

Section 1: Summary of RIA

Summary of Regulatory Impact Analysis (RIA)	
Department/ Office: Department of Finance	Title of Legislation: Central Bank (National Claims Information Database) Bill 2018
Stage: Publication of Bill	Date: June 2018
Related Publications: Central Bank (National Claims Information Database) Bill 2018	
Available to view or download at: https://www.finance.gov.ie	
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<p>The following policy options have been considered in relation to the Central Bank (National Claims Information Database) Bill, hereafter referred to as the NCID Bill:</p> <ol style="list-style-type: none">1. No intervention2. Publish metrics on a voluntary basis3. Develop a Database underpinned by statute4. Develop a Claim-by-Claim Register underpinned by statute <p>Preferred option:</p> <p>Option 3 is being pursued by the Department for Finance through the Central Bank (National Claims Information Database) Bill 2018, in light of the recommendations of the Cost of Insurance Working Group in the Cost of Motor Insurance Report, published in January 2017, and following further analysis as evidenced below.</p> <p>Option 2 is being pursued as an interim measure until such time as the Database is ready to go live.</p> <p>It was also decided to explore Option 4 further over the longer term, and this consideration has begun.</p> <p>The costs, benefits, and impacts of each of the options are set out overleaf.</p>	

OPTIONS			
	Cost	Benefit	Impact
1	No intervention		
	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None
2	Publish metrics on a voluntary basis		
	Cost	Benefit	Impact
	<ul style="list-style-type: none"> • Lack of Statutory Basis • Less ability to protect sensitive data • Financial Cost 	<ul style="list-style-type: none"> • Quick to establish • Transparency improved 	<ul style="list-style-type: none"> • Increased transparency to consumers • Increased Compliance burden on industry
3	Develop a Database underpinned by statute		
	Cost	Benefit	Impact
	<ul style="list-style-type: none"> • Primary Legislation Requirement • Financial cost, particularly in establishment phase • Compliance Costs to industry 	<ul style="list-style-type: none"> • Increased Transparency through a statistical analysis of aggregated data, particularly with regard to settlement channels • Could be scoped and developed in relatively short time period than Option 4 • Competition or Data Protection Issues avoided. 	<ul style="list-style-type: none"> • Increased transparency to consumers • Increased Compliance burden on industry
4	Develop a Claim-by-Claim Register underpinned by Statute		
	Cost	Benefit	Impact
	<ul style="list-style-type: none"> • Primary Legislation Requirement • High Compliance and Financial Cost both to the industry, both in establishment phase and maintenance phase • High ongoing financial cost to organisation housing the register • Significant Data Protection Issues • Significant commercial sensitivity issues with individual claim data • Could involve lengthy lead-in time to develop and establish 	<ul style="list-style-type: none"> • Increased Transparency with regard to individual level claims, including speed of resolution, type of settlement, etc • Could be used for other purposes such as fraud detection, and for use in the compilation of the Book of Quantum (if data is usable from a data protection perspective) 	<ul style="list-style-type: none"> • Increased transparency to consumers • High compliance burden on industry • Significant Data Protection Issues • Could be seen as barrier to entry to new entrants

Section 2: Statement of policy problem and objective

Policy context:

The Cost of Insurance

Pricing in the non-life insurance sector has been subject to a lot of volatility in recent years, from a point where some premiums appeared to be priced at an unsustainably low level to the more recent experience of large increases, particularly since 2014.

As a result of this and other developments in the insurance sector, the Minister for Finance began a review of insurance policy in 2016. The Cost of Insurance Working Group (the Working Group) chaired by Minister of State at the Department of Finance, Eoghan Murphy TD¹, was established as part of that review in July 2016. The Minister of State decided that the focus of the first phase of its work would be on the rising costs of motor insurance.

The Working Group brought together all the relevant Departments and Offices and has met regularly, engaging with stakeholders to understand the factors contributing to the rising cost of motor insurance and to develop a range of measures to address the situation.

The objective of the Working Group was to identify and examine the drivers of the cost of insurance, and recommend short, medium and longer term measures to address the issue of increasing insurance costs, taking account of the requirement for the need to ensure a financially stable insurance sector.

