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"To fairly, promptly and transparently compensate the victims of accidents involving personal injuries in a cost effective manner."

© Personal Injuries Assessment Board

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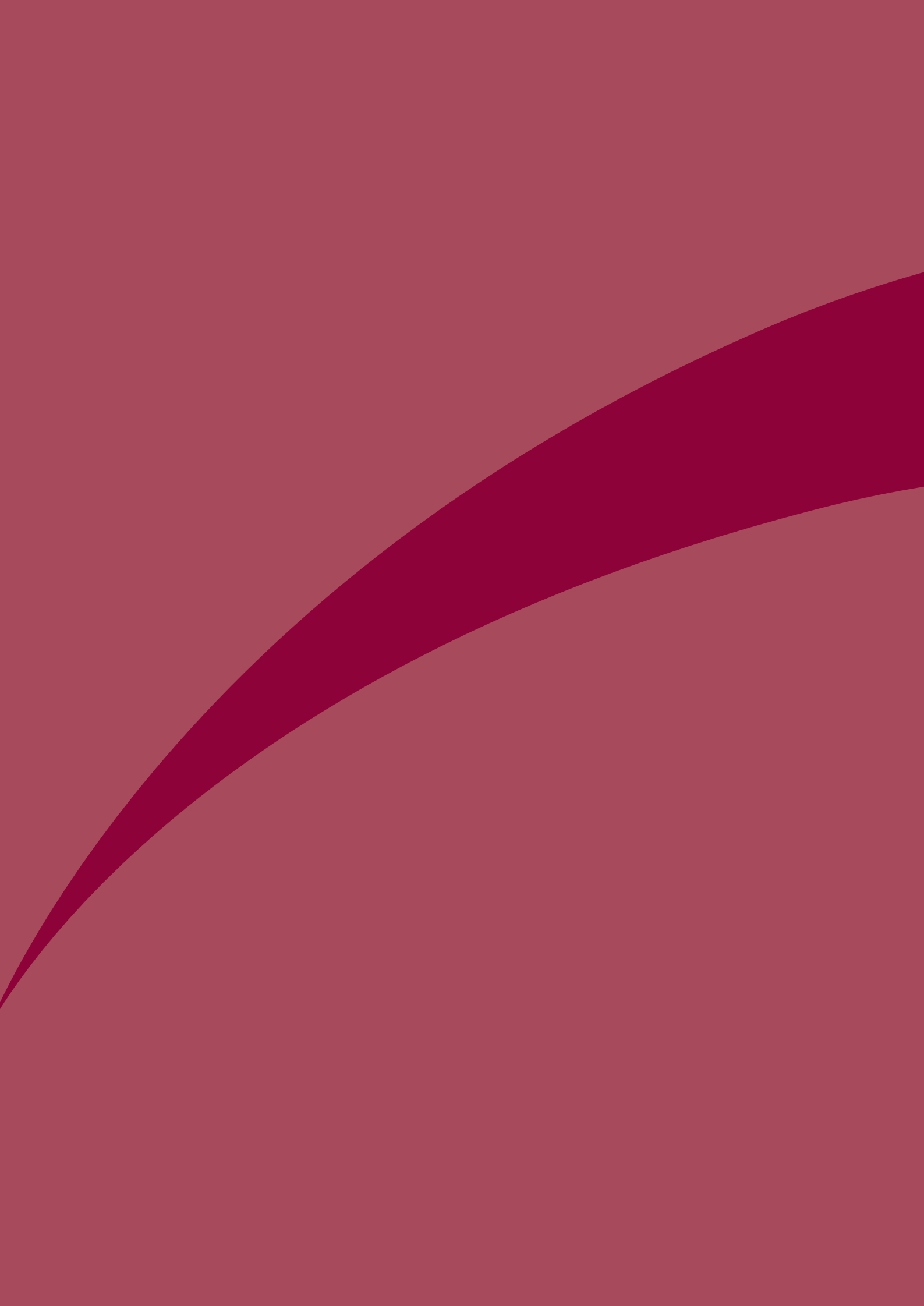
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Personal Injuries Assessment Board
Annual Report 2004



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Foreword – Chairperson of the Board

Introduction – Chief Executive

Board Members & Executive Management Team

PIAB's Mission Statement & Core Objectives

Foreword by the Chairperson of the Board

The cost of motor and liability insurance in Ireland is among the most expensive in the world. This has negative consequences for the country's economy and for individual consumers, both private and commercial.

A significant factor in the cost of insurance was the high level of litigation overheads incurred in the Irish jurisdiction. This was despite the fact that less than 10% of proceedings issued ever resulted in an oral hearing.

Equally important, independent research indicated that claimants in Ireland waited six times longer for negotiations to even commence on their claims. There was a clear need for a low cost and speedy alternative for cases where adjudication on legal issues was not required.

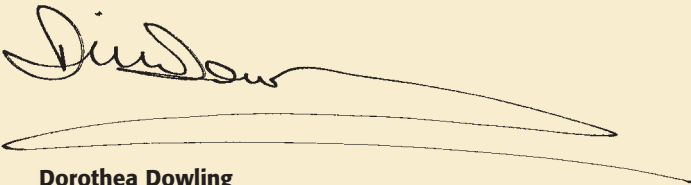
The call for an alternate to the Courts dates back to at least 1986 in a report from the Joint Oireachtas Committee on Enterprise & Small Business chaired by Ivan Yates T.D., Fine Gael. At that time litigation overheads were said to account for 15% of the cost of insurance. By 1996 litigation overheads had risen to 25%, as reflected in a report from Deloitte & Touche for the then Minister for Commerce, Science & Technology, Pat Rabbitte T.D. which again contained a proposal from ICTU for an alternative to the Courts. By the time of the Motor Insurance Advisory Board report in April 2002, litigation overheads had risen to 42% on top of every euro paid in compensation and subsequently rose to an average 46% by 2003.

