	2,849	2,228	2,697	232	1,451
2018	3,175	2,392	2,814	235	1,518
2019	3,236	2,397	2,928	240	1,606
2020	3,482	2,294	3,187	252	1,658
2021	3,701	2,353	3,534	269	1,616
2022	4,338	2,841	3,957	288	2,060
2023	5,079	3,274	4,500	305	2,625

Figure 25: Index of the average cost of settled damage claims by claim type, compared to 2015.



The combined effect of increases to both the number and average costs of damage claims is that the total cost of damage claims settled in 2023 was 118% or €196m higher than the 2015-2019 average. This is likely reflective of the high inflationary environment over this period and may also be influenced by an increased willingness of policyholders to make damage claims due to changes in the uptake of no claims discount protection, cost of living pressures and lower average premiums.

The increase in comprehensive policies in the market will also contribute to the increased number of accidental damage claims as these claims are only covered under comprehensive policies. Accidental damage claims account

for €110m of the €196m increase in total damage claim costs in 2023 compared to the 2015-2019 average.

Injury Claims

Settlement Channels

From Table 11 it can be seen that the number and total cost of injury claims settled in 2023 are lower compared to 2015 to 2021. However, the number and total cost of injury claims settled in 2023 have increased by 21% and 24% respectively since 2022, when injury claim volumes were at their lowest following the COVID-19 pandemic.

Figure 26 provides further insight on this, showing an index of the number of injury claims settled in each channel per half year period, relative to H1 2015. For context, the total number of injury claims settled through the Direct, Injuries Resolution Board and Litigation settlement channels in H2 2023 was 2,175, 661 and 1,619 claims respectively.

Figure 26: Index of the number of injury claims settled in each channel in each settlement period, compared to H1 2015.



Overall, the number of injury claims settled in H2 2023 was 27% lower than in H1 2015; there was a 19% decrease in the number settling through litigation, a 27% decrease in the number settling directly and a 40% decrease in the number settling through the Injuries Resolution Board.

Across all settlement channels, fewer claims settled in H1 2022 than in any other half year period in the time series. Between H1 2022 and H2 2023,

there was a 35% increase in the number of claims settling directly, a 51% increase in the number of claims settling through the Injuries Resolution Board and a 30% increase in the number of claims settling through litigation.

Similar to the comparison between injury and damage claims, it is important to note the different time taken to settle injury claims through these channels. In 2023, the average time taken to settle claims directly was 1.9 years, it was 2.7 years for claims settling through the Injuries Resolution Board and 5.1 years for claims settling through litigation.

Figure 27: The proportion of settled claimants and total cost of injury claims through each of the five settlement channels from 2019 to 2023.

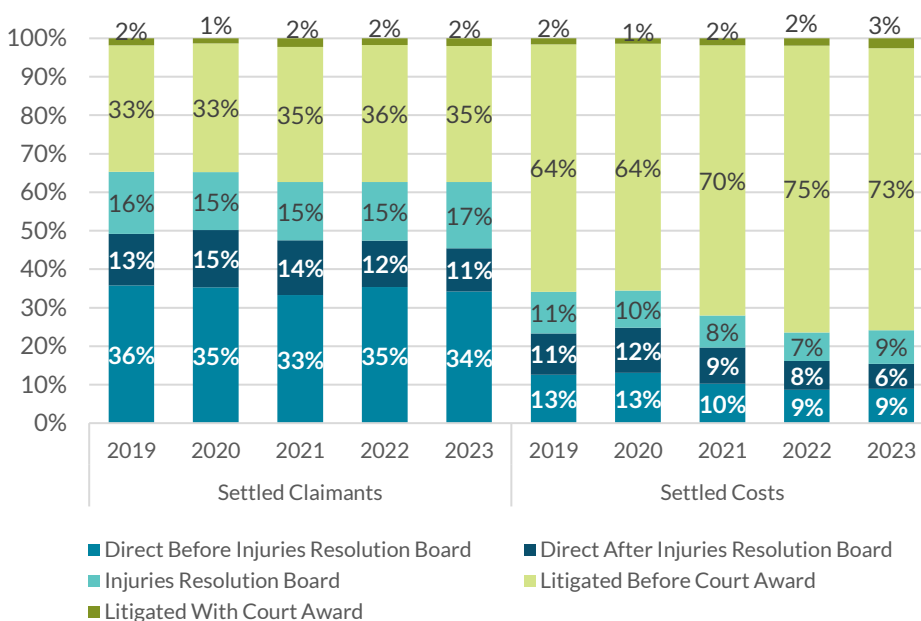


Figure 27 shows the proportion of settled injury claims and costs by settlement channel. This shows that the proportion of injury claims settled through the Injuries Resolution Board increased from 15% in 2022 to 17% in 2023, while the proportion settling directly before the Injuries Resolution Board has decreased from 35% to 34% in the same period.

Figure 27 also shows the proportion of settled costs by channel. Litigated injury claims make up a much larger proportion of costs than they do numbers as a result of larger claims tending to settle in this channel.

The increasing trend in the proportion of litigated claims costs likely reflects the impact of the Personal Injuries Guidelines which were introduced in April 2021 and have reduced average claims costs in the direct and Injuries Resolution Board settlement channels, but which have not yet had a measurable impact on claims in the litigated channel.

This can be seen in Table 16, which shows the average costs of settled injury claims by channel, for claims that settled for less than €100,000. The average cost is split into compensation paid to the claimant, legal fees and other costs (e.g., the cost of medical assessment).

Across the time series, 94% of claims across all channels settled for a total cost less than €100,000. This was 99% of claimants that settled directly or through the Injuries Resolution Board and 84% of claimants that settled through litigation.

Table 16: Average cost of settling injury claims in the years 2015 to 2023 for claims less than €100,000.

Year	Compensation €	Legal €	Other €	Total €
Direct				
2015-2019	13,749	1,351	570	15,669
2020	15,020	2,162	709	17,891
2021	13,701	2,249	672	16,623
2022	9,726	2,097	489	12,312
2023	9,954	2,109	694	12,756
Injuries Resolution Board				
2015-2019	22,020	636	970	23,626
2020	21,610	759	910	23,279
2021	20,581	998	1,085	22,664
2022	15,482	782	1,200	17,464
2023	16,541	649	1,424	18,614
Litigated				
2015-2019	24,033	15,309	876	40,217
2020	25,038	16,472	644	42,155
2021	24,399	16,189	596	41,183
2022	22,534	17,864	750	41,147
2023	20,334	18,097	840	39,271
All Channels				
2015-2019	18,435	5,512	738	24,685
2020	19,041	6,174	722	25,937
2021	18,157	6,403	715	25,276
2022	14,716	6,871	687	22,274
2023	14,460	6,871	877	22,208

Following an increasing trend in the average cost of claims settled directly, where it increased from €13,829 in 2015 to €17,891 in 2020, the average cost for claims less than €100,000 has decreased by 29% to €12,756 in 2023.