Data availability in the insurance sector

One of the key themes which emerged from the discussions of the Working Group with those stakeholders, was that an improvement in transparency, through the additional collection and publication of data, was essential.

There are a number of drivers of the cost of insurance premiums, and it is not always clear what is the predominant factor at a particular point and time. Therefore, in order for policy makers to have the necessary understanding of the causes of any future peaks and troughs in pricing, it is essential to have reliable information on an ongoing basis on the key factors impacting such costs. This type of information should enable policymakers and insurers to respond appropriately to such market distortions. For instance the CEOs of insurers that the Working Group met stated that claims costs are a significant driver of insurance premiums increases and have varied significantly as a percentage of premiums over the last number of years. Therefore having a regular insight into such a factor over time would be helpful in establishing what action if any needed to be taken to address it.

Currently in Ireland, claims data related to motor insurance is available from a variety of sources. However, it is not collected or produced for the purpose of improving transparency on emerging risks within the market. As pricing of insurance premiums reflects a current view on the likelihood and cost of claims into the future, transparency of claims data could feed into this current view and improve insurers' ability to price more accurately and thus reduce the cyclicity of their pricing. It should be noted that no organisation is currently responsible for the collection of data from insurers for this purpose, thus representing a clear information gap.

¹Michael D'Arcy TD became the Chair following his appointment as Minister of State in June 2017.

In order to better understand how claims costs impact premiums, the Working Group decided that an incremental data gathering approach should be adopted to increase transparency and improve data availability across the insurance sector.

Statement of Objectives:

Long term

The long term objective of the policy is to deliver a workable, functional and cost-efficient solution to improve the availability of data on the insurance market in Ireland. This objective is pursued with a view to:

- promoting competition,
- increasing transparency,
- allowing for the identification of trends and the development of appropriate policy responses,
- increasing stability, and
- preventing the cycles both up and down that have occurred regularly in the Irish market in the past.

Important factors in considering any or all of these initiatives include:

- Consumer information and protection;
- Identifying data that is defined in a consistent manner and is practical and possible to collect;
- Timelines for delivery and effectiveness, i.e. deliverable in the short to medium term (within 3 years);
- Value for money, i.e. not to add unnecessary cost to the State, insurance undertakings and policyholders; and
- Precedent in other jurisdictions, i.e. proven effectiveness in other jurisdictions and to guide implementation.

As this analysis sets out, it is believed that the best way to meet this long term objective is through the establishment of a National Claims Information Database to be housed in the Central Bank of Ireland (Option 3) in the medium term with a commitment to explore further the possibility of a Claims Register (Option 4) in the longer term.

Immediate

As a Database will take time to establish and bed down, it has been decided to utilise Option 2 – publish metrics on a voluntary basis – in the short term. This will allow for an immediate improvement in the level of transparency. It is thought that the voluntary nature of this project is more likely to be successful when it is carried out on the understanding that a legislative regime will follow.

Section 3: Identification and description of options

Options

The insurance sector in Ireland has agreed that there is a requirement to increase transparency and improve data availability within the market.

A number of options were considered in order to achieve this:

1. No intervention
2. Publish metrics on a voluntary basis
3. Develop a Database underpinned by statute
4. Develop a claim-by-claim Register

The potential benefits and costs associated with each of the options are set out in Section 4.

Option 1 - No intervention

The 'no intervention' option is primarily being included for benchmarking purposes. Therefore it will not be examined in great detail as part of this RIA because it is not envisaged that this option will be pursued in practice. To take no action would mean accepting the current situation of a lack of information in relation to claims trends in the insurance industry which, as has been illustrated in the policy context in Section 2, is wholly unsatisfactory.

Option 2 - Publish metrics on a voluntary basis

The primary objective of the policy is to understand the relationship between the price paid by a customer for motor insurance and the cost to insurance undertakings and to identify the reasons for any significant divergence over time.

By understanding the trends or movements in the components of the average cost of claims over time, specific cost elements (medical, legal, or 'other' costs) can be identified as the underlying reason(s) for the change. This can assist in focusing future policy efforts in reducing the costs of insurance that a customer pays.

One method for achieving this insight is to collect a limited amount of data on the relevant income and expenditure items from insurance undertakings on a voluntary basis at regular intervals.

