

**All Party Working Group on Car Insurance  
Room 21, Parliament Buildings, 29 April 2013 at 4pm**

**Present:**

Trevor Lunn (Chair)  
Roy Beggs (for part)  
Cathal Boylan

John Burke (Chair, Belfast Solicitors' Association)  
Colin Mitchell (Hon Secretary, Belfast Solicitors' Association)  
Susan Dolan (Department of the Environment)  
Iain Greenway (Department of the Environment)

Julie Coulter (Consumer Council)  
Joleen Cunningham (Consumer Council)

**Chair's Opening Remarks:**

The Chair welcomed everyone to the meeting.

**Evidence from Belfast Solicitors' Association:**

The Chair introduced Mr Colin Mitchell and Mr John Burke and thanked them for attending and agreeing to answer members' questions.

Mr Mitchell began by saying that the Belfast Solicitors' Association (BSA) has responded to a number of consultations and has been gathering data on car insurance. He said the statistics he would refer to were in the BSA briefing paper which had been distributed in the members' pack before the meeting. He made reference to the 40 per cent figure given by the Association of British Insurers (ABI) to the Department of Finance and Personnel for cases going to court and suggested that this would be challenged by his presentation today. Members asked what Mr Mitchell's estimate is and were advised that he feels the figure is more in the region of three to four per cent.

Mr Mitchell advised that as all personal injury claims must be reported to the Compensation Recovery Unit (CRU), its figures for the number of road traffic accident (RTA) claims will be accurate. Whilst the number of RTA claims in NI has risen since 2009, CRU figures show that the incidence of personal injury claims per head of population is lower in Northern Ireland (NI) than in England and Wales. (NI

has 125.08 RTA injury claims per 10,000 of population, whereas the figure for England and Wales is 147.68).

Mr Mitchell told members that a key reason often given for higher car insurance premiums is the level of fraud. The insurance industry regularly produces unsubstantiated figures for fraud in the UK. NI does not feature. Mr Mitchell said that this may be because figures are not worth keeping for NI, or that fraud is not a widespread issue here. He also advised that a possible deterrent to fraud may be because the 'no win, no fee' aspect of claims does not exist here. Also 'after the event' insurance which was introduced in England and Wales following the end of the legal aid system there does not operate in NI. Mr Burke added that there is some evidence that a company may look to settle with a plaintiff thereby avoiding court costs but this practice lacks scrutiny and could lead to a situation where it generates more claims.

Members heard that it is believed historically that NI had higher personal injury claims than England and Wales because of the now defunct jury system. The vast majority of whiplash cases are now dealt with by the NI County Court system. Mr Mitchell presented statistics which show that awards for damages in the County Court did not increase significantly in the period from 1996 to 2010 and that the vast majority of personal injury awards in NI are below £5,000.

Members asked what incentives exist to encourage early settlement and avoid high legal bills. Mr Mitchell advised that legal costs in the NI County Court are on a scale dependent on the amount awarded and there is a local protocol applied whereby insurers who settle before proceedings are issued will receive a 33 per cent discount. If a case is settled after proceedings are issued but before the case is listed for hearing a discount of 25 per cent applies. Full costs are payable once a case is listed for hearing. He said that over the last ten to twelve years parties have become more proactive in settling at an earlier stage. Figures provided by Mr Mitchell showed that the amount of legal costs payable in NI is significantly less than in England and Wales. In addition to legal costs, other disbursements are paid in all jurisdictions. These include the cost to list a case which varies from £250 in NI to as

much as £1,000 in England and Wales; and a medical report fee, which can be £546.38 in England and £240 in NI.

Roy Beggs left the meeting at 5.00 pm.

Members spoke about trying to gauge which organisations to speak to and highlighted the importance of getting complete and correct data from all parties involved in the insurance market. Mr Mitchell referred to the insurance market in the south of Ireland and said that a comparison could be made between places such as Letterkenny and Strabane to ascertain the difference in premiums. He said that this may be a better comparison than NI vs England and Wales in terms of town size and geographical situation. He said that the Jackson report had revealed costs on a per case basis for England and Wales and the same was needed for NI.