The average cost of claims less than €100,000 settling through the Injuries Resolution Board is down 20% in 2023 compared to 2020, while the average cost of these claims settling through litigation is down 7% compared to the 2020 figure.

The average legal cost for litigated claims has increased over the period and was 18% higher in 2023 compared to the 2015-2019 average. For litigated claims that settled for less than €100,000 in 2023, legal costs made up 46% of the total claim cost (or 89% of the compensation cost) on average.

Table 17: Average cost of settling injury claims in the years 2015 to 2023, for all claims.

Year	Compensation €	Legal €	Other €	Total €
Direct				
2015-2019	14,462	1,498	586	16,545
2020	15,592	2,305	713	18,609
2021	14,649	2,422	704	17,775
2022	10,362	2,213	512	13,087
2023	10,525	2,191	713	13,429
Injuries Resolution Board				
2015-2019	23,069	688	995	24,752
2020	23,125	788	969	24,882
2021	21,571	1,035	1,126	23,732
2022	16,419	779	1,282	18,480
2023	17,947	646	1,572	20,166
Litigated				
2015-2019	45,499	23,354	1,504	70,357
2020	47,946	25,304	1,526	74,776
2021	58,203	27,324	1,597	87,124
2022	51,000	28,480	1,914	81,393
2023	50,581	30,032	2,062	82,675
All Channels				
2015-2019	26,583	8,829	971	36,384
2020	27,570	9,775	1,024	38,369
2021	31,063	10,992	1,084	43,138
2022	25,829	11,391	1,131	38,352
2023	26,025	11,771	1,344	39,139

Table 17 shows the average settled cost of injury claims for all claims. This will be influenced by settlements of large claims which are less consistent year on year. The main difference to Table 16 can be seen in the Litigated settlement channel as the majority of claims that settle for greater than €100,000 settle in this channel.

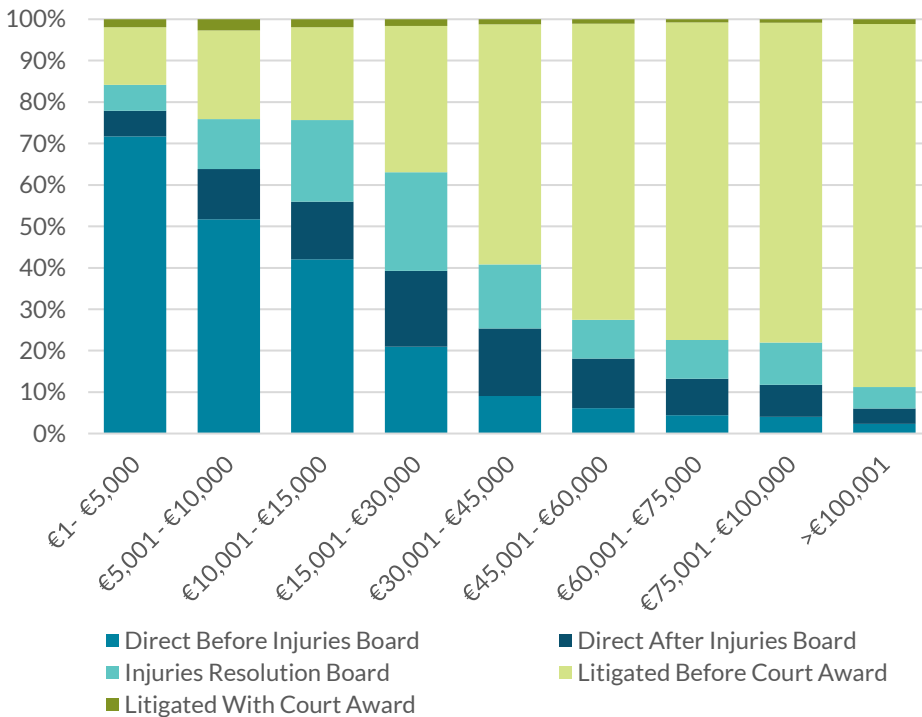
When including claims greater than €100,000, the average cost of Litigated claims was higher over 2021 to 2023 than in each year previous to this. Therefore, we do not see a reduction in the overall average settled cost of injury claims in 2023 compared to 2020 when including all claims rather than claims less than €100,000 only.

Distribution of Injury Claims

Figure 28 provides the distribution of claimants across compensation cost bands using the five settlement channel splits between 2019 and 2023 combined. It can be seen that a high proportion of claims in the lowest compensation cost band are settled directly before the Injuries Resolution Board, which decreases as claim compensation amounts increase. The proportion of claimants that settled through the Injuries Resolution Board is at its highest at 24% of settlements in the €15,001 - €30,000 band.

The proportion of claimants that settled through litigation before a court award increased as claim settlement amounts increased, with more than 50% of claimants settling through this channel for each compensation cost band above €30,000. Claimants who settled through litigation with a court award accounted for between 1% and 3% of claimants in each band.

Figure 28: The proportion of injury claimants that settled in each channel, by compensation cost band in 2019 to 2023 collectively¹⁷.



¹⁷ Based on 94% of market coverage in 2023.

Duration of Injury Claims

Settlement duration in this report is the time lag between the accident being reported to the relevant insurer and the claim being settled by the insurer. These are calculated based on the quarters in which the claim is reported and settled.

Overall, 87% of all claimants (damage and injury claimants) have their claims settled within 12 months of the accident being reported, and 93% within 24 months of the accident being reported. However, certain claims, and in particular litigated injury claims, can take significantly longer to settle.

Table 18 shows the average number of years after the accident was reported to the insurer that claims were settled in years 2015 to 2023. Damage claims settled much faster than injury claims, with an average settlement duration after reporting of 0.4 years compared to 3.2 years on average for injury claims settled in 2023. Of the injury claims, those settled directly took the shortest time to settle, with an average duration of 1.9 years for claims settled in 2023. Injury claims that settled via the Injuries Resolution Board in 2023 had an average duration of 2.7 years, whilst those settled via litigation took the longest time to settle, with an average duration of 5.1 years. Settlement durations increased for injury claims over the period 2015 to 2023 in all settlement channels, particularly in 2020 and 2021 which were impacted by COVID-19 related delays.

Table 18: The average time (years) between claims being reported to the insurer and claims being settled between 2015 and 2023 by channel.