Notwithstanding the above, this method will not provide a full picture as the ability of an authority to receive full and accurate data from insurers on a voluntary basis is limited due to being unable to give appropriate confidentiality commitments in relation to such data.

Experience to date of using this option

The Department of Finance began utilising this option in 2017 while putting the groundwork in place for the statutory database (Option 3), in line with Recommendation 12 of the Cost of Insurance Working Group's Report on the Cost of Motor Insurance. Two reports have issued since then, in July 2017 and May 2018.

In view of concerns by individual insurers about the confidentiality of company level information being submitted to the Department, and the Department being unable to provide full assurances about the confidentiality of that information at a company level, in view of its obligations under the Freedom of Information Acts, it was agreed that companies would submit the data through Insurance Ireland, the representative body for insurers. Insurance Ireland members represented approximately 90% of the domestic motor insurance market.

A request issued to Insurance Ireland in March 2017, and it was agreed that certain data would be submitted by June in order for the first report to be published. This updated data that had previously been requested by the CIWG in October 2016 and had been used within the CIWG Report.

It was agreed that a second round of data relating to ultimate projections for claims costs would be submitted later in 2017. The extra time required was due to the complexity of the data being sought. In addition, it was agreed that Insurance Ireland could use its own consultants, Verisk, to collate and analyse this more complex data for the production of this second report, which was ultimately published in May 2018.

The two reports referred to above illustrate the challenges in collating and analysing aggregate level data across the insurance sector in Ireland, and strongly demonstrate the value and need for a structured response on a statutory footing such as the National Claims Information Database. A major benefit of a statutory approach is the ability for a public body, like the Central Bank of Ireland, to seek this data from individual companies, thus lessening considerably the reliance on bodies such as Insurance Ireland, which was a feature of the voluntary exercise.

In addition, the Data Sub-group of the Cost of Insurance Working Group took the view that the production of reports based on voluntary collections on a quarterly basis was not realistic in view of the complexity of the data exercise. This was primarily due to the very short periods within which this data could be collected, collated, analysed, and verified, as well as the requirement to produce and publish a credible report. The resources required, both by industry and the Department, with support from the Central Bank of Ireland, in this regard was deemed to be overly burdensome for all involved and has informed this Regulatory Impact Assessment as to the frequency of the publication of reports.

Option 3 - Develop a National Claims Information Database underpinned by statute

Introduction

An alternative method to Option 2 is to provide for the establishment of a national claims information database by statute which would be administered by a public body on a permanent basis.

The Cost of Insurance Working Group in its report recommended the establishment of such a database and after considering the options available to administering it concluded that the Central Bank of Ireland should carry out the role. The Report was approved by Government on 10 January 2017. In its decision, the Government noted, inter alia, that:

- The Report of the Cost of Insurance Workings Group's main recommendations includes an action to address the lack of transparency in the claims area through the establishment of a national claims information database which will be located in the Central Bank, and

- For the Central Bank to hold the national claims information database, its mandate will have to be amended by statute, which will also provide for it to be reimbursed for this additional function; and the European Central Bank may need to be consulted on the matter.

This RIA therefore revisits the consideration that was given to the introduction of such a database by the Cost of Insurance Working Group, and provides some additional consideration in terms of issues that arose in the development of the draft legislation that are relevant to an assessment of the regulatory impact.

Overview of the National Claims Information Database

The National Claims Information Database will produce an annual statistical analysis of the factors related to the cost of insurance, including the movement in claims costs / claims trends. It will require Irish authorised insurance undertakings and insurance undertakings with their Head Office in other Member States operating on a Freedom of Services (FOS) or Freedom of Establishment (FOE) basis in Ireland to provide relevant data on Irish based risk for the purpose of an annual statistical analysis by the Central Bank of Ireland. While initially focussed on private motor insurance, the Database could potentially be expanded to include other classes of insurance, e.g. liability, property, etc. in the future but this would have to be subject to a consultation with the Minister for Finance. The potential for this expansion is included in the legislation from the outset.

