

Client Adviser

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Ireland: New Motor Insurers' Fund takes effect 1 December 2018

With a new motor insurance levy in Ireland, Marsh recommends that businesses carefully evaluate the potential impact on their cost of risk.

The Irish Government has passed the Insurance (Amendment) Act 2018, to take effect 1 December 2018. The law requires insurers operating in the Irish market to contribute 2% of gross written premiums towards a new fund to be known as the Motor Insurers' Insolvency Compensation Fund.

The fund will be held by the Motor Insurers' Bureau of Ireland and will increase the level of insurance compensation fund coverage for all future third-party motor claims from its current 65% level to 100%. The aim is to ensure that claimants can still be paid if an insurer goes into liquidation.

The Act specifically states that insurers must pay this levy to the fund and the Irish Government insists that the contributions to this fund will be borne by the insurers; however, it is expected that the cost is likely to be passed on to the policyholders.

Marsh will monitor insurers' approach to this additional levy and will apprise clients accordingly. The total amount of government levies and taxes on motor premiums will increase from 5% to 7%, from 1 December.



Recommendations

We suggest you review your motor insurance arrangements with your Marsh team and insurers. You should carefully evaluate the potential impact that this new levy will have on your overall cost of risk.

Key points to consider include:

- Increased use of deductibles/policy excesses to reduce premium spend.
- Use of Marsh data and analytics resources to help set optimum insurance levels and support improved risk financing.
- Claims reserve analysis projects to ensure you are providing the insurance market with the most accurate reflection of your risk.

Contact

If you have questions regarding how this new law may affect your business, please get in touch with your usual Marsh contact.



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