Channel	2015	2016	2017	2018	2019	2020	2021	2022	2023	All Years
Injury Claims										
Direct	1.1	1.3	1.3	1.3	1.4	1.6	1.7	1.8	1.9	1.4
Injuries Resolution Board	1.8	1.8	2.0	2.0	2.1	2.3	2.6	2.7	2.7	2.1
Litigated	3.6	3.7	3.8	3.9	4.0	4.1	4.5	4.8	5.1	4.1
All Claims										
Injury	2.1	2.2	2.3	2.3	2.4	2.5	2.8	3.0	3.2	2.5
Damage	0.3	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4

Table 19 shows the average number of years after the accident was reported that claims were settled in years 2019 to 2023 for the 5-way settlement channel split. As can be seen across all years, claims settled directly before the Injuries Resolution Board had the shortest settlement duration at 1.5 years in 2023. Claims settled directly after the Injuries Resolution Board in 2023 had a slightly longer settlement duration (3.2

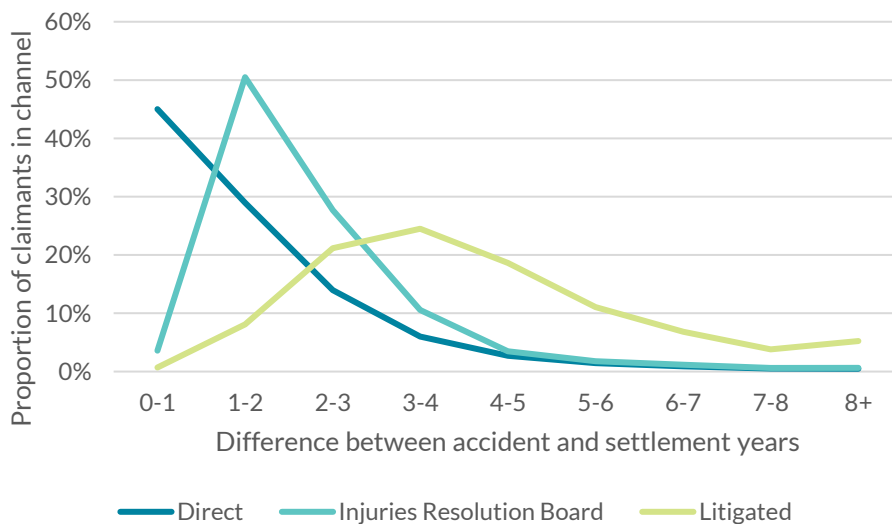
years) compared to those that were settled through the Injuries Resolution Board (2.7 years). On average, claims settled through litigation before a court award in 2023 had a slightly shorter duration of 5.0 years compared to claims settled with a court award at 5.2 years.

Table 19: The average time (years) between claims being reported to the insurer and claims being settled between 2019 and 2023 by channel.

Settlement Channel	2019	2020	2021	2022	2023	All
Direct before Injuries Board	1.1	1.2	1.3	1.3	1.5	1.3
Direct after Injuries Board	2.2	2.4	2.5	3.0	3.2	2.5
Injuries Resolution Board	2.1	2.3	2.5	2.6	2.7	2.4
Litigated before Court Award	3.9	4.1	4.4	4.7	5.0	4.4
Litigated with Court Award	3.7	3.8	4.4	4.8	5.2	4.3

Figure 29 shows the distribution of injury claimants in each of the settlement channels across different reported to settlement durations. 74% of claimants who settled directly and 54% of claimants who settled through the Injuries Resolution Board had their claim settled within two years of the accident being reported. However, only 9% of claimants who settled through litigation had their claim settled by this time.

Figure 29: Distribution of injury claimants by duration of settlement process, for injury claims settled between 2015 and 2023.



Litigated claims also have a greater spread of settlement durations. Although 30% of claimants who settled through litigation had their claim settled in the first three years after the accident was reported, 16% of claimants took six or more years to have their claim settled.

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 Findings

Across all channels, 63% of claims settled in 2023 settled under the Personal Injuries Guidelines, including 23% of litigated claims.

The average cost of claims that settled under the Guidelines in 2023 were:

- 38% lower for claims that settled directly before the Injuries Resolution Board
- 22% lower for claims settling through Injuries Resolution Board and
- 39% lower for claims settling directly after the Injuries Resolution Board.

when compared to claims that settled in the same channel under the Book of Quantum in 2020.

The Personal Injuries Guidelines have not yet materially impacted the cost of claims settled via litigation. Claims settled via litigation represent the largest proportion of the total injury claims cost.

Background

Grouping of Claims

Similar to Part 4, claims discussed in this section have been collected 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.

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 the appendices.

Important Points to Note

Given the relative recency 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.

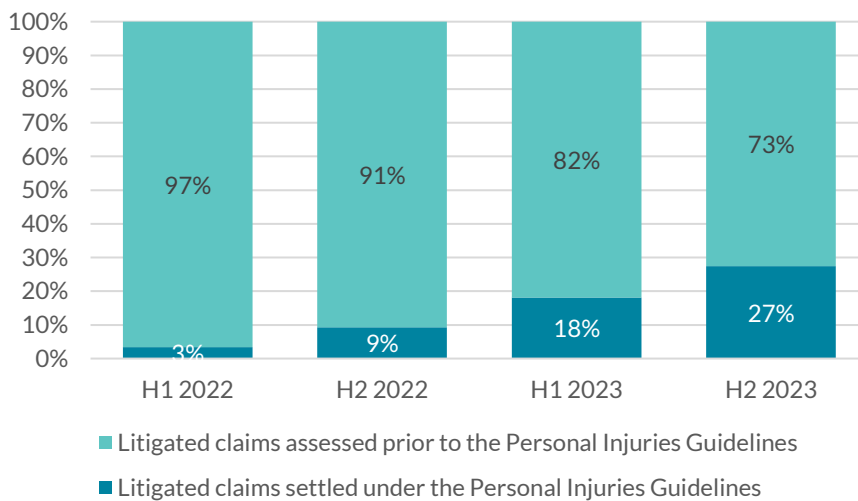
- (1) There is an insufficient number of claims settled through litigation under the Guidelines to provide a consistent comparison against litigated claim settlements prior to the Guidelines.
- (2) The current sample of claims that settled under the Guidelines in 2021 to 2023 is biased towards claims 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

Settlements under the Guidelines

The average time to settle injury claims varies significantly by settlement channel, see Table 18. It may take many years for injury claims to settle and 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, virtually all settled claims in 2023 had awards set using the Guidelines. As can be seen from Figure 30, the proportion of litigated claims settling under the Guidelines has been increasing since their introduction, from 9% of claims in H2 2022 to 27% in H2 2023.

Figure 30: Proportion of litigated injury claimants settled in 2022 and 2023 under the Personal Injuries Guidelines and the Book of Quantum, i.e., assessed prior to the Guidelines.