Members discussed the costs added on to car insurance such as legal cover, claims management and replacement car hire and how this meant that for each aspect offered someone would get 'his cut'. Whilst it is beneficial to the customer to receive a replacement car while his is off the road, at times it can seem that the repair company will take its time thereby increasing the cost of the car hire. Mr Mitchell advised that this is something being investigated by the Competition Commission. Commercial relationships between claims management companies, car hire and insurance companies were also discussed and members queried whether insurance companies will pay for leads to follow up after someone has had an accident. Mr Mitchell advised that referral fees are banned in NI but that it appeared some English solicitors might be paying referral fees and then pursuing the claim from England thus getting around the local ban.

Discussions continued about injuries sustained in accidents and the difficulties sometimes posed for doctors and consultants in assessing these. In general, it could be estimated that only one case in every twenty presented with symptoms that were queried by medical professionals.

Members asked about penalties for uninsured drivers and heard that whilst historically penalties in rural areas may have been more lenient, in reality now consequences were standard across the board and a fine for a first offence would generally equate to the cost of a year's premium plus approximately six penalty points. Persistent offenders could face a custodial sentence. With insurers writing to customers to remind them of their imminent renewal date members heard that instances of consumers assuming a few days' grace with no insurance were not acceptable to the courts any longer.

Mr Mitchell said he would provide the committee with a written briefing covering statistics discussed today should this be required.

The Chair thanked Mr Mitchell and Mr Burke for taking the time to attend and answer members' questions.

### **Evidence from the Department of the Environment**

The Chair then welcomed Mr Iain Greenway and Ms Susan Dolan. Mr Greenway began by saying that the Environment Minister has had a strong personal input to DOE's work on road safety over the last number of years and went on to detail some of the initiatives the department has been leading on. These include changes to the learner driver process, the recognition of penalty points between the north and south of Ireland and several hard hitting media campaigns with the aim of preventing road deaths. It is also the intention to move away from using the word 'accident' in future and replace this with 'collision'. Members were told of a possible plan to end the practice of self-declaration of penalty points which would require systems development and data sharing.

Members discussed continuous insurance cover, where the Driver and Vehicle Agency (DVA) would be aware of insurance renewal dates and be able to monitor this. It would become an offence to keep a car without motor insurance even if it was parked up, unless it had a SORN (Statutory Off Road Notice). The DVA would write to people to inform them that the vehicle did not have insurance and non

compliance would result in fines and possible seizure of the vehicle. While the issue of continuous insurance was being looked at there was a need to ensure that DVLNI jobs in Coleraine would not be put at risk due to systems integration. Members welcomed the Minister's initiatives on road safety.

Mr Greenway advised that the department is collating data on telematics (in-car black box technology). Whilst the control group is small and there may be some issues around data sharing, it is hoped that initial findings will be available in autumn 2013. If there is evidence that driving standards improve with telematics, it will be interesting to see if this improvement continues over time. Under pressure from the minister, the ABI has finally revealed that the implementation of GDL and other measures for young drivers including telematics could reduce premiums by up to 20 per cent in Northern Ireland. Mr Greenway advised that while young drivers hold 11 per cent of licences here, they are involved in 44 per cent of fatal collisions. The issue of older drivers was also discussed and members promoted the website [www.sharetheroadtozero.com](http://www.sharetheroadtozero.com) which encourages safety in drivers of all ages.

Members welcomed information that in June 2013 the ABI will release NI specific statistics for the first time and discussed the legal position on obtaining information from private companies.

Members were told of cross departmental work regarding pre-action protocol, claims management and referral fees and work ongoing with the ABI on fraud. Mr Greenway advised that it was hoped that a single document would be produced with details. He said that two members of staff are working on road safety issues in the department on a full time basis.

The Chair thanked Mr Greenway and Ms Dolan for taking the time to attend and answer members' questions.

**AOB:** A date for the next meeting will be advised in due course.

The meeting closed at 6.15pm.