Provision of Information from Insurers

Given the Database is required primarily to enable the Bank to conduct a statistical analysis of information, the information would be required only at a level of aggregation higher than the individual claim, i.e. not claim-by-claim information. This is important from a data protection perspective, as insurers would have to endeavour to provide information in such a way that no individual is identifiable, and where it is not possible to provide information in that way, the responsibility would lie on the Central Bank to ensure that it met the requirements of the Data Protection Act 2018 in this regard and did not release the identity of any person.

In addition, as highlighted in the previous section, it is important that the Bank is given the appropriate powers to compel such information directly from individual insurers. This is provided for in the legislation, including enforcement measures already available in Central Bank legislation.

Publication of Annual Report

It is proposed that the Central Bank, once it has carried out its data review, will issue an annual report which will provide an analysis of the factors that influence the cost of insurance. This will require the collection of information linked to other factors such as the income and costs of insurers, and the settlement channels used to settle claims and the associated costs. While concerns were raised by industry in the context of the public consultation about the provision of some of this data, the general view of the Data sub-group was that having such information will assist policyholders and researchers to better understand the drivers of the costs of insurance. In addition, the publication of such data at industry level will facilitate an understanding into how particular expenses may or may not have an impact on the overall cost of insurance. This is particularly relevant in the context of the

discontinuation of the publication of the Annual Central Bank Insurance Statistics (“the Blue Book”) since 2015, following the introduction of the Solvency II regulatory regime.

Cost of the National Claims Information Database

The initial development of the Database as well as the ability to cover any shortfalls in funding that may arise will likely entail a requirement for exchequer funding, given that this function is not a typical one for the Central Bank. This funding is an essential provision as there is a requirement to ensure that ECB monetary financing concerns are appropriately addressed. However funding of the ongoing administration of the Database, as well as reimbursement for the initial set-up costs, is to be met by levies imposed by the Bank under Section 32D of the Central Bank Act 1942.

Given the deadline for the establishment of the NCID, work has already commenced in the Central Bank on the putting in place of the Database. According to the Central Bank, it is very difficult to provide precise costs for the NCID at this point. However, it has prepared some tentative costings based on available information. It estimates that the cost for developing the database and compiling the initial report should be:

- No more than €450,000 for developing the database and compiling the first report
- Approx. €50,000 per annum running costs for providing subsequent reports, assuming no changes to the reporting template.

The costing estimate provided refers to the collection of private motor insurance only.

It should be noted that any expansion of the NCID will incur further developmental costs and increased running costs, which are likely to be of a similar magnitude to the costs of developing the private motor insurance database.

Sharing of Information

The Central Bank will receive and maintain company-by-company data for analysis purposes. Only it will have access to this level of information as the confidential nature of such information means it will not be appropriate to provide it to any other public or private stakeholder. However, the legislation will make it possible for the Central Bank to share aggregate level industry information in the Database with other interested bodies as appropriate to its purpose, e.g. for updating the Book of Quantum. Any information provided will be subject to appropriate conditions.

Option 4 - Develop a Claim-by-Claim Register underpinned by statute

Introduction

A further option the Cost of Insurance Working Group considered to improve the availability of data on the insurance sector is the establishment of a claim-by-claim register. It should be noted that this option is being considered separately as part of the Department of Finance’s consideration of the longer-term feasibility of such a register arising from Recommendation 13 of the Cost of Insurance Working Group’s Report on the Cost of Motor Insurance. It is likely therefore that the consideration

given to this option within the RIA will also feature in the Department's Report on this matter, due by Q3 2018.

Overview of Claim-by-Claim Register

There are a range of different views on what a claim-by-claim register should actually comprise of. However, a possible approach is a register whereby data linked to a claimant would be provided, by the insurer or self-insured entity, against whom the claim is being made. Certain uniquely identifiable details related to the claim would probably need to be included, such as:

- personal details of the claimant(s) e.g. PPS Number, driver number (if a motor claim), name, address, age, passport details if non-resident, etc.
- claim details such as the name of the insurer, the policy number the claim is being made against, the date the claim event took place and the date in which the claim was lodged, the location or the address of the premises where the incident occurred, the nature of the claim, for example, personal injury, property, workplace related, etc., and the nature of the injury or damage, ie. classification of the personal injury.
- In addition, over the lifetime of the claim, other details would be required to be provided, such as details related to the final settlement, including the date of settlement, and where applicable, the settlement channel, including PIAB interactions, and any litigation details, including court award levels, presiding judge etc.