Impact of the Guidelines on average claim costs

To assess the impact of the Guidelines, the average cost of claims settled under the Personal Injuries Guidelines is compared to the average cost of claims settled under the Book of Quantum in 2020, prior to the introduction of the Guidelines.

As the Guidelines apply to claims reported after April 2021, the average claim that settled under the Guidelines between 2021 and 2023 is likely biased towards claims that are less complex or severe when compared to the average across all claims that settled in 2020. Claims that take less time

to settle would generally be expected have lower average awards compared to claims that take longer to settle.

For this reason, the average settlement time has been used as a proxy to determine how reasonable it is to compare the average settled costs of claims settled under the Guidelines against all claims settled under the Book of Quantum in 2020. The time taken to settle claims has increased across all channels since 2020, therefore the average time taken to settle all claims is also shown for 2023.

Table 20: The average time (years) between a claim being reported to the insurer and settled, for all claims settled in 2020 and 2023, for claims settled under the Personal Injuries Guidelines only in 2021-2023.

Settlement Channel	All Claims		Claims Settled under Personal Injuries Guidelines		
	2020	2023	2021	2022	2023
Direct before Injuries Board	1.1	1.4	0.7	0.8	1.0
Injuries Resolution Board	2.1	2.6	2.0	2.1	2.2
Direct after Injuries Board	2.3	3.1	1.6	2.1	2.4
Litigated before and with Court Award	4.0	5.0	2.4	2.6	3.0

Table 20 shows that for claims settling under the Guidelines in 2021, the average settlement time was lower than for claims settling in 2020. As a higher proportion of claims have settled under the Guidelines in 2022 and 2023, the average settlement time has trended back towards the 2020 and 2023 averages across all claims. By 2023, the average settlement time for claims settled directly or through the Injuries Resolution Board is similar to those settled under the Book of Quantum in 2020. This suggests that the comparison may be reasonable for these channels.

At 2023 there are still an insufficient number of claims settling under the Guidelines in the litigated channel for a credible comparison.

Table 21: Comparison of the average cost of claims settled under the Personal Injuries Guidelines in 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	
Direct before Injuries Board	14,007	7,530	7,414	8,678	-38%
Injuries Resolution Board	24,816	17,389	16,824	19,384	-22%
Direct after Injuries Board	30,616	16,704	18,470	18,729	-39%

Table 21 provides a comparison of the average cost of claims that settled through the Direct before Injuries Board, the Injuries Resolution Board, and the direct after Injuries Resolution Board settlement channels under the Personal Injuries Guidelines from 2021 to 2023 against those that settled in 2020 with reference to the Book of Quantum.

While the average time taken to settle claims is similar, there may still be differences between the claims settled under the Book of Quantum in 2020 and those settled under the Personal Injuries Guidelines in 2023. As such, the comparison shown in Table 21 provides an indication of the impact of the Guidelines only.

The average cost of settled claims was 38% lower for claims that settled directly before the Injuries Board, 39% lower for claims settling directly after the Injuries Board and 22% lower for claims settling via the Injuries Resolution Board under the Personal Injuries Guidelines in 2023 compared to claims settled under the Book of Quantum in 2020.

It will take time for the full effect of the Personal Injuries Guidelines to be seen in the Litigated settlement channel which account for 76% of all injury costs. This is due to the long duration between the accident being reported and the settling of a claim (5.1 years on average for claims settled in 2023).

It is important to note decreases in the average compensation costs for the 84% of claimants whose claims settled for less than €100K in the litigated channel as shown in Table 16.

PART 6 – Claim Development and Large Claims

Data on the development of claims was collected for accident years 2009-2023. This data forms the basis for insurers' estimates of claim 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 2018 to 2023. It also provides insight into the underlying claims development patterns.

Key Insights and Findings

In 2023, insurers' best estimate of total gross claims cost reduced by approximately €104m 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, 2% of the expected ultimate injury claim costs for accident year 2023 are paid, 52% are claim reserve estimates and 47% are estimates of the cost for claims that have not yet been reported or have been under-reported.

As at 31 December 2023, 78% of the expected ultimate damage claim costs for accident year 2023 are paid, 19% are claim reserve estimates and 3% are estimates of the cost for claims that have not yet been reported or have been under-reported.

Premium and Claims Cost by Reporting Year¹⁸

The trends in claims costs shown in Part 2 of this report are based on estimates of ultimate claims cost¹⁹ 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 reliant on estimates and there is greater uncertainty.

Figure 31: Comparison of the average cost of claims per policy across accident years 2009-2023 as at 31 December 2018-2023.

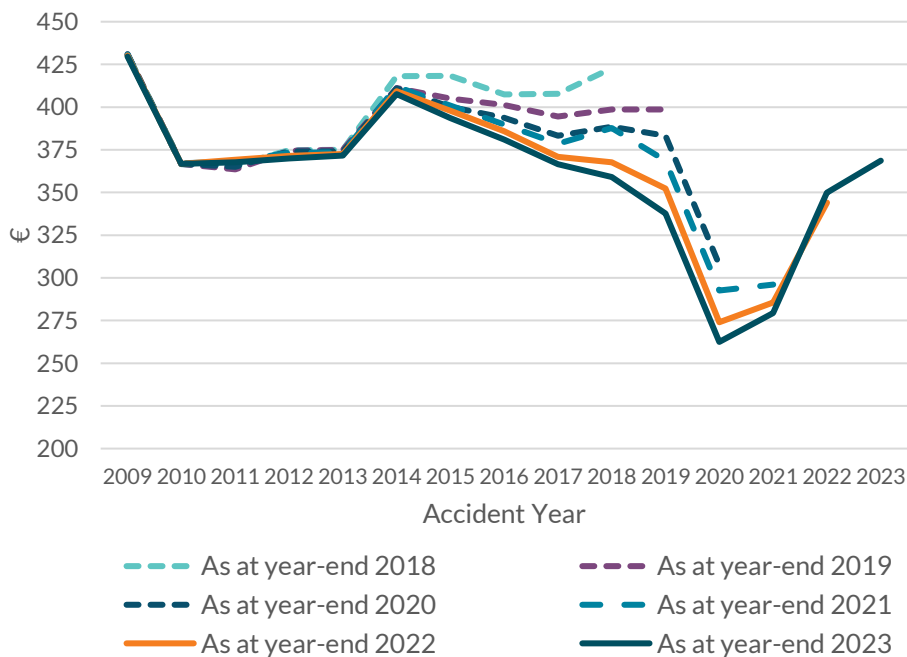


Figure 31 compares the average claims cost per policy using ultimate claims costs calculated at each year-end from 2018 to 2023. From year-end 2022

¹⁸This section is based on 94% market coverage to provide a consistent comparison against the ultimate claims cost reported for previous NCID Private Motor Insurance Reports.