In October 2002 the Tánaiste and Minister for Enterprise Trade & Employment Mary Harney T.D. launched the Government's Insurance Reform Programme, one aspect of which was the establishment of the Personal Injuries Assessment Board. The Interim Board was appointed on 27th November 2002 and quickly progressed logistical plans to the point where the Heads of the Personal Injuries Assessment Board Bill were published in May 2003. The Bill, as drafted by the Office of the Attorney General, completed its passage through both Houses of the Oireachtas on 19th December 2003 and was signed by the President of Ireland on 28th December 2003. This is a record for progress in the establishment of a new statutory body.

To state matters as simply as possible, PIAB is for personal injuries claims where the person who would otherwise be sued does not require adjudication on legal issues prior to the assessment of the 100% value of compensation. To assist parties in determining the levels of General Damages Compensation for injury which pertain in Ireland, PIAB published a Book of Quantum in June 2004. Such General Damages Compensation is in addition to any entitlement to financial losses incurred to date or into the future as a result of someone else's negligence. As well as providing parties with a guide as to the acceptability of PIAB awards, it is also becoming apparent that the existence of the Book of Quantum is enabling disputes to be resolved directly by parties at an early stage without recourse to either PIAB or the Courts. This further serves the objectives of early low cost resolution of claims where there are compensation entitlements.

In parallel with but quite separate from PIAB, the Government has introduced the Civil Liability & Courts Act 2004. This legislation radically changes the rules for personal injury proceedings and should also curtail litigation costs for those cases which do proceed to Court. All legislation is, of course, subject to interpretation by the judiciary. Precedents are expected to be established by the end of 2005 on the extent to which successful plaintiffs will be awarded costs in future and the sanctions which will be imposed where there is any element of material exaggeration by parties. To use a theme from the report of the Committee chaired by Mrs. Susan Denham on personal injury litigation, we are entering a new era of early, honest and open disclosure.

In addition to the benefits of early settlements being delivered to claimants, since 2002 the cost of motor insurance has reduced significantly according to the CSO index but it is for others rather than PIAB to determine whether charges have yet reached an optimum level.



Dorothea Dowling

Chairperson

Introduction by the Chief Executive

The Personal Injuries Assessment Board (PIAB) was formally established by Ministerial Order on 13th April 2004. Over the eight months up to our financial year end, we successfully developed a modern and service-orientated organisation that places the needs of its customers (claimants and responding parties) first and foremost.

PIAB facilitates claimants and responding parties in three distinct and critical areas:

1. We resolve Personal Injury Claims within faster timeframes – typically, 9 months from respondent's consent to the PIAB process compared to 36 months under the litigation system (source: McAuley Report 1999);
2. We significantly reduce delivery costs for claimants and respondents - on average 10% compared to historical litigation costs of on average 46% (source: MIAB Report 2004); and
3. We deliver the same levels of compensation as heretofore.

Structure

The PIAB has been built on the basis of a flexible organisational model. Customers can access our Service Centre 6 days a week from 8 am to 8 pm on Lo Call 1890 829 121. The centre handles general queries and the registration of claims, including assistance with the completion of an application, the submission of the treating doctor's report and details of other expenses such as loss of wages.

Our Assessment Centre is charged with delivering a superior and quality assessment service for the administration of Personal Injury Claims. We consistently use our core objectives, of faster timeframes, lower delivery costs and a commitment to delivering the same level of awards as critical drivers for the infrastructural development.

Insurance Reform – Economic Return

The PIAB was set up as part of the Government's Insurance Reform Programme and funding of €5m was allocated to support establishment costs. These costs were delivered within budget at a figure of €4.6m at the close of 2004. The economic return on this investment is offset by the significant reduction in delivery costs of compensation to parties injured in negligent accidents.

Process

The anticipated flow of new claims into PIAB was impacted by a rush of cases into litigation during the summer of 2004. As PIAB opened its doors for business, approximately 16,000 claims were entered into litigation by the legal profession. This was a significant volume of Personal Injury claims when benchmarked against historical volumes and annual figures of approximately 22,000. The net effect was a much more gradual start to operational activity within PIAB; in essence, we only dealt with new accidents occurring after our start up date last summer.

As a result new claims started to enter the PIAB system during the autumn of 2004. A period of 90 days follows, once a claim is registered, for responding parties to decide whether this is a case they can successfully defend in Court, whether it is a claim where a mutually acceptable settlement can be negotiated direct or whether independent assessment of compensation by PIAB is required. Consents to the PIAB assessment process came on stream as the end of 2004 approached. Our first awards were made in the first quarter of 2005 and volumes of applications are now growing as it is mandatory for all new personal injury claims (from 22nd July 2004, apart from medical negligence cases and Statutory Compensation Schemes as set out in the legislation) to progress through PIAB, unless previously settled between claimant and respondent.

Key Dates

Key Milestones for 2004 include:

- Formal establishment of the Board and appointment of Executive Team – 13 April 2004
- Opening of Service Centre Helpline – 13 May 2004
- Opening of Service Centre Claims Registration – Workplace Claims 1 June 2004
- Opening of Service Centre Claims Registration – All Personal Injury Claims 22 July 2004 (excluding medical negligence and Statutory Compensation Schemes as set out in the legislation.)