It would most likely have to be underpinned by legislation.

Purpose of the Claim-by-Claim Register

If a decision was made to establish a claim-by-claim register, its main purpose would have to be determined and this would have a bearing on the data to be collected. In such a scenario, the relevant body to establish and maintain such a register would likely be one that is independent of the insurance industry. In determining this however, consideration would have to be given to what the register's main purpose would be and who has the necessary resources and expertise to carry out the task.

Data Protection and Data Sharing Implications

It is clear that data protection will play a prominent role in the consideration of such a register. For instance, GDPR considerations would be a key requirement in its design and operation. However, before such a data protection evaluation could take place there would first need to be a clear identification of the purpose of the register, including a clear outline of the data that would need to be collected as well as justification as to why this information is necessary.

In light of this, it may be difficult to share data with other stakeholders, thereby making the data unusable for the purpose it may have been collected for.

Establishment and Cost of the Claim-by-Claim Register

There would be a considerably long lead-in time in terms of establishing a register given the need for industry to adopt systems to be able to provide the level of granularity of information required. The

register would have to be designed to recognise the timelines in terms of claims arising and ultimately being resolved. Furthermore, it would take some further years before meaningful trend information would be available.

In addition, a major consideration in the selection of this option is that there would also most likely be considerably higher costs with regard to the establishment of such a register, both to the organisation tasked with storing and analysing the data, which may fall to the taxpayer to pay at least in the initial stages of development, and to the industry, which may impact the cost of motor insurance if costs are passed on. The costs would likely be in the multiples of what the National Claims Information Database will be.

Section 4: Analysis of costs, benefits and other impacts for each option

Costs

Option 1 - No intervention
<ul style="list-style-type: none"> No direct financial costs.
Option 2 - Publish metrics on a voluntary basis
<ul style="list-style-type: none"> Lack of a statutory basis. There would be less of an ability to protect confidentiality of underlying data, thus safeguarding commercially sensitive proprietary information would be difficult. There would likely be a financial cost associated with analysing the data submitted, even if the analysis is performed in-house within the Department of Finance or Central Bank of Ireland. Procuring actuarial services to analyse the data would lead to additional costs and potential delays in the publication of reports. Depending on the level of complexity of the data, there could be a financial cost to insurers to ensure compliance with the data requirements. Frequent reporting of the data may represent a burden on industry and the relevant public bodies that may not represent an overall value for money over the longer term. To track the change on a quarterly basis for example would require a continuous draw on resources in industry and government bodies to collect, compile, analyse and publish the data over 12 week cycles.
Option 3 - Develop a Claims Information Database underpinned by statute
<ul style="list-style-type: none"> Primary legislation would be required to establish such a database. There would be a financial cost associated with the establishment and maintenance of the database. This would likely involve a requirement for exchequer and/or industry funding to cover shortfalls in funding, given that the function is not a typical function of the Central Bank and the legislation would have to be designed to address ECB monetary financing concerns. There would be a financial cost to insurers to ensure compliance with the data requirements. These impacts would primarily be in the early stages of development of the Database as insurers might have to realign IT systems in order to provide consistent data. There is a risk that these costs could be passed on to policyholders in further premium increases in the short term, however this may be offset by potential savings in other areas as a result of increased transparency on certain costs.
Option 4 - Develop a Claim-by-Claim Register underpinned by statute
<ul style="list-style-type: none"> Primary legislation would be required to establish such a database. This option would most likely have significantly higher financial costs associated with its establishment and maintenance than Option 3. This would apply both for the organisation housing it, which may fall to the tax payer to pay at least in the initial stages of development, and to the industry, who would have to implement systems changes and update the Register in respect of individual claim changes on a regular basis. There would be significant data protection requirements in view of the level of personal data being collected and used, in particular, as the claim level information might be used for several purposes.