¹⁹The concept of ultimate claims costs is explained further at [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)).

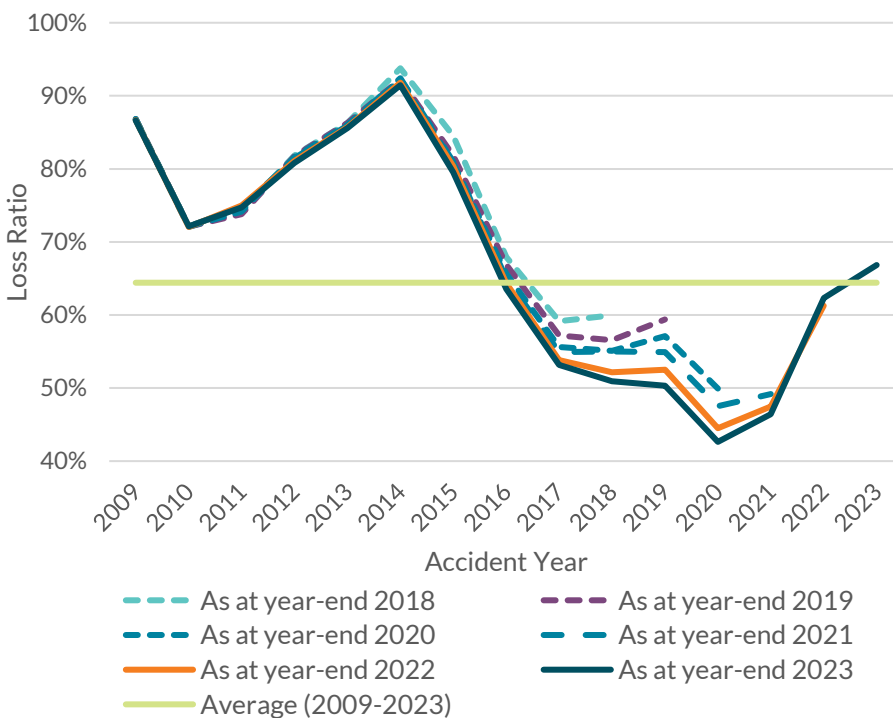
to year-end 2023, insurers' estimates of the average cost per policy reduced for all accident years except 2022. These reductions were most pronounced on more recent accident years, including 2019 (-4%) and 2020 (-4%).

Over the last two years, the estimated average cost per policy for the 2020 accident year has reduced by 15% from €307 at year-end 2020 to €262 at year-end 2023.

More generally, the estimated average cost per policy appears to reduce over time for most accident years, as results become more certain.

Figure 32 shows the impact of the change in ultimate claim costs on the loss ratio, as first discussed in Part 2. The loss ratios for accident years 2018 to 2021 have all reduced by between 1% and 2% from year-end 2022 to year-end 2023. The decreases were most pronounced for the 2019 and 2020 accident years whose loss ratios reduced from 53% to 50% and from 45% to 43% respectively. The loss ratio for the 2022 accident year increased from 61% at year-end 2022 to 62% at year-end 2023.

Figure 32: The ratio of ultimate claim costs to premiums (loss ratio) as at 31 December 2018-2023 for accident years 2009-2023.

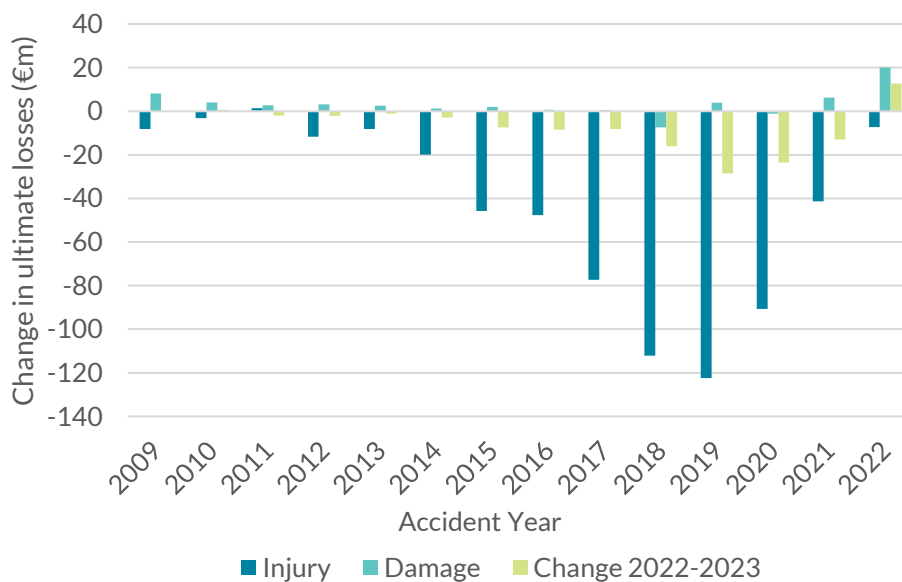


Between year-end 2018 and year-end 2023 there has been a reduction in the estimated ultimate claims cost on accident years between 2012 and 2021, estimated costs for 2022 were increased. For the 2017 to 2022 accident years combined, there has been a €429m reduction in ultimate claims cost estimates during this period, as insurers have revised lower

their estimates of the total cost of settling claims. This is a reduction of 10% compared to initial estimates of ultimate claims costs for these accident years.

Figure 33 shows how this change in the estimated ultimate claims cost can be broken down between each accident year and between injury and damage claims. As can be seen, the reduction in estimated ultimate losses has been driven by injury claims on the more recent accident years. Insurers estimate that the ultimate cost of settling these injury claims will be lower than originally expected. The increase in the estimate of ultimate losses for the 2022 accident year was driven by damage claims.

Figure 33: The change in ultimate loss estimates between 31 December 2018 and 31 December 2023 split between injury and damage, and the change between 2022 and 2023 only, for accident years 2009-2023



Between year-end 2022 and year-end 2023, the estimated gross ultimate claims cost for all accident years reduced by €104m in total. This made a significant contribution to the 2023 financial year profit noted in Part 3.

When the ultimate cost of claims are revised upwards or downwards for a given accident year, or across multiple accident years, this will impact the profitability of the financial year in which those revisions occur.

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

Claim Development Patterns

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 result of this analysis is usually a key input in the estimation of insurers' ultimate cost of claims. This section shows claim development patterns for 95% of the private motor insurance sector (based on the proportion of 2023 gross earned premium).

