



Confederation of Irish Industry

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PRESS RELEASE

Speech by Liam Connellan, Director General, Confederation of Irish Industry, at Carlow Rotary Seminar "Survival through Planning" at the Seven Oaks Hotel, Carlow, on Thursday, May 28th, 1987

EMPLOYERS LIABILITY INSURANCE COSTS MUST BE REDUCED

It is estimated that the cost of Employers Liability Insurance for manufacturing industry in Ireland is now more than £30 million higher than comparable costs in Britain. Funds which would otherwise be used to increase output and maintain employment must be diverted to paying higher insurance costs. As a result thousands of industrial jobs are being placed at risk.

There can be little doubt that the very high level of Employers Liability Insurance premiums has contributed to the decline in manufacturing employment over the last five years. Manufacturing firms cannot afford to pay out £30 million more in premiums than their competitors in other European countries.

It is the strong view of industry that the very high cost of such insurance in Ireland is a reflection of the inappropriate legal system for hearing personal injury

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claims. Industry is very concerned that juries are empowered to assess damages in such cases.

The major problem with the jury system is the excessive and inconsistent level of damages awarded. Ireland is the only country in the EEC where damages for personal injury are assessed by juries. The legal costs associated with jury cases are exceptionally high because of the large number of barristers involved. Typically, legal costs account for about one-third of the damages awarded.

The combination of widely varying awards and the "leap-frogging" of awards has resulted in a doubling of insurance costs over the last three years.

Employer Liability premiums in Ireland are now estimated to be about three times higher than the cost of similar insurance in Britain. These high premiums apply even where a firm may have an excellent safety record. For example, an international group whose Irish subsidiary had won a group award for safety and which employs over 1,000 people in Ireland must pay an Employers Liability Insurance premium exceeding 6% of the payroll cost.

In addition, many small firms have experienced very great difficulty in obtaining a quotation for insurance.

When firms are forced to continue producing without having insurance they can be put out of business by a single accident.

The Confederation would therefore recommend that a new Courts Bill should be introduced to exclude the use of juries in personal injury cases. Personal injury claims would in future be heard by judges who would be provided with a comprehensive set of technical guidelines for assessing damages.

It is essential that the "no jury system" should be implemented from the date on which the legislation is passed. Otherwise there will be a backlog of up to three years before the new legislation becomes operative and the cost of insurance premiums begins to fall.

There should be a national focus on safety in the workplace and lower insurance premiums should immediately be available to firms who have incorporated accident prevention programmes which meet strict criteria established by the insurance companies.

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