- As with Option 3, there would be compliance and cost impacts with regard to the necessity to provide information to the Register.
- This option would also place a higher burden, operationally and financially, on industry over the longer term as companies would be required to update the Register in respect of individual claim changes on a regular basis.
- It has not been possible to identify an international precedent for such an all-encompassing claims level register. Many of the initiatives in other countries appear to have a primary purpose of detecting and combatting fraud and do not gather information on the settlement values of claims. Therefore such a database could take years to develop and could cost a lot.

Benefits

Option 1 - No intervention
<ul style="list-style-type: none"> • There would be no real benefits aside from the lack of a direct financial cost.
Option 2 - Publish metrics on a voluntary basis
<ul style="list-style-type: none"> • It would be possible to establish this method of reporting quickly. This is the only option being considered which would not require primary legislation. • A statistical analysis, even where the level of data is limited, would improve transparency in the market by providing regular information on claims trends, thereby identifying areas to address. • Depending on the level of complexity of the data, the financial cost associated with producing the reports could be minimised. • As data would be collected and used for a specific purpose the analysis should not cause competition issues in the market. • The analysis would provide useful information to potential new market entrants and would not act as a barrier to entry.
Option 3 - Develop a Claims Information Database underpinned by statute
<ul style="list-style-type: none"> • A statistical analysis would improve transparency in the market by providing regular information on the factors that influence the cost of insurance. • In addition, it would identify claim trends, thereby identifying areas to address. This type of model is used successfully in the UK. This might include information relating to the frequency of claims, the speed of resolution, the settlement channels used, average settlement amounts in each of the channels and the delivery costs of each of the settlement channels. • As data would be collected and used for a specific purpose the analysis should not cause competition issues in the market. • Protection of confidentiality of underlying data should address anti-competitive issues, thus protecting commercially sensitive proprietary information. • The analysis would provide useful information to potential new market entrants and would not act as a barrier to entry. As information would not be available at a granular level, Data Protection issues should be also avoided. • Industry experts would be in a position to provide their expertise and advices concerning the development and ongoing production of the analysis. • Aggregate level information in the Database could be shared with other interested state bodies as appropriate to its purpose, e.g. updating the Book of Quantum. • A national claims information database could be scoped and established in a relatively short time period in comparison to a claim-by-claim register and would represent the quickest and most practical approach to national claims data collection. • The legislation underpinning the Database could allow for it to potentially expand, subject to demand and feasibility, to encompass information on other types of information outside of motor insurance, e.g. liability or property insurance.

Option 4 - Develop a Claim-by-Claim Register underpinned by statute

- Provided that the information obtained was usable from a Data Protection and commercial sensitivity perspective, the level of information available under this option could be its greatest benefit. A register could potentially capture granular claim-by-claim information on frequency of particular types of claims, the speed of resolution of particular types of claims, settlement channels and amounts for particular types of claims, and the delivery costs of such claims.
- A register could be used, like a claims information database, for the purpose of producing an annual statistical analysis of movements in claims costs / claims trends.
- Given that information will be at claim level, it may be possible that such information could inform the compilation and production of the Book of Quantum by the Personal Injuries Assessment Board.
- Claim level information would also provide a basis by which certain fraudulent activity might be identified, however the potential use of the information for that purpose would have to be investigated further, in light of work ongoing to look at establishing a specific fraud database.

Impacts

IMPACTS
Option 1 - No Intervention
<p>Consumers</p> <ul style="list-style-type: none"> • Acceptance of the current situation of the lack of information in relation to the insurance industry in the State. • Potential continued increase in the cost of insurance without understanding why. • Lack of understanding of the trends and drivers of those trends in the income and expenditure of the insurance sector and therefore no basis to consider addressing through policymaking. • No further understanding on the use of particular settlement channels, thereby making it difficult to understand factors that may be leading to higher acceptance rates in particular channels.
Option 2 - Publish metrics on a voluntary basis
<p>Consumers</p> <ul style="list-style-type: none"> • The publication of data should have a positive impact on consumers, by improving transparency in the insurance industry. <p>Compliance Burden</p> <ul style="list-style-type: none"> • Definition and classification issues would need to be clarified and agreed with insurance undertakings to ensure that the data can be aggregated to a market level in a manner that allows valid trends to be identified over time. In some cases, to redefine or reclassify could require significant investment. This would be difficult to agree on a voluntary basis as different insurers define and classify terms in different ways. • Even with agreed definitions, etc., there would be potential data quality issues in that the voluntary nature of the exercise would not compel information providers to ensure full accurate data is provided, even if there is a best attempt to. • Aside from the lead-in time in terms of agreeing the dataset and definitions, given the timelines in terms of claims arising and ultimately being resolved, it would take some further years before meaningful trend information would be available.
Option 3 - Develop a Claims Information Database underpinned by statute
<p>Consumers</p> <ul style="list-style-type: none"> • The establishment of the claims information database should have a positive impact on consumers, improving transparency in the insurance industry over time. • Increased transparency with regard to the use of particular settlement channels. This should enable stakeholders to ensure that award levels across different channels become more consistent, and ultimately lower the level of awards through increased adherence to the Book of Quantum amounts. • So long as the report published does not provide any information whereby an individual is identifiable, there should not be data protection implications.

Compliance burden

- As insurance undertakings classify and define their data in different manners, a detailed process would need to be undertaken in order to ensure that data is classified consistently for collation and input to the analysis.
- Clear guidance in terms of issues such as definitions used and infrastructure development in both the reporting institutions and the compiler. This would involve a consultation process with industry in order to ensure a balance is struck.
- Notwithstanding the lead-in time in terms of establishing the database, given the timelines in terms of claims arising and ultimately being resolved, it could still take some further years before clear trend information would be available.

Option 4 - Develop a Claim-by-Claim Register underpinned by statute

Consumers:

- Some consumers could take the view that a claim-by-claim register would not be merited from a Data Protection perspective.
- Were the Register to be used to detect fraud for example the impact of any inaccuracy, on the part of an insurance company submitting data or the organisation storing and analysing the data, could have a negative impact on individuals.
- An incorrect interpretation or misreading of any resulting report by an external party could cause unintended consequences.
- This option would also take the longest to establish. As well as the lead-in time for the development of the Register and any necessary legislation, there would be a delay due to the need for industry to adopt systems to be able to provide the level of granularity of information required on a claim-by-claim basis.

Competitiveness / Compliance burden

- The Register could be seen as a barrier to entry in the Irish market. The initial set-up costs would be high, and the ongoing maintenance costs would probably be significant because of the scale of the operation.
- The type and detail of data required from insurance undertakings relating to claims costs would be proprietary, commercially sensitive information.
- Data protection concerns could render the information unusable from the purpose of other state bodies' perspective, with regard to updating the Book of Quantum or detecting fraud.
- Constant updating of data required from insurance undertakings could require the storage of large volumes of such data, the quality assurance and consistency checking of the data and the requirement to update the data on an ongoing basis as claims develop and close.
- Insurance undertakings classify and define their data in different manners consistent with their Group data, risk management and governance requirements. Given the level of granularity

required for a Register, a very detailed process would need to be undertaken in order to ensure that data received from insurance undertakings is classified consistently.

Other Impacts

The options considered above would not have negative impacts on the following: national competitiveness, socially excluded and vulnerable groups, poverty proofing, rural communities, the environment, the rights of citizens, employment foreseen as a result of the implementation of these recommendations.

Section 5: Consultation

Consultation by the Cost of Insurance Working Group

In July 2016, the Minister for Finance Michael Noonan T.D. established the Cost of Insurance Working Group chaired by Minister of State Eoghan Murphy TD.

The Working Group comprised of representatives from a range of government departments and agencies:

- Department of Finance
- Department of Business, Enterprise and Innovation
- Department of Justice and Equality
- Department of Transport, Tourism and Sport
- Central Bank of Ireland
- Personal Injuries Assessment Board
- State Claims Agency

The Working Group was also supplemented by a number of sub-groups including a Data Availability Sub-group. This sub-group was responsible for researching the gaps in information availability in the insurance sector and proposing short, medium and long term solutions to tackle the issue. The Sub-group brought together representatives from the Department of Finance, Central Bank of Ireland, the State Claims Agency and the Central Statistics Office.

As part of the extensive consultation process carried out by the Working Group and its sub-groups, the following bodies and individuals were consulted:

- AA Ireland
- AIG
- Auto Records Ltd
- Aviva
- AXA
- Block Capitals Ltd
- Car Rental Council of Ireland
- Consumers Association of Ireland
- Department of Social Protection
- Dorothea Dowling, Former Chair of the Motor Insurance Advisory Board
- Enterprise rent-a-car
- FBD Insurance
- Fineos (provider of core software solutions for Life, Accident and Health
- Freight Transport Association of Ireland
- Garda National Economic Crime Bureau
- Gen-Re re-insurance
- Head of Taxi Regulation at the National Transport Authority
- IBEC
- Insurance Ireland
- Irish Brokers Association

- Irish Road Haulage Association
- John Healy SC, Medical Law Specialisation
- Legal Cost Accountants of Ireland
- Liberty Insurance
- Motor Insurers' Bureau of Ireland
- National Transport Authority
- RSA Insurance
- Society of Actuaries in Ireland
- The Council of the Bar of Ireland
- The Courts Service of Ireland
- The Law Society
- Tiománaí Tacsáí na hÉireann
- UK Forum of Insurance Lawyers
- UK Ministry for Justice
- Vintners Federation of Ireland

Consultation by the Data Sub-group since publication of the CIWG Report

A new Data Sub-group was established by the Department of Finance shortly after the publication of the Cost of Insurance Working Group's Report on the Cost of Motor Insurance in January 2017. That group was charged with the implementation of the recommendations in relation to Objective 2 of the Report (improving data availability). The Sub-group's membership includes representatives from the Department of Finance, the Central Bank of Ireland, the Personal Injuries Board, the State Claims Agency, the Central Statistics Office and the Society of Actuaries.

Consultation also took place with Insurance Ireland on issues linked to the quarterly data collection exercise (Option 2), as well as the drafting of the relevant legislation to implement Option 3. Furthermore, the Central Bank has been leading on a project to develop the specification of the Database and has held a number of workshop sessions to develop these precise specifications. The Bank has also consulted industry on this draft specification.

A public consultation also took place between February and March 2018 in relation to the legislation to underpin the National Claims Information Database and the Department of Finance has reviewed the responses received.

A separate public consultation was launched in relation to Option 4 in May 2018 and responses received will be taken into account by the Department of Finance in reporting on the feasibility of a claim by claim register.

Section 6: Enforcement and Compliance

The proposal involves the use of primary legislation. Incorporated in this is a requirement for Oireachtas approval for both the Bill and any future amendments to the Act thereafter.

The Bill provides the Central Bank with powers to enforce compliance with the legislation in line with the powers in force in relation to other reporting obligations.

Section 7: Review

Consultation

An integral part of the RIA process is to identify ways of periodically reviewing legislation to evaluate the extent to which it is achieving its objectives. This can be achieved in a number of ways such as:

- (i) Consulting with stakeholders
- (ii) Establishing review groups

As regards performance indicators, the more obvious and effective way of ascertaining how well the legislation is performing will be through establishing levels of satisfaction amongst stakeholders.

Given that the legislation amends the Central Bank Acts, the European Central Bank (ECB) will be consulted following the publication of the Bill.

Evolution

The purpose of the legislation itself is to provide for the formation of a database whose primary objective shall be to increase transparency in the insurance industry. Therefore, continuous engagement with relevant stakeholders, including by the Central Bank of Ireland, will be important to ensure that the most useful information is made available. These stakeholders shall include members of the Data Sub-group of the Cost of Insurance Working Group, as well as from time to time, representatives of industry and bodies representing other interested stakeholders, such as consumers or businesses.

The Bill provides the Bank with the power to collect data on classes of non-life Insurance which most strongly merit further study to determine the factors which influence their cost.

The Minister for Finance is also required to be consulted as part of the process of selecting new classes of Non-Life Insurance for study. This power provides potential for the evolution of the Database to cover other classes of Non-Life Insurance in the future without the requirement to draft further primary legislation.

Public accountability

From a public accountability perspective, as the Database is to be maintained by the Central Bank, the Governor or a Head of Function at the Bank shall report to a Committee of the Oireachtas as required under the existing Central Bank legislative framework.

Section 8 Publication

This Regulatory Impact Analysis statement shall be published on the Department of Finance's website and accompanied by a link to the Bill once one becomes available.