Table 22 shows the proportion of ultimate injury claims cost that are paid for each accident year across development years. The development year measures the number of years that have passed since the start of the accident year. Table 23 shows the proportion of ultimate injury claims cost that are incurred for each accident year across development years. Incurred claim 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.

Table 22: Paid claims as a percent of ultimate injury claim costs for each accident year across development years.

Accident Year	Development Year														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	7%	21%	42%	60%	75%	86%	92%	94%	96%	98%	99%	99%	100%	100%	100%
2010	7%	24%	45%	64%	78%	88%	92%	96%	97%	98%	99%	99%	99%	99%	
2011	5%	19%	37%	58%	71%	80%	87%	91%	92%	93%	97%	98%	98%		
2012	4%	20%	43%	64%	79%	88%	94%	97%	98%	98%	99%	99%			
2013	4%	21%	43%	62%	77%	88%	93%	95%	97%	98%	98%				
2014	4%	20%	42%	63%	77%	86%	90%	94%	95%	97%					
2015	4%	21%	45%	65%	79%	87%	92%	94%	96%						
2016	4%	20%	42%	61%	73%	81%	88%	92%							
2017	4%	20%	42%	61%	71%	79%	84%								
2018	4%	20%	38%	55%	69%	78%									
2019	4%	16%	32%	45%	58%										
2020	3%	10%	18%	30%											
2021	1%	6%	16%												
2022	1%	7%													
2023	2%														

It can be seen from Table 22 and Table 23 that paid and incurred development patterns for injury claims appear to have slowed between 2009 and 2022. Claims for more recent accident years are less developed than older accident years were at the same development year. This is particularly pronounced for the 2020, 2021 and 2022 accident years.

It should be noted here that the ultimate cost of claims for more recent accident years are uncertain and that the percentages shown above may

change if the expected ultimate claims costs were revised upwards or downwards in future.

Table 23: Incurred claims as a percent of ultimate injury claim costs for each accident year across development years.

Accident Year	Development Year														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	58%	79%	95%	100%	100%	99%	99%	100%	100%	100%	100%	100%	100%	100%	100%
2010	59%	80%	95%	99%	101%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
2011	57%	77%	88%	96%	99%	98%	98%	98%	98%	98%	99%	99%	99%		
2012	59%	82%	95%	101%	103%	101%	101%	101%	101%	101%	100%	100%			
2013	62%	84%	97%	102%	101%	100%	100%	100%	100%	100%	99%				
2014	59%	82%	98%	101%	102%	100%	100%	100%	100%	100%					
2015	61%	86%	100%	104%	102%	101%	100%	100%	99%						
2016	63%	85%	99%	102%	101%	100%	99%	99%							
2017	63%	87%	99%	99%	97%	97%	97%								
2018	66%	86%	95%	96%	93%	93%									
2019	67%	84%	85%	86%	85%										
2020	59%	65%	72%	75%											
2021	50%	59%	74%												
2022	56%	70%													
2023	53%														

The 2020 and 2021 accident years will be particularly uncertain given the atypical nature of these years as a result of COVID-19. The difference in values for 2020 and 2021 compared to previous accident years in Table 23 and for 2020 in Table 22 highlight this uncertainty.

Table 24: Paid claims as a percent of ultimate damage claim costs for each accident year across development years.

Accident Year	Development Year														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	82%	99%	99%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2010	81%	99%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
2011	83%	99%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
2012	84%	99%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%			
2013	82%	99%	100%	100%	100%	100%	100%	100%	100%	100%	100%				
2014	83%	99%	100%	100%	100%	100%	100%	100%	100%	100%					
2015	82%	99%	100%	100%	100%	100%	100%	100%	101%						
2016	83%	99%	100%	100%	101%	101%	101%	101%							
2017	80%	99%	100%	100%	101%	101%	101%								
2018	81%	99%	100%	100%	100%	100%									
2019	79%	98%	99%	100%	100%										
2020	80%	98%	99%	100%											
2021	74%	98%	100%												
2022	71%	98%													
2023	78%														

Table 24 and Table 25 show the proportion of ultimate damage claims cost that are paid and incurred for each accident year across development years. From these, it can be easily seen that development patterns are significantly faster for damage claims compared to injury claims reflecting the much shorter claims settlement times. Consequently, there is greater certainty on the ultimate cost of damage claims.

Table 25: Incurred claims as a percent of ultimate damage claim costs for each accident year across development years.

Accident Year	Development Year														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	105%	103%	101%	101%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2010	104%	103%	101%	101%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
2011	105%	103%	101%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
2012	104%	102%	101%	101%	100%	100%	100%	100%	100%	100%	100%	100%			
2013	102%	102%	101%	101%	100%	100%	100%	100%	100%	100%	100%				
2014	102%	101%	101%	100%	100%	100%	100%	100%	100%	100%					
2015	100%	102%	101%	101%	100%	100%	100%	100%	100%						
2016	101%	102%	101%	101%	100%	100%	100%	100%							
2017	101%	102%	101%	101%	100%	100%	100%								
2018	101%	102%	101%	101%	100%	100%									
2019	99%	101%	101%	101%	100%										
2020	97%	101%	101%	100%											
2021	95%	101%	101%												
2022	92%	101%													
2023	97%														

Large Claims²⁰

In Part 2, injury claim costs and frequency were analysed using the ultimate claim costs and numbers. However, additional insight can be gained by splitting injury claims into two categories based on their size and analysing their trends separately. In this report, we have defined large injury claims as those having a value greater than €250,000, with all other injury claims less than or equal to €250,000 being grouped together as attritional claims.

The number of large claims that occur in a given year and the overall cost of those claims can be volatile and difficult to predict. As a result of their size, the total ultimate claims cost in a given year can be significantly impacted by unusually high or low large claims experience in that year.

²⁰ This section is based on 94% market coverage based on 2023 gross earned premium.

Figure 34: Ultimate claim costs for third party injury claims split between claims for less than or equal to €250k and claims for greater than €250k for accident years 2009 to 2023.

