

## **Submission to the Department of Jobs, Enterprise and Innovation consultation on the operation and implementation of the Public Injuries Assessment Board Acts, 2003 and 2007**

**July 2014**

### **Introduction**

Chambers Ireland is the largest business network in the State. With members in every geographic region and economic sector in Ireland, we are well positioned to understand the concerns of business owners and represent their views.

We recognise that Ireland is experiencing a nascent economic recovery. This ought to be a time when businesses are beginning to capitalise on positive economic momentum following a prolonged period recession. However, for this to be fully realised Government must continue to actively work to reduce the cost of doing business and improve on competitiveness.

There is broad agreement that the Personal Injuries and Assessment Board (PIAB) Acts and Injuries Board.ie have achieved what they set out to, such as reducing the time spent and cost of processing personal injury cases, as well as easing a significant burden on the courts.<sup>1</sup>

However, as an organisation that represents the interests of business, Chambers Ireland feels two issues remain highly significant:

1. Any increase in the cost of doing business must be avoided; and
2. Ireland's reputation as a place to do business must be protected.

In order to avoid increasing costs and protect Ireland's reputation, it is vital that the number and value of claims, especially Employer Liability claims, are not allowed to escalate to an unsustainable level.

### **The cost of doing business**

We note that, according to the PIAB Annual report 2012, there has been an almost doubling in the number and value of awards from 2006 to 2012.<sup>2</sup> This trend is of concern to businesses that recognise that it can lead to increased insurance premiums. Furthermore, while Employer's Liability accounts for only 8% of total claims, the average value of these awards is higher than for all other

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<sup>1</sup> For example, see Hogan, V. (2006): <http://www.djei.ie/corporate/piab/CostBenefitAnalysis.pdf> A more nuanced view is provided by Ilan, J. (2009):

[http://www.ucd.ie/roads/roads\\_documents/compcultwp%20no2.pdf](http://www.ucd.ie/roads/roads_documents/compcultwp%20no2.pdf)

<sup>2</sup> <http://www.injuriesboard.ie/eng/News-Information/Annual-Reports-Archive/Annual-Report-2012.pdf>, page 8

categories.<sup>3</sup> A significant proportion of awards for Employer's Liability are valued at 38-100k or in excess of 100k.<sup>4</sup>

Irish SMEs in particular are concerned with insurance costs. The AXA International Small Business Report 2011 illustrates that while insurance costs are only a concern for 1% of SMEs worldwide; the risk was most recognised in Ireland, with 10% of SMEs saying it was a significant business risk.<sup>5</sup>

## Protecting Ireland's reputation as a place to do business

Ireland continues to attract significant high end Foreign Direct Investment (FDI); however, perceptions about the cost of doing business are even more significant for overseas companies who may be considering investing in Ireland.

According to KBC's 'Foreign Direct Investment in Ireland: Sustaining the Success' which was published in July 2014: "Costs associated with doing business in a country are a key component in the thought process of any potential FDI investor."<sup>6</sup> We know that insurance costs are one of the factors taken into consideration by international companies when these decisions are being made. Furthermore the report states: "Ireland's cost attractiveness improved over the course of the economic crisis and as the country emerges from the recession it is necessary that costs are managed to a level which ensures Ireland does not become prohibitive in attracting FDI into the future."<sup>7</sup>

For this reason it is vital that there are no further increases in the number and value of Employer's Liability claims awarded through Injuries Board.ie.

## Recommendations

1. As part of its review of the PIAB Acts, Government must investigate why the number of awards and the average real value of awards are increasing.
2. Government should investigate why the average award under Employer's Liability is significantly greater than other categories.

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<sup>3</sup> Ibid.

<sup>4</sup> Ibid., page 9.

<sup>5</sup> [http://www.axa.com/lib/axa/uploads/etudes/etude-internationale-pme/2011/AXA\\_SME\\_Report\\_2011.pdf](http://www.axa.com/lib/axa/uploads/etudes/etude-internationale-pme/2011/AXA_SME_Report_2011.pdf) , page 21

<sup>6</sup> [http://www.grantthornton.ie/db/Attachments/Grant-Thornton-Foreign-Direct-Investment-in-Ireland\\_F.pdf](http://www.grantthornton.ie/db/Attachments/Grant-Thornton-Foreign-Direct-Investment-in-Ireland_F.pdf) , page 30

<sup>7</sup> Ibid.