5 September 2025

Submission to Department of Enterprise, Tourism and Employment's Cost of Business Advisory Forum

Theme: Professional Services Insurance Costs

The theme of the next meeting of the Cost of Business Advisory Forum on 22 September 2025 is Professional Services Insurance Costs. To help us provide feedback to the Forum on the questions circulated in advance, we surveyed members of the Irish Tax Institute to gather their insights and experiences of the types of insurance most critical to the tax profession, the costs involved and difficulties encountered in accessing insurance products, in particular Professional Indemnity (PI) insurance. As survey respondents identified PI insurance as the most critical to their business, it is the main focus of our paper.

Survey respondents noted an increase in insurance premiums for all types of insurance over the past 3-5 years, in particular PI insurance premiums. The limited number of providers of PI insurance in the Irish marketplace was identified as the key factor contributing to increased premiums in this area. The lack of transparency from insurance providers on how PI insurance premiums are calculated was a key concern for our members. We have outlined further details of the results of our survey in the Appendix to this paper.

A key objective of the Office to Promote Competition in the Insurance Market which was established in 2020 is to address long-standing challenges in the Irish insurance sector, particularly the lack of competition, the high cost of insurance, and difficulty accessing cover in certain sectors of the economy. Given the limited number of PI insurers in the Irish market, it would be important that the Office to Promote Competition in the Insurance Market engages with relevant stakeholders, including Insurance Ireland and major insurers, to ensure coverage in this area is expanded.

We recognise that work has been undertaken in recent years to increase transparency in certain areas of the insurance market such as private motor and employer's liability. We welcome the acknowledgement in the Government's Action Plan for Insurance Reform 2025–2029 that greater transparency is fundamental to delivering a fairer and more affordable insurance market.

Key commitments in the Action Plan to enhance transparency in insurance premiums include:

- the Department of Finance and the Central Bank of Ireland working with the insurance industry to develop a transparency code; and
- conducting a feasibility study on how data collected by the Central Bank of Ireland can be used to enhance transparency.

As part of delivering these commitments, we would urge the Government that transparency in respect of PI insurance premiums is also considered, so that businesses providing professional services have a greater understanding of the factors which influence the pricing of their PI premiums.

APPENDIX

The Institute undertook a survey of its members to gather feedback on the types of insurance most critical to the tax profession, the costs involved, and difficulties encountered in accessing insurance products. We received 83 responses to our survey, the majority of which were sole traders (59%). The results of our survey are set out in detail below.

Cost and Affordability

What types of insurance are most critical to your business operations (e.g., public liability, employer liability, professional indemnity)?

In our survey, we asked respondents to select the types of insurance most critical to their practices' operations. PI insurance was identified as most critical to the tax profession, with all survey respondents who answered this question selecting this option. public liability insurance, and employer liability insurance were ranked jointly second most critical to the operation of their practice followed by cyber insurance.

How have insurance premiums changed for your business over the past 3–5 years, and more specifically what proportion of your operating costs is currently spent on insurance?

Most survey respondents agreed that insurance premiums have increased for practices over the past 3 to 5 years, with 90% of survey respondents observing increases in PI insurance premiums. Similarly, between 40% and 50% of survey respondents observed increases in premiums for public liability insurance, employer liability insurance and cyber insurance over the past 3-5 years.

The lack of providers in the market was identified as a key reason for increases in premiums. Members also raised concerns that when the turnover of their practice increases their insurance premium increases, but there is no corresponding reduction in the premium when their turnover decreases.

According to our survey, the average proportion of operating costs currently spent on insurance was 11%, however, this proportion fluctuated significantly among survey respondents.

Have rising insurance costs impacted your ability to expand, hire, or invest?

76% of survey respondents indicated that rising insurance costs have not impacted their practice's ability to expand, hire, or invest. However, some comments we received from members indicated that the increase in insurance costs necessitated a fee increase for their services which in turn has impacted their competitiveness.

Market Access and Competition

Have you experienced difficulty accessing insurance products or finding providers willing to cover your sector?

We asked survey respondents whether they experienced difficulty accessing PI insurance or finding providers willing to cover their practice. Just under 56% of survey respondents selected "No" while 42% selected "Yes". The remaining respondents selected "Don't know".

Feedback from our members indicates that there is a shortage of insurers willing to cover tax advisory services. Where difficulties were experienced in obtaining cover, certain brokers were identified as instrumental in securing coverage.

Other difficulties identified in the survey included:

- obtaining insurance for practices which solely provides tax advice;
- securing run-off cover for a previous business while a new business runs in parallel; and
- some PI policies preclude advice to US or Canadian clients, members of the legal profession and clients in the entertainment industry.

Where survey respondents noted that PI insurance costs had increased over the past 3-5 years, we asked them what factors they considered had influenced that increase. The limited number of providers of PI insurance in the Irish marketplace was identified as the key factor influencing the increase in costs. General inflation costs and an increase in fee income for the practice were also identified as factors which had influenced the increase.

Have you or your sector faced challenges with the claims process (e.g., delays, litigation costs)?

We sought feedback from members on what they believe are the key challenges faced by the tax profession accessing PI insurance or finding providers. A clear theme emanating from the feedback, as outlined above, was the lack of competition in the marketplace which had resulted in higher premiums.

Members also reported that the level of cover can be restricted for tax advisors, i.e., some PI policies will not cover the provision of services to certain sectors such as US or Canadian clients, clients in the legal profession and clients in the entertainment industry.

Risk and Prevention

What risk mitigation strategies has your business implemented to reduce insurance claims?

We asked members about risk mitigation strategies they have been implemented to reduce PI insurance claims. Survey respondents noted a high focus on risk management generally.

Our survey found an array of measures have been implemented by members to manage this risk. The majority of survey respondents noted they keep up to date with changes in tax laws or regulatory requirements, such as anti-money laundering (AML) rules.

55% of the survey respondents implement new strategies or change existing processes to minimise risk of error. Increased investment in cyber security and regularly reviewing internal processes regarding data protection were also selected as risk mitigation strategies implemented to reduce insurance claims.

Claims and Legal Processes

Have you or your sector faced challenges with the claims process (e.g., delays, litigation costs)?

We asked survey respondents whether they had faced challenges with the process to resolve a PI insurance claim. The majority (65%) selected “No” to this question.

Transparency and Regulation

Do you feel insurance pricing is transparent and well-communicated by providers?

The majority of survey respondents (60%) did not consider insurance pricing transparent and well-communicated by providers. The lack of transparency from insurance providers on how the premium was calculated was an area of concern for our members. Members also expressed frustration over the necessity to engage a broker because it is not possible to deal with the insurance provider directly, which results in additional costs.