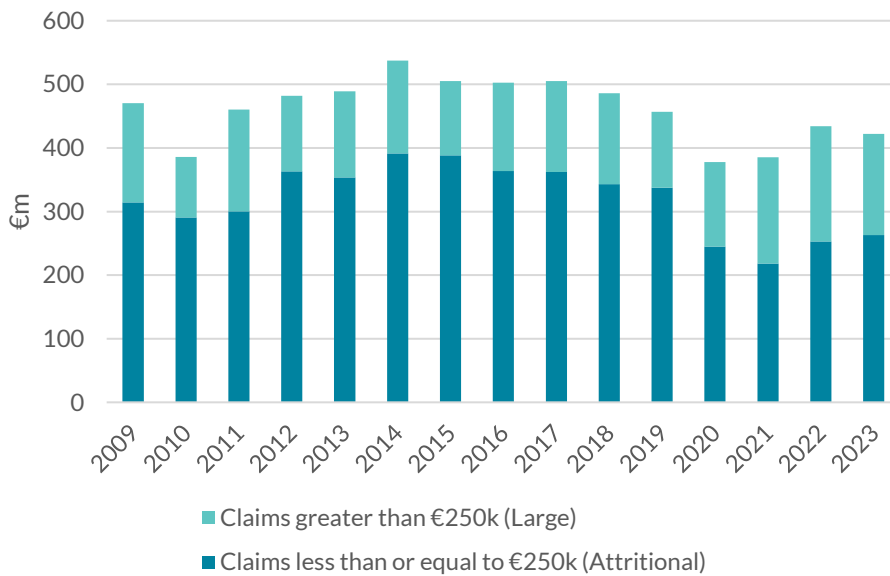


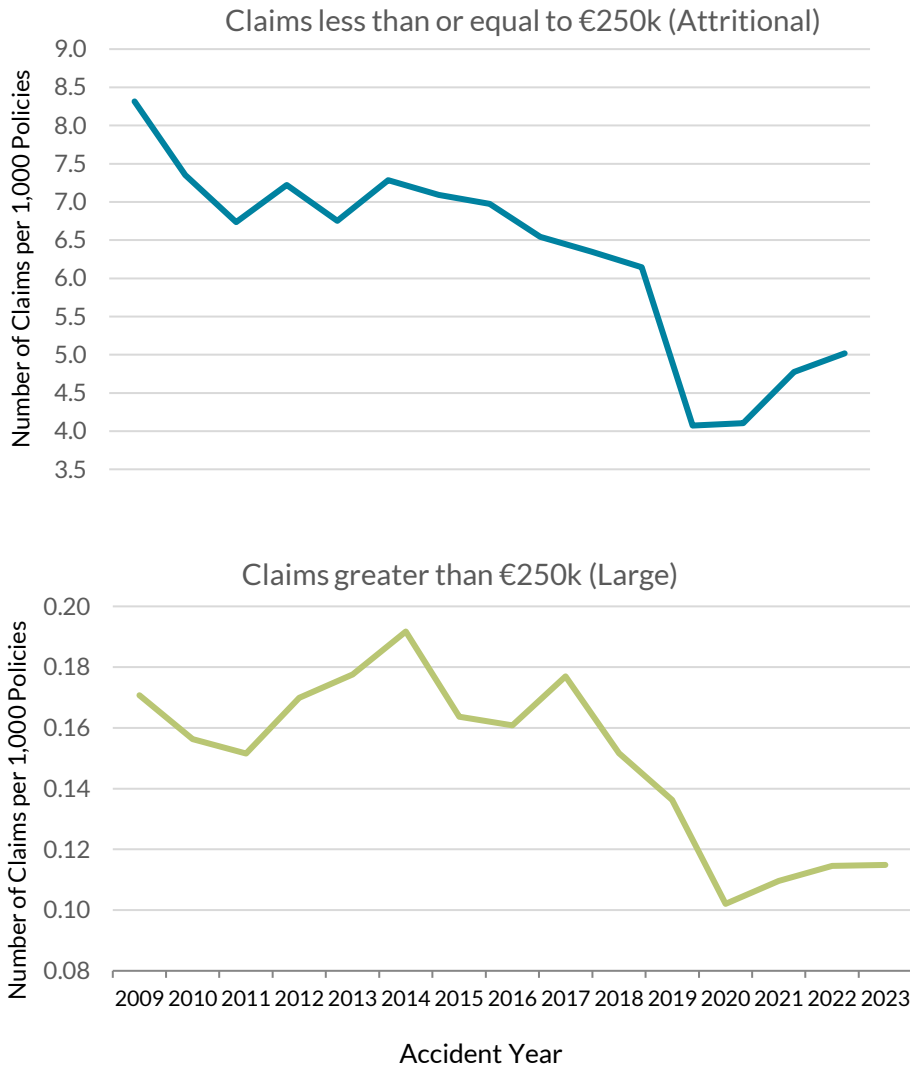
Figure 34 shows that, from 2009 to 2023, the ultimate claim cost per accident year for attritional injury claims has averaged €319m. This reduced from a peak of €391m in 2014 to €218m in 2021 before increasing to €263m in 2023.

The ultimate claim cost for large injury claims has averaged €141m over the same period. The ultimate claim cost for large claims was higher in recent years at €181m in 2022 and €159m in 2023. However, the estimate of ultimate claims for large claims will be very uncertain for recent years.

The ultimate cost of large claims as a percentage of total injury claims cost was relatively stable between 2009 and 2019, at an average of 28%. Between 2020 and 2023, this increased to an average of 40% of total injury claim costs.

It can be seen in Figure 35 that the frequency of large injury claims is low compared to attritional injury claims and the other claim types shown in Part 2. Across all years 2009 to 2023 there were 6.39 injury claims per 1,000 policies, of which 0.15 were large claims and 6.24 were attritional claims.

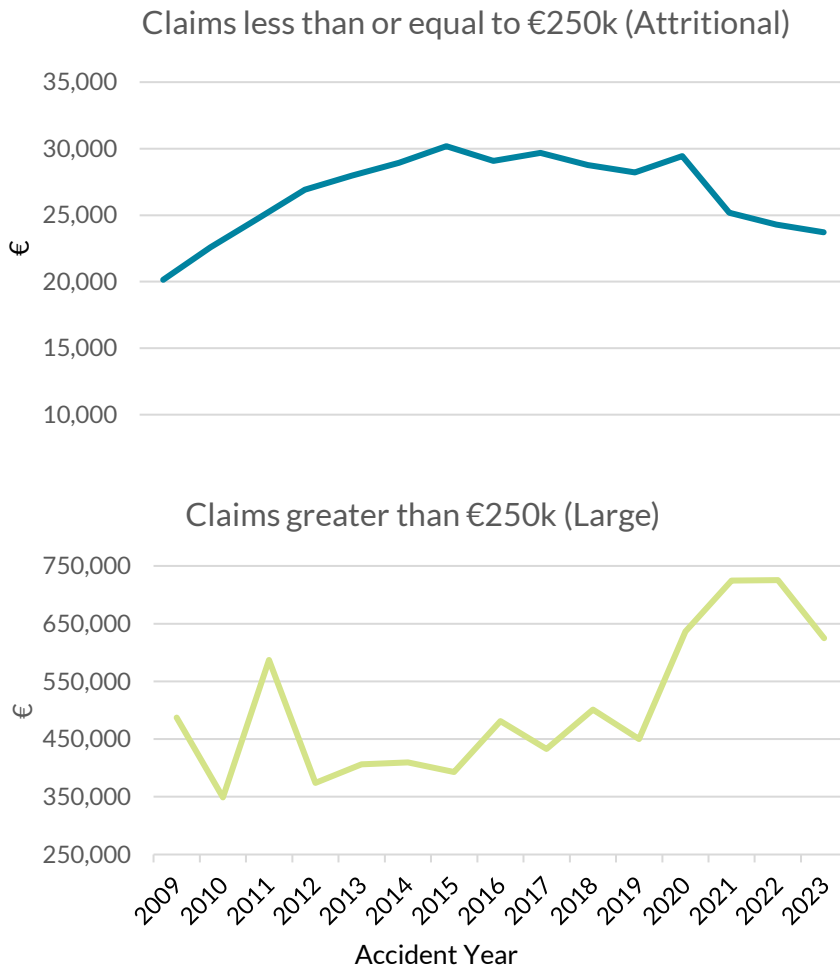
Figure 35: Number of attritional and large injury claims per 1,000 policies for accident years 2009-2023.