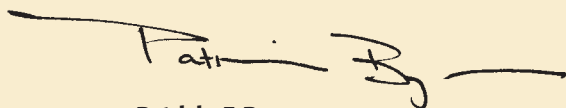
Book of Quantum

In accordance with our statutory obligations, the Book of Quantum (a Guide to Compensation Levels) was published by PIAB. The book is not a recommendation for compensation levels but rather a reflection of:

- compensation values awarded by the courts in 2003;
- settlements agreed by the Insurance Industry in 2003; and
- settlements agreed by the State Claims Agency in 2003

Data from all the three services was provided in order to reflect award levels in this country. The document includes full explanatory guidelines.

Finally, I would like to express my personal thanks to many people, starting with our governing board who have been most supportive and committed to this new organisation. To my executive team and my staff, I owe all that has been achieved within our operation. Together they have created a team that is committed, loyal and successful.



Patricia E Byron

Chief Executive

Introduction

The Personal Injuries Assessment Board was established on 13 April 2004. The Board is chaired by Ms Dorothea Dowling and includes the Chief Executive Ms Patricia Byron. As provided for in the Personal Injuries Assessment Board Act 2003 the Board membership also includes:

- the Director of Consumer Affairs
- Consumer Director, The Financial Regulator
- two nominees from the Irish Congress of Trade Unions (ICTU)
- a nominee from the Irish Business & Employers Confederation (IBEC)
- a nominee from the Irish Insurance Federation (IIF)
- others with legal, medical and health and safety expertise

Full list of Board Members

Dorothea Dowling, non-executive Chairperson

Senator Joe O'Toole, Vice Chairperson and ICTU

Nominee

Patricia Byron, Chief Executive

John Fay, ICTU Nominee

Tom Noonan, IBEC Nominee

Pat Healy, IIF Nominee

Carmel Foley, Director of Consumer Affairs

Mary O'Dea, Consumer Director, The Financial Regulator

Frances Cooke, Revenue Solicitor

Frank Cunneen, Former Chairperson Health & Safety Authority

Professor Denis Cusack, Department of Forensic Medicine, University College Dublin

Stephen Watkins, Secretary

Executive Management Team

Patricia Byron, Chief Executive

Maurice Priestley, Director of Operations

Helen Moran, Director of Business Support Services

Stephen Watkins, Director of Corporate Services

PIAB's Mission Statement

The Board's mission statement reflects the prime responsibilities of PIAB to all its customers and society at large. For cases which fall within its remit, PIAB's mission statement is as follows:

"To fairly, promptly and transparently compensate the victims of accidents involving personal injuries in a cost effective manner."

PIAB's Core Objectives

- To assess the amount of compensation in personal injury cases
- To reduce the litigation costs associated with delivering personal injury compensation
- To reduce the amount of time it takes to finalise a personal injury compensation claim



Establishment of PIAB

Achievements 2004

Statistics

Mandate

On 20 March 2001 the Government approved the establishment on a statutory basis of a Personal Injuries Assessment Board (PIAB). Towards that end, the Government set up an inter-Departmental Implementation Group to progress the establishment of PIAB with an initial mandate to address personal injuries claims arising from employers' liability insurance.

In April 2001 the Implementation Group comprising representatives of relevant Government Departments was established. The Group reported in 2002.

In the Agreed Programme for Government in 2002, the Government committed to a comprehensive set of actions which would address the rate of injuries and deaths on our roads and which would tackle the high costs of insurance, particularly motor and employer liability cover.

Some of the actions to counter the ever increasing cost of insurance were the proposed establishment of the Personal Injuries Assessment Board, as outlined in the Government decision of 20 March 2001, and the establishment of a set of Guidelines on damages for particular injuries (Book of Quantum).

The Government further committed to reducing the cost of insurance in its Social Partnership Agreement 2003-2005, Sustaining Progress. Cost and availability of insurance was highlighted as one of ten special initiatives which were to be progressed during the Agreement. It was accepted that the high cost and the availability of insurance had an impact not just on the operation of businesses but also on the budgets of individuals and families.

The establishment of the Personal Injuries Assessment Board (PIAB) on an interim basis, was one of the key elements outlined in Sustaining Progress. The Insurance Reform Programme, launched by the Tánaiste in October 2002 gave further impetus to the move to establish PIAB and on 27 November 2002 the Interim Personal Injuries Assessment Board was established.

The legislation to establish PIAB progressed through both houses of the Oireachtas in the latter stages of 2003 and the Personal Injuries Assessment Board Act 2003 was signed by the President on 28 December 2003.

Legislation – Personal Injuries Assessment Board Act 2003

The Board is charged, under statute, with the assessment of compensation for personal injuries in appropriate cases. Certain categories of claims are excluded e.g. Garda Compensation cases, actions for breach of constitutional rights, actions under the European Convention on Human Rights Act 2003 and medical negligence cases.

A number of Statutory Instruments (SIs) were signed by Mary Harney, An Tánaiste and Minister for Enterprise, Trade and Employment, including SI 156 of 2004 Personal Injuries Assessment Board Act 2003 (Establishment Day) Order 2004 which set down the 13 April 2004 as being the date on which the Board was established. The Act was commenced for accidents in the workplace from the 1 June 2004 and for motor, public liability and other claims from 22 July 2004.

Functions of the Personal Injuries Assessment Board

The Personal Injuries Assessment Board is obliged to make assessments on the same basis, and by reference to the same principles, as govern the measure of damages in the law of tort by the Courts. The PIAB process is based on the provision of information, records, or other documents only and no oral hearings are conducted by the Board.

PIAB is also charged with the following statutory functions:

- to prepare and publish a document (which shall be known as the “Book of Quantum”) containing general guidelines as to the amounts that may be awarded or assessed in respect of specified types of injury,
- to cause a cost-benefit analysis to be made of the legal procedures and the associated processes (including those provided for by the Act) that are currently employed in the State for the purpose of awarding compensation for personal injuries,
- to collect and analyse data in relation to amounts awarded on foot of, or agreed in settlement of, civil actions to which the Act applies, and
- to perform any additional functions conferred on the Board under section 55 of the Act.

Introduction

This chapter outlines PIAB's key achievements in 2004 under the following headings:

- Structure
- People
- Service
- Process

Prior to the Personal Injuries Assessment Board commencing operations a complete business and system infrastructure had to be put in place. This took place within six months of the enabling legislation being enacted. Key achievements are outlined below:

- New premises acquired and fitted out over a 6 week period
- A full IT and telecommunications infrastructure put in place including imaging, workflow, voice recording and communications links
- Case Management System procured, commissioned and customised
- Initial staffing on site by early-May 2004
- Service Centre provider selected
- Public Helpline operational by mid-May 2004
- PIAB commenced handling employer liability cases from 01 June 2004
- PIAB handling all personal injury cases (excluding medical negligence) from 22 July 2004

Structure

PIAB consists of three divisions:

- Business Support Services
- Assessment Centre
- Corporate Services

During 2004 this structure was put in place.

Business Support Services

Business Support Services has responsibility for the following areas:

- Service Centre and in-house Service Centre Support team
- Legal Services
- IT and Facilities
- Specialist Panels

The outsourced Service Centre is provided by SWS Ltd and is based in Clonakilty, Co. Cork. The Service Centre provides an information line LoCall 1890 829 121 for queries from the public and assists claimants and respondents with the PIAB notification process. PIAB benefits from outsourcing this aspect of the service in that it allows greater flexibility both in terms of opening hours (Monday to Saturday, 8am-8pm), and adaptability to fluctuations in work volumes.

The Service Centre gathers all the necessary information required for claim notification. This data is input and immediately available to the assessment centre team via cutting-edge technology. The assessment centre team prepares and completes the assessment process in accordance with their statutory powers.

As the PIAB process involves a documents only procedure, a strong emphasis is placed on the quality of its Information Technology (IT). The exercise of the Board's regulatory functions requires structured information systems which support both the management and staff in the assessment of claims and the normal administrative processes. These structured information systems provide valuable management information in allowing the Board achieve its objectives and mission. The Board ensures that

the goals of appropriate, timely, reliable, easily accessible and comprehensive information on all aspects of claims and claims management are achieved and that the Board gets value from the investment made in this area.

Assessment Centre

The Assessment Centre, based in Tallaght, is where the core business of conducting assessments on personal injury claims is carried out. Headed by the Director of Operations, it consists of a number of assessment teams, comprising claims managers, assessors and their support staff. These staff are all permanent and pensionable public servants. Assessors are designated that function under the terms of the Personal Injuries Assessment Board Act 2003.

Corporate Services

Corporate Services provides the necessary support to the entire business in areas such as Human Resources, Finance and Corporate Affairs. The latter includes the areas of strategy, research and press and media relations and during 2004 PIAB started developing a focused external information and communication programme.

People

The Personal Injuries Assessment Board places a high value on the quality and expertise of its staff which it believes are its most valuable assets.

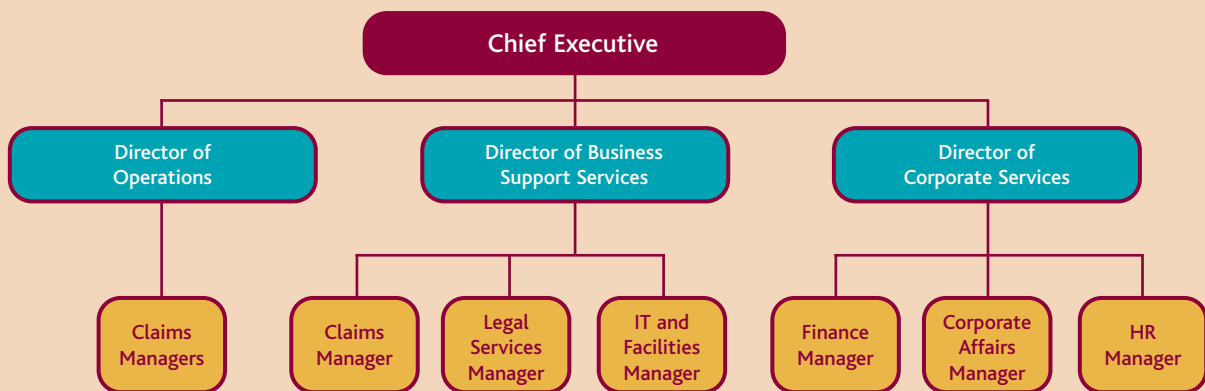
Figure 1.1 outlines the organisational structure for PIAB.

Recruitment

The Board has sanction for a staffing compliment of 85 plus the services of an outsourced service centre. As work volumes come on stream staff are being recruited on an incremental basis. Following a nationwide recruitment campaign PIAB recruited suitably qualified personnel from a variety of backgrounds with the necessary skills and experience to perform the tasks required. At year-end 32 permanent and pensionable staff were employed directly in PIAB. These staff were supported by up to 20 employees working for SWS Ltd, PIAB's outsourced service centre provider. As the number of claims increases there will be a need to recruit extra staff. Staff levels are being incrementally increased in line with work volumes received. Work volumes were initially slow to come on stream due to the volume of cases brought forward into the litigation system during the summer of 2004.

In May 2004 PIAB's first recruitment advertisement was nominated for an Excellence in Recruitment Advertising (ERA) award.

Figure 1.1
PIAB organisation chart



Training and Development Programme

The Board is committed to a policy of staff training and development as a means of achieving greater efficiency and effectiveness for individual staff members and for the Board. This commitment ensures greater job satisfaction for staff and provides a better quality of work.

To date staff have received technical training, manual handling and emergency procedure training and a comprehensive course on medical interpretation in addition to training which has been facilitated in house. There are a number of further courses planned for 2005.

Health and Safety Programme

The Board is committed to ensuring the safety, health and welfare of staff through strict adherence to proscribed Health and Safety Standards and Codes of Practice. The PIAB safety programme is aimed at developing an increased health and safety awareness amongst its staff through training for safety and health at work. Within its first year PIAB carried out a full risk assessment and safety audit of both its premises, systems and operating practices and on foot of this has drawn up its Safety Statement. In addition to complying with all legislative requirements PIAB aims to implement best practice in all aspects of its health and safety programme.

Service

The Personal Injuries Assessment Board is committed to the provision of high quality service to all its customers. The Board recognises that in order to fulfil its mission it must be customer focused.

From the outset, PIAB has placed a strong emphasis on customer service. The Board operates a Helpline LoCall 1890 829 121 six days a week from 8am to 8pm through its Service Centre. The Board has set down high standards for customer care and ensured that all staff are trained accordingly. Daily monitoring and quality assurance allows the Board to ensure that these standards are not only met, but improved on continuously.

This emphasis on service is strongly reflected in the results of internal customer surveys. Customer surveys have taken place since operations commenced in May 2004. Almost 200 customers provided feedback on PIAB's service. Results are very positive with customers indicating overall satisfaction with the information and quality of service provided. Some of the comments made by customers during the surveys were:

- *"I'm just ringing to let you know I've settled with my employer following talking with the PIAB. I'm really grateful for all your help – everyone there was brilliant."*
- *"I found the process to be very efficient. I was dealt with very quickly and understood all the information given."*
- *"I would like to express my gratitude to all the agents with whom I spoke regarding my claim. They were without exception the most courteous, polite, patient and efficient group of people I have ever had to deal with. Their very willing helpfulness made my dealing with your office an encouraging experience."*

In order to exceed their expectations PIAB is committed to providing a quality, open and transparent service to its customers based on the Principles of Quality Customer Service adopted by the Government in 2000.

Process

PIAB is a non-adversarial system with no oral hearings. PIAB assesses cases in a faster timeframe and with significantly less associated delivery costs than heretofore.

How the system works:

- If a person who has been injured wishes to pursue a claim for personal injury they should initially approach the person they believe is responsible for their injury (respondent) with a view to settling the claim directly.
- If the matter cannot be resolved and the claimant wishes to pursue the claim further, they must submit an **Application** to the Personal Injuries Assessment Board (PIAB).
- The application must include:
 - an application form (Form A)
 - a medical assessment form (Form B)
 - an administrative fee of €50 and
 - any other relevant supporting documentation e.g. loss of earnings, medical expenses etc.
- The medical assessment form is completed by the claimant's treating practitioner.
- Once PIAB receives the completed application, a copy of the papers are sent to the respondent notifying them that an application has been received and that a formal claim for compensation has been made.
- If the respondent wishes to contest the claim then PIAB will issue an **'Authorisation'**. This Authorisation enables the claimant to pursue the matter through the court system if they so wish.
- If the respondent wishes to have the claim assessed PIAB will make an assessment of the claim and decide on the amount of the assessment within nine months.
- The **Assessment** is based on the medical assessment form supplied by the claimant's treating practitioner. An **Independent Medical Examination may be required**.
- PIAB notifies the claimant and the respondent of the total amount of the **Assessment**.
- Either party can accept or reject the assessment within specific timeframes. If the award is accepted by both parties, PIAB issues an **'Order to Pay'** to the respondent. This Order to Pay holds the same status as an award of court and the respondent is obliged to pay to the claimant the amount of the assessment.
- If either party rejects the assessment then the claimant can pursue the matter through the courts if they so wish.

At a Glance... How PIAB Works

- 1 Claim notified by telephone **LoCall 1890 829 121** Monday to Saturday (8am-8pm) or by post to P.O. Box 8, Clonakilty, Co. Cork.
- 2 PIAB can assist with completion of application over the phone.
- 3 Application and Medical Assessment Form submitted to PIAB.
- 4 PIAB send notification to person responsible (Respondent).
- 5 Respondent consents to PIAB assessment.
- 6 Assessment made and Claimant and Respondent notified of amount of award.
- 7 Both parties accept the assessment and PIAB issue an Order to Pay.

Introduction

With its core objectives in mind PIAB collates a range of data under the following categories:

- Timeframe to process compensation claims
- Cost of delivering personal injury compensation
- Level of compensation awards

Timelines

A key success factor and performance indicator for PIAB is the timeframe it takes to assess personal injury compensation.

It is widely accepted that under the Court system it took on average three to four years, and in some cases more, from date of accident to date of settlement. PIAB is obliged, under statute, to assess the majority of claims within nine months of a respondent consenting to the PIAB process. There will be cases where a stable medical prognosis is not available within that timeframe and legislation allows for an extension in these cases.

PIAB concluded its first assessments during the first quarter of 2005.

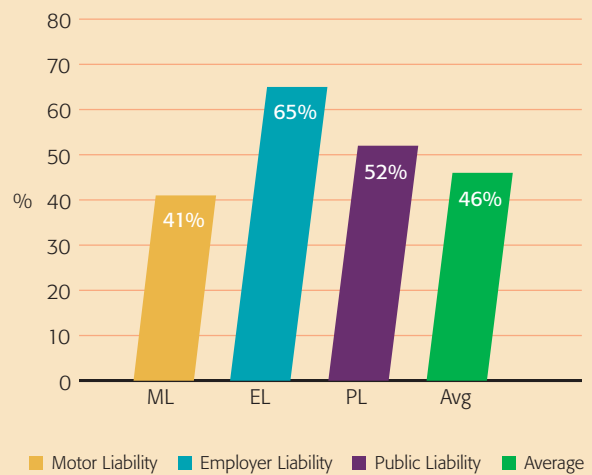
Note: At the time of publication PIAB has made its first awards which show significant reduction in both the timeframe to assess compensation and the overhead costs associated with delivering those awards. The assessments reflect the current levels of compensation and the high level of acceptance of the awards indicates satisfaction with the system. See www.piab.ie/statistics

Cost of delivering compensation

The Motor Insurance Advisory Board reported that litigation overheads for 2003, when expressed as a percentage of compensation, were 46%. Figure 1.2 gives a percentage breakdown for each of the three categories; employer, motor and public liability plus the average overall.

By contrast, typical costs involved in a personal injury case assessed by the PIAB will be of the order of €1,250 regardless of the level of compensation involved i.e. €850 fee from the respondent, €50 administrative fee from the claimant, €150 for completion of the medical assessment form and on average €200 for an independent medical examination. In some cases there may be additional medical examination costs. These costs are significantly less than costs incurred by way of litigation.

Figure 1.2
Litigation Costs for 2003 as a percentage of compensation – MIAB Report 2004



Level of Awards

A PIAB award comprises amounts for:

- General Damages covering compensation for pain and suffering, and
- Special Damages covering:
 - Wage loss
 - Medical bills
 - Out of pocket expenses and property damage

In some cases there may be future losses and/or expenses i.e. wages, ongoing physiotherapy etc. PIAB awards reflect current levels of compensation payable in this country.

PIAB Assessment Process

Once PIAB receives a completed application from the claimant and a consent to assessment from the respondent, PIAB commences the process of conducting an assessment of the claim.

PIAB assesses the amount due as compensation for pain and suffering (General Damages) using the medical form completed by the claimant's treating doctor. If there is a lack of clarity regarding the nature of the injuries sustained or if there is an inconclusive medical opinion, PIAB will seek an independent medical examination and report. Assessments will be in line with current levels of compensation and will have regard to the specifics of each individual case. In arriving at the amount for General Damages the assessors will have due regard to the Book of Quantum. They will also assess the amount due for Special Damages such as loss of earnings, medical expenses and any future loss.

The claimant and respondent are then notified of the amount of the assessment at which stage either party can either accept or reject the PIAB assessment. When both parties accept the assessment PIAB will issue an Order to Pay to the respondent and they are legally bound to pay the full amount of the assessment to the claimant. The Order to Pay has the same status as a court decree.

If however either party rejects the assessment, PIAB issues an Authorisation to the claimant authorising them to pursue the matter through the courts if they so wish.

Book of Quantum

The Book of Quantum was compiled under the Personal Injuries Assessment Board Act 2003 by independent consultants. It is a guide to the level of General Damages compensation that a person (claimant) may be entitled to when injured due to the fault of another (respondent), in addition to which financial losses may be payable to the claimant. The Book of Quantum should also encourage negotiated settlements between parties where it is accepted that the injured party has an entitlement to compensation. The Book was compiled from data sourced from the Courts Service, the State Claims Agency and the Irish Insurance Federation and represents the existing compensation level in Ireland.

Volume

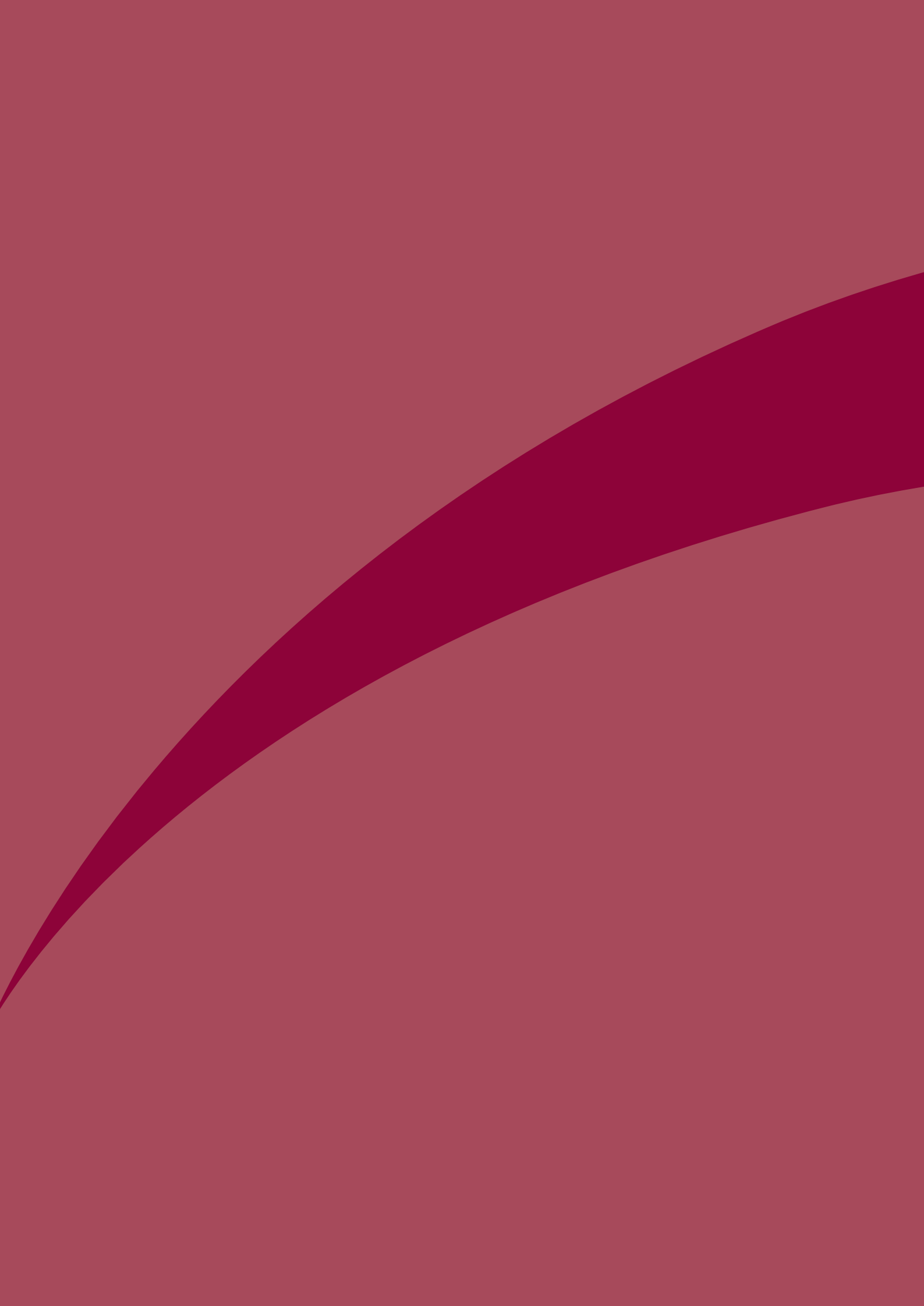
The report of the implementation group estimated that PIAB could deal with up to 27,000 cases in a year. That estimate was based on claims frequency prior to 2002. Overall it would appear that the number of personal injury claims has reduced since 2002.

PIAB commenced dealing with employer liability cases in June 2004 and motor and public liability cases in July 2004. There was an exceptional volume of litigation (approx 16,000 cases) issued in 2004 prior to the commencement of the Act and this impacted on the actual volume of cases received by PIAB in 2004.

PIAB-related Statistics

During 2004 PIAB concentrated its resources on building the operational side of the business. From 1 June 2004 it commenced dealing with employer liability cases and from 22 July 2004 it dealt with all personal injury cases in the country, except for medical negligence cases.

By end-2004 the first group of cases, where respondents consented to the PIAB process, were being prepared for assessment with initial awards due in the first quarter of 2005. PIAB's website, www.piab.ie, shows updated statistics on a regular basis and the Board's 2005 Annual Report will give a comprehensive statistical analysis of the key performance aspects of the business.



Finance

Statement of Compliance with Corporate Governance Criteria

Statutory Obligations

Introduction

PIAB was established on 13th April 2004. Operations commenced with Employer Liability cases in June followed by all Personal Injury cases in late-July. The Finance Area within PIAB has grown in parallel with these developments in 2004 in terms of resources, systems and activity.

Initially the Department of Enterprise, Trade and Employment processed all financial transactions on behalf of PIAB until late 2004, when it was transferred over to the Board. Since then, within PIAB financial processes and systems have been developed and refined.

PIAB received Exchequer funding to support its establishment in 2004. Details are available in the annual Government Estimates publications – Subhead S3 of Vote 34 of the Department of Enterprise, Trade and Employment. Department sanction for 2004 was €5m while sanction for 2005 is €2.5m reflecting a higher level of income being generated directly by the Board itself.

It is significant that PIAB as a new state body will be self funding and not reliant on any Exchequer funding. PIAB aims to achieve this objective by year end-2005. The funding of PIAB operations is met by levying fees on respondents (those who pay the compensation) and by running a flexible organisation whose income and expenditure are both directly linked to work volumes.

Provisional unaudited expenditure incurred for 2004 amounts to €4.6m of which approximately €3.3m relates to the expenditure incurred in the period from Establishment Day to 31 December 2004. Salaries and related expenses amounted to €1.1m and Non-Pay items amounted to €2.2m of the €3.3m total.

The Board's financial statements for 2004 will be subject to an audit by the Comptroller & Auditor General in 2005 and will be published shortly afterwards. These financial statements will record activities in the period since Establishment Day to 31 December 2004.

Fee receipts in 2004 showed steady increases month on month reflecting increased underlying claims activities in the periods since operations commenced.

Income & Expenditure Account

Income & Expenditure Account for the Period 13 April to 31 December 2004

| | 8.5 months to 31.12.2004 €'000's |
|---|--|
| Income | |
| Grant | 2,000 |
| Transfer (to)/from Capital Account | (1,082) |
| Fee Income | 137 |
| Interest Receivable | 3 |
| Expenditure borne by Department of Enterprise, Trade and Employment on behalf of PIAB | 2,438 |
| | 3,496 |
| Expenditure | |
| Salaries, Pensions and related expenses | 1,132 |
| Claims processing costs | 427 |
| Accommodation and Establishment Costs | 108 |
| Board Members Fees & Expenses | 41 |
| Recruitment, Training & Education | 85 |
| Information, Research & Communication | 157 |
| Consultancy and other Professional Fees | 773 |
| General Administration | 317 |
| Depreciation | 319 |
| | 3,359 |
| Surplus of Income over Expenditure | 137 |

The Board has no gains or losses in the period other than those dealt with in the income and expenditure account.

Note – these amounts are provisional and un-audited.

Statement of Compliance with Corporate Governance Criteria

The PIAB is governed by the “Code of Practice for the Governance of State Bodies” issued by the Department of Finance in October 2001.

On behalf of the Board I acknowledge that the Board of PIAB is responsible for its system of internal financial control. Such a system of internal financial control can provide only reasonable and not absolute assurance against material error.

From its formal establishment on 13th April 2004 the Board commenced putting in place key procedures designed to provide effective internal financial control. Further steps to enhance these procedures will be taken in 2005. The Board has taken steps to ensure an appropriate control environment by:

- clearly defining responsibilities;
- developing appropriate procedures to control significant failures and to take appropriate corrective action.

As provided for in the Personal Injuries Assessment Board Act 2003 the Chief Executive is responsible for carrying on and managing and controlling generally the administration and business of the PIAB and shall perform such other functions as may be determined by the Board. The Members of the Board have agreed that the CEO and staff are responsible for operational matters. The CEO reports to the Members at their meetings which are held on a monthly basis.

The Board continues to develop and improve management processes to identify and evaluate business risks by:

- identifying the nature, extent and possible implication of risks facing the Board including the extent and categories which it regards as acceptable by engaging consultants in key areas where such services are deemed appropriate including accountants, risk assessment and IT specialists;
- assessing the likelihood of identified risks occurring;
- assessing the Board's ability to manage and mitigate the risks that do occur;
- having regard to the costs of operating particular controls relative to benefit obtained.

Further steps to formalise this work will be taken in 2005.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties and a system of delegation practices and accountability. In particular it includes:

- a comprehensive budgeting system with an annual budget which is reviewed and agreed by the Board;
- the implementation of a financial accounting system - the Board has put in place a computer software system incorporating an accounting package to facilitate the internal financial controls;
- monthly cash-flow statements with analysis of major income and expenditure categories.

As a newly established entity PIAB will take further steps in 2005 to enhance this work via the Board's Finance and Audit Committees.

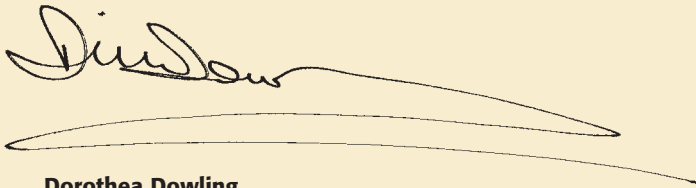
During 2004 the Board appointed an Audit Committee and has since appointed a firm of independent professional auditors to undertake its internal audit function. The internal audit function will operate in accordance with the Code of Practice for the Governance of State Bodies. The work of internal audit will be informed by an analysis of the risk to which PIAB is exposed. A Finance Committee has been established to review the annual financial statements, budgeting and to take an overview of financial procedures generally. An analysis of risks by management and the internal audit plans will be subject to endorsement by the Finance Committee and Audit Committee and approval by the Board.

During 2004 the Board carried out a preliminary risk assessment analysis of PIAB and its business. External consultants were engaged to carry out this analysis to identify and prioritise potential risks. It was agreed that the identified potential risks were being managed in an appropriate manner and that the situation would be reviewed in due course.

Statement of Compliance with Corporate Governance Criteria

As PIAB only started to service personal injury claims from mid 2004 a detailed review of internal financial controls was not undertaken during the year. The Board plans, through the Finance and Audit Committees and the internal auditors, to conduct a formal review of the effectiveness of the system of internal financial control during 2005.

Signed on behalf of the Members of the Board

A handwritten signature in black ink, appearing to read 'Dorothea Dowling', with a long, sweeping horizontal line underneath it.

Dorothea Dowling

Chairperson

Personal Injuries Assessment Board

Statutory Obligations

Board Members

The Board operates to best practice corporate governance principles and in line with the guidelines set out in the Code of Practice for the Governance of State Bodies, as issued by the Department of Finance, both in its own activities and in its use of committees.

In accordance with these guidelines Personal Injuries Assessment Board Members comply with a Code of Business Conduct for Board Members.

Ethics in Public Office Act 1995 and Standards in Public Offices Act 2001

The Personal Injuries Assessment Board is not yet prescribed under the above mentioned Acts. However, the Board Members comply with the spirit of the Acts and the Board has a Code of Business Conduct to which it subscribes.

Freedom of Information (FOI)

PIAB is not currently a prescribed body under the first schedule of the Freedom of Information Act.

Equality

The Personal Injuries Assessment Board is an equal opportunities employer and is committed to a policy of equal opportunities in the organisation.

Safety, Health and Welfare Act 1989

In accordance with the Safety, Health and Welfare Act 1989, PIAB has a safety statement in place which encompasses all the aspects affecting staff and visitor welfare.

The logo for the Personal Injuries Assessment Board (PIAB) is displayed vertically in a light beige, sans-serif font. The letters 'P', 'I', 'A', and 'B' are stacked from bottom to top, with the 'I' being the tallest and the 'A' and 'B' being shorter and wider. The background features a dark maroon upper section and a light beige lower section, separated by a curved, wavy line.

Personal Injuries Assessment Board – Your Claim – Your Call 1890 829 121

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www.piab.ie