The frequency of attritional claims decreased from 7.3 in 2014 to 6.1 claims per 1,000 policies in 2019. There was a significant further reduction in attritional claims frequency in 2020 to 4.1 claims per 1,000 policies owing to COVID-19 related restrictions. This has increased to 5.0 claims per 1,000 policies for the 2023 accident year but remains significantly below pre-COVID frequency levels.

From 2009 to 2017, the frequency of large injury claims was between 0.15 and 0.19 claims per 1,000 policies. This has steadily decreased from 0.18 in 2017 to 0.10 in 2020 and has remained relatively stable between 2020 and 2023 at 0.11 claims per 1,000 policies.

Figure 36: Average cost per claim for attritional and large injury claims for accident years 2009-2023.



The average cost per claim for attritional injury claims increased by 50% from €20,140 in 2009 to €30,184 in 2015. It then remained stable from 2015 to 2019 before decreasing by 16% from €28,207 in 2019 to €23,712 in 2023. This is likely driven by the introduction of the Personal Injuries Guidelines in April 2021. The 2020 accident year is an outlier due to the impact of COVID-19, as described in Part 2.

The average cost per claim for large injury claims has been volatile over the period 2009-2023. This is to be expected due to the low numbers of large claims and the wide range of claim amounts. The size of individual large claims in any given year may have a significant impact on the yearly average. Overall, Figure 36 shows an increase in the average cost per large claim in recent years whereby the average cost per claim over 2020 to 2023 was 54% higher at approximately €678,000 compared to an average of €441,000 between the 2009 and 2019 accident years.

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 – Personal Injuries 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 Resolution 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 Resolution Board data.

In 2021 and 2022, 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.

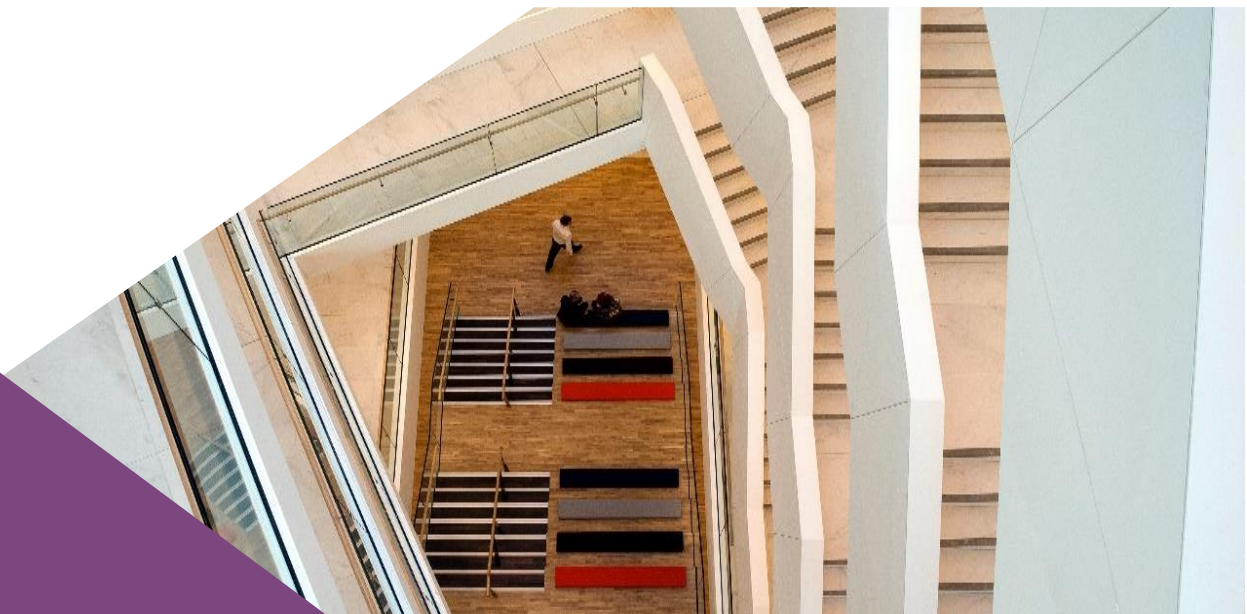
It is worth noting that claims that settle outside of the the Injuries Resolution Board or Litigated with Court Award settlement channels are settled after negotiations between the relevant parties. Claims labelled in this report as having settled under the Guidelines in the Direct before the Injuries Resolution Board, Direct after the Injuries Resolution 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 Resolution Board or settled through litigation with a court award.

Appendix 3 - List of Participating Insurers

The NCID referred to the list of Motor Insurance Bureau Ireland (MIBI) members in order to identify firms in scope. Only those firms who write private motor insurance were required to participate. MIBI members who write commercial motor insurance only, were not in scope of this report. Here we list those firms that submitted data to the NCID.

Table 26: Firms that submitted data to NCID in 2024.

Authorisation Status	Undertaking Name
Irish Authorised	Allianz PLC
	Arch Insurance (EU) DAC
	Aviva Insurance Ireland DAC
	AXA Insurance DAC
	FBD Insurance PLC
	Irish Public Bodies CLG
	RSA Insurance Ireland DAC
	Zurich Insurance Company
EU/EEA Authorised, Freedom of Establishment basis	AIG Europe S.A. (Irish Branch)
	Liberty Seguros Compañía De Seguros y Reaseguros, S.A.
EU/EEA Authorised, Freedom of Services basis	Accredited Insurance (Europe) Limited
	Chubb European Group PLC
	WAKAM



T: +353 (0)1 224 6000
E: ncid@centralbank.ie
www.centralbank.ie



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem