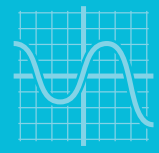


FACT FILE

INSURANCE IRELAND FACTFILE 2016



2016

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About Us

INSURANCE IRELAND
THE VOICE OF INSURANCE

Insurance Ireland is the Voice of Insurance in Ireland and represents the Irish general insurance, health insurance, life assurance, reinsurance and captive management sectors.

Insurance Ireland represents 130 companies providing insurance domestically in Ireland and internationally from Ireland. Total industry employment is approximately 28,000 people both directly and indirectly with one in four jobs in financial services being in insurance. Our members pay out more than €13 billion in claims and benefits to Irish customers annually and contribute over €1.6 billion in tax to the Irish exchequer each year.

Insurance Ireland's mission is to represent and enable the development of the insurance sector for its customers, our members and the broader economy. Insurance Ireland's key functions include:

- Enabling a healthy regulatory and competitive environment
- Building our contribution to society and the economy
- Enabling industry deliver best outcomes for customers
- Representing members' interests to Government, state agencies, regulatory bodies, public representatives, interest groups, the media and the general public
- Representing the position of members at a European level, particularly via Insurance Europe, the European association for national representative bodies, and at a global level via the Global Federation of Insurance Associations (GFIA)
- Developing Ireland as a hub for internationally traded insurance and reinsurance through promotional activity, advocacy, collaboration with state agencies and informing Government policy such as IFS2020

About Factfile

Factfile 2016 is part of a series published by Insurance Ireland annually, providing the key facts and figures on the industry in Ireland. This is the twenty-fourth year of publication and the Insurance Ireland Factfile is now a well-established primary source of information on the domestic and international business of insurers based in Ireland. The data is collected from members of Insurance Ireland unless otherwise indicated. AXA is not included in the 2012 figures but is included in the 2013, 2014, 2015 and 2016 analysis.

24 YEARS
IN PRODUCTION

Executive Summary

The Irish Insurance Market - A Comparative Overview

- Gross insurance premium income for life and non-life insurance combined was €12,908.2m in 2016, compared to €13,439.1m in 2015 – a decrease of 3.9%. Premium income as a percentage of GDP was 4.68%. Premiums per capita decreased from €2,922 in 2015 to €2,746 in 2016.
- The capital values of assets in many investment areas increased in 2016. Assets comprising life policyholders' funds and non-life technical reserves stood at €115bn at the end of the year.
- The insurance sector is a major employer in the Irish economy. Insurance Ireland life and non-life member companies employed over 15,000 people in Ireland as of the end of December 2016.

Life Assurance and Pensions Market

- Insurance Ireland's life assurance members' aggregate domestic premium income was €9,656m for 2016, which is a decrease of 8.7% on the previous year (€10,577m).
- New annual premium (AP) business was €615m, up 13.3% from €543m in 2015.
- A decrease of 13.5% was recorded for new single premium (SP) business in 2016 (€6,535m).
- New business Annual Premium Equivalent (AP sales + 10% of SP sales) fell 2.3% to €1,268m compared with €1,299m in 2015.
- €8,745m in benefits and claims was paid by domestic life assurance companies during 2016, a decrease of 2.5% on 2015.
- The total value of life assurance protection in force at the end of 2016 was estimated at €410bn, compared to €392bn at the end of 2015, which is an increase of 4.8%.

- The aggregate value of policyholders' funds managed by Insurance Ireland's Life Members increased by 8.7% to €107,280m in 2016. The value of equity payments, which represented 56.5% of total policyholders' funds at the end of 2016, increased by 18% from €51,360m in 2015 to €60,599 in 2016.
- The value of life insurance funds invested in gilts decreased by 3.7% to €26,877m. Gilts now represents 25.1% of life assurance investments, compared to 28.3% in 2015.
- Cash holdings increased from 9.5% in 2015 to 9.7% in 2016, with a value of €10,413m.
- Property assets increased from €4,401m in 2015 to €4,747m in 2016. This represents 4.4% of total life assurance investments.

Non-Life Insurance Market

- Insurance Ireland's 18 domestic non-life members wrote gross premium of €3253m in 2016 (up 13.7% on 2015). Gross incurred claims costs were €2090m in 2016 (down 0.5% on 2015).
- Motor insurance remains the largest class of non-life insurance with gross written premium of €1694m (52% of all non-life business). Property is the second largest class of non-life business (26%). Liability insurance accounts for 18% of non-life business and is the third largest class.
- Net written premium (i.e., total premium after reinsurance costs have been deducted) was €2324m (up 25.1% on 2015). Net earned premium was €2169m in 2016 (up 18.6% on 2015).
- The number of new claims notified to Insurance Ireland members was 357,409. 59% of new claims were motor claims while 17% were made on property insurance policies (household and commercial property).

- Net incurred claims costs amounted to €1642m (up 8.7% on 2015) leading to a net underwriting loss in 2016 of €94m compared with a net underwriting loss of €339m in 2015. After investment income is added, the market made a net operating profit of €16m in 2016 compared with a net operating loss of €216m in 2015.

International Life Assurance Market

- The vast majority of international premium income is new single premium income. In 2016, the figure for Insurance Ireland's International life members was €18,793m which is a decrease of 8.7% on last year's figure of €20,583m.
- Annual premium income for 2016 was €1,994.9m. This is a 573% increase on the figure for 2015 of €296.4m.
- Over the five-year period from 2012-2016, single premium business has grown from €6,657m in 2012 to €18,792.6m in 2016. Annual premium income also increased from €102m to €1,994.9m over the same period.
- The top two countries for single premium business were Italy and the United Kingdom.
- 98% of international single premium income is represented by unit linked single premium business (Class III).

Health Insurance Market

- Insurance Ireland's four health insurance members write approximately 100% of health insurance in the Irish domestic market. Combined, Insurance Ireland members wrote gross premiums of €2,441m in 2016. Gross incurred claims in 2016 amounted to €2,090m while the number of new claims notified to Insurance Ireland health insurance members in 2016 was 2,103,900.

The Irish Insurance Market

This chapter provides an overview of trends in the Irish insurance market, both from a recent historical perspective (2012-2016) and in an international context. In addition, data is provided which sets the insurance sector in the context of the wider economy in terms of Gross Domestic Product

(GDP), premiums per head of population and employment. The insurance data presented in this chapter is provided by Insurance Ireland domestic insurance members and does not represent international or health insurance members.

THE INSURANCE MARKET IN THE ECONOMY

2016 Premium Income - Life and Non-Life

Year	Life	Non Life	Total
Gross Premium Income (€m)	9655.5	3252.7	12908.2
Premium Income: GDP (%)	3.50	1.18	4.68
Premiums per capita (€)	2054	692	2746
Investments* (€m)	107280	7262	114542

* Policyholders' funds (life assurance) and Technical Reserves (non-life) at 31st December 2016

Gross insurance premium income for life and non-life insurance combined was €12,908.2m, compared to €13,439.1m in 2015 – a decrease of 4%. Premium income as a percentage of GDP was 4.7%. Premiums per capita decreased from €2,922 in 2015 to €2,746 in 2016.

The capital values of assets in many investment areas increased in 2016. Assets comprising life policyholders' funds and non-life technical reserves was €114.5bn at the end of the year.

II Members' Gross Premium Income 2012-2016

Year	Life €m	Non Life €m	Total €m
2012	8150.2	2433.8	10584.0
2013	8739	2573.6	11312.6
2014	8988.6	2656.4	11645.0
2015	10577.1	2862.0	13439.1
2016	9655.5	3252.7	12908.2

Life gross premium income decreased from €8,150.2m in 2012 to €10,577.1m in 2015 and then decreased to €9,655.5m in 2016. Non-life gross written premium increased

from €2,433.8m in 2012 to €3,252.7m in 2016.

Gross Premium Income and Domestic Product 2012-2016*

Year	Gross Insurance Premium Income €m	GDP * €m	Premium Income:GDP %
2012	10584.0	175561	6.0%
2013	11312.6	180298	6.3%
2014	11645.0	194537	6.0%
2015	13439.1	262037	5.1%
2016	12908.2	275567	4.7%

*Revised numbers referenced to 2015

Market combined life and non-life premium income increased from 2012 to 2015 but has since decreased from €13,439m in 2015 to €12,908.2m in 2016. Premium income

as a percentage of GDP decreased to 4.7% in 2016.

Life & Non-Life premiums as a Percentage of GDP for Ireland 2012-2016

Year	Life Premium as % of GDP	Non-Life Premium as % of GDP	Total w/out Intl %
2012	4.6	1.4	6.0
2013	4.8	1.4	6.3
2014	4.6	1.4	6.0
2015	4.0	1.1	5.1
2016	3.5	1.2	4.7

Life premiums as a percentage of GDP increased from 4.6% in 2012 to 4.8% in 2013 before falling to 3.5% in 2016. Non-life premiums as a percentage of GDP fell from 1.4% in 2012

to 1.1% in 2015 before increasing to 1.2% of GDP in 2016.

Year-End Value of Investments

	2012 €bn	2013 €bn	2014 €bn	2015 €bn	2016 €bn	% Change p.a.
Life	79.208	82.309	89.217	98.712	107.280	7.9
Non-life	5.696	6.462	6.343	5.911	7.262	6.3
Total	84.904	88.771	95.560	104.623	114.542	7.8

The value of life policyholders' funds increased from €71.2bn in 2012 to €107.2bn in 2016, an average growth rate of 7.9% over the period. Non-life technical reserves increased from €5.6bn in 2012 to €7.2bn in 2016, with an

average percentage change of 6.3% over the years.

The total value of life and non-life assets was €114.5bn in 2016.

Life Assurance Benefits and Claims Paid 2012-2016

Year	Amount €m
2012	8996
2013	8923
2014	8292
2015	8969
2016	8745

€8,745m was paid out by life assurance companies in benefits and claims in 2016. These payments and benefits cover a wide range of areas, including:

- Income and payouts on investment policies for policyholders.
- Payment of death benefits which protect family income.
- Payment of annuity income to pension policy holders.
- Repayment of mortgages in the event of death of a policyholder.
- Lump sum payouts to policyholders with serious illness cover.

Non-Life Insurance Premiums and Claims 2012-2016

Year	Gross Earned Premium €m	Gross Incurred Claims €m
2012	2485	1585
2013	2630	1818
2014	2653	1891
2015	2758	2101
2016	3055	2090

The upward trend in gross earned premium for non-life insurance continued in 2016 to stand at €3,055m.

Gross incurred claims followed a similar upward trend from 2012 onwards and reached €2,090m in 2016.

Employment in Insurance Companies in Ireland

Employment in Insurance Companies in Ireland as at 31st December 2015	
Life	5,527
Non-Life	8,570
Total	14,097

The insurance sector is a major employer in the Irish economy. Insurance Ireland life and non-life member companies employed over 15,000 people in Ireland as of the end of December 2016. In addition, significant numbers are employed in the wider insurance industry e.g. broking, loss adjusting and assessing, and in outsourced service providers.

The 2016 Irish insurance market is set in both a European and a global context in this table. As with Ireland's GDP (0.3%), its global share of total gross insurance premiums (1.2%) is high relative to the country's population (0.06%). This reflects the developed market in Ireland for insurance and the relatively high levels of coverage in major classes of business (motor, property, liability, pensions and mortgage protection) compared to other countries, particularly in less economically developed areas.

The Irish Insurance Market in the World 2016

	Global Share %					Total Gross Premiums as % of GDP	Total Gross Premiums Per Capita USD
	Population	GDP	Life Gross Premiums	Non-Life Gross Premiums	Total Gross Premiums		
Ireland	0.06	0.38	1.96	0.38	1.25	7.21	4,408
EU	7.21	21.88	30.90	25.80	28.60	7.40	2,383
OECD	17.39	62.86	75.70	80.60	77.90	7.50	2,757
Europe	11.07	26.24	32.80	28.90	31.10	6.73	1,620
America*	13.44	33.41	25.90	44.30	34.10	6.50	1,636
Asia	58.72	35.49	38.20	23.30	31.60	5.59	343
Oceania	0.53	1.95	1.50	2.50	2.00	6.30	2,343
Africa	16.23	2.91	1.60	1.00	1.30	2.77	50
Total World	100.00	100.00	100.00	100.00	100.00	6.28	638

Figures are rounded USD

Sources: Swiss Re Sigma No 3/2017; CSO; CIA's - The World Factbook and Insurance Ireland

*Includes Latin America and Caribbean

The premium spent per capita for 2016 in Ireland is compared to some other advanced industrialised countries in this table. The figure for Ireland of US\$4,408 is higher than some other European countries such as Italy and Germany but is also lower than others, such as Denmark and The Netherlands. A factor which needs to be noted, particularly when making comparisons with other European states, is that countries such as Germany have higher taxation rates and more developed social insurance systems. Therefore, a greater proportion of the costs associated with accidents are catered for through the social insurance system. This has an impact on the level of compensation awarded for insurance claims made against insurance companies and ultimately on premium rates and volumes.

Insurance density: Premiums per capita 2016

Country	Premium Per Capita 2016 (USD)
Cayman Islands	12160
Hong Kong	7679
Switzerland	6934
Denmark	5159
Finland	5061
Netherlands	4717
Luxembourg	4589
Ireland	4408
Taiwan	4321
United States	4174
United Kingdom	4064
Singapore	3777
Japan	3732
Sweden	3410
Norway	3399
Australia	3397
France	3395
South Korea	3362
Canada	3161
Belgium	2613
Germany	2548
Italy	2499
Macao	2329
New Zealand	2191
Austria	2177

Source: Swiss Re Sigma No 3/2017

Life Assurance and Pensions Market

2012–2016

GLOSSARY OF LIFE ASSURANCE TERMS

Annual/Regular Premium Policy

A policy under which the policyholder makes annual/regular payments of premium to finance life assurance protection cover or to build up an investment or retirement fund.

Annual Premium Equivalent (APE)

An industry standard formula for calculating levels of new life and pensions business over a period of time, to smooth out the effect of large, one-off payments. It is the total of new annual premiums plus 10% of single premiums.

Critical Illness Insurance

Critical illness insurance pays the policyholder an agreed sum if he/she contracts one of the serious illnesses specified in the policy documentation. Typical illnesses covered include cancer, stroke, heart attack, multiple sclerosis and kidney failure.

Industrial Branch Business

This refers to regular premium protection business where the life assurance company representative collects premiums, usually on a weekly basis. The importance of this type of business has declined over the years.

Intermediary

An intermediary is a broker or agent who advises clients about their insurance needs, helps them to select the most appropriate policy and provides an ongoing service in all subsequent matters relating to the policy.

Maturity Value

This is the final value of a savings policy if it is allowed to run for the full term specified in the contract.

Pensions/Annuities

For many people, the income they receive from the State on retirement will not be sufficient to support them. For this reason, many people choose to provide for their retirements by taking out pensions with a life assurance company. One of the options at retirement is an annuity – an insurance contract which provides an income for life.

Income Protection Insurance

Income Protection Insurance (also known as Permanent Health Insurance) is a protection policy that provides an income if the policyholder is unable to work because of sickness or disability. Each policy includes a “deferred period”. The individual must be off work because of illness for longer than the deferred period before an income is payable under the policy. The deferred period is usually 13, 26 or 52 weeks. Cover is available on an individual or group basis (e.g. where an employer establishes a scheme for employees).

Personal Retirement Savings Accounts

Personal Retirement Savings Accounts (PRSAs) are flexible personal pensions.

Single Premium

A lump sum life investment or pension policy under which the policyholder makes a one-off payment to the life office. The life office uses the money to provide life assurance protection or invests it on the policyholder’s behalf for repayment, with investment gains, at the end of the policy term (or in the case of a pension, purchases retirement benefits for the policyholder at retirement).

2016 Key Life and Pensions Statistics

	New Business (€m)			Total Annual Premium €m (3)	All Business €m (2) +(3)
	Annual Premium (1)	Single Premium (2)	A.P.E. (1)+10% of (2)		
Individual Assurances and Annuities	122.9	1711.4	294.0	1218.3	2929.7
Pension Scheme Business	384.5	3424.6	727.0	1312.8	4737.4
Self-employed Pensions (Incl. PRSAs)	82.1	1398.9	222.0	395.4	1794.3
Permanent Health Insurance	25.2	-0.1	25.2	190.8	190.7
Industrial Branch Business	0.0	0.0	0.0	3.4	3.4
Total	614.7	6534.8	1268.2	3120.7	9655.5

Insurance Ireland's life assurance members' aggregate domestic premium income was €9,656m for 2016, which is a decrease of 8.7% on the previous year (€10,577m).

New annual premium (AP) business was €615m, up 13% from €543m in 2015.

A decrease of 13.5% was recorded for new single premium (SP) business in 2016 (€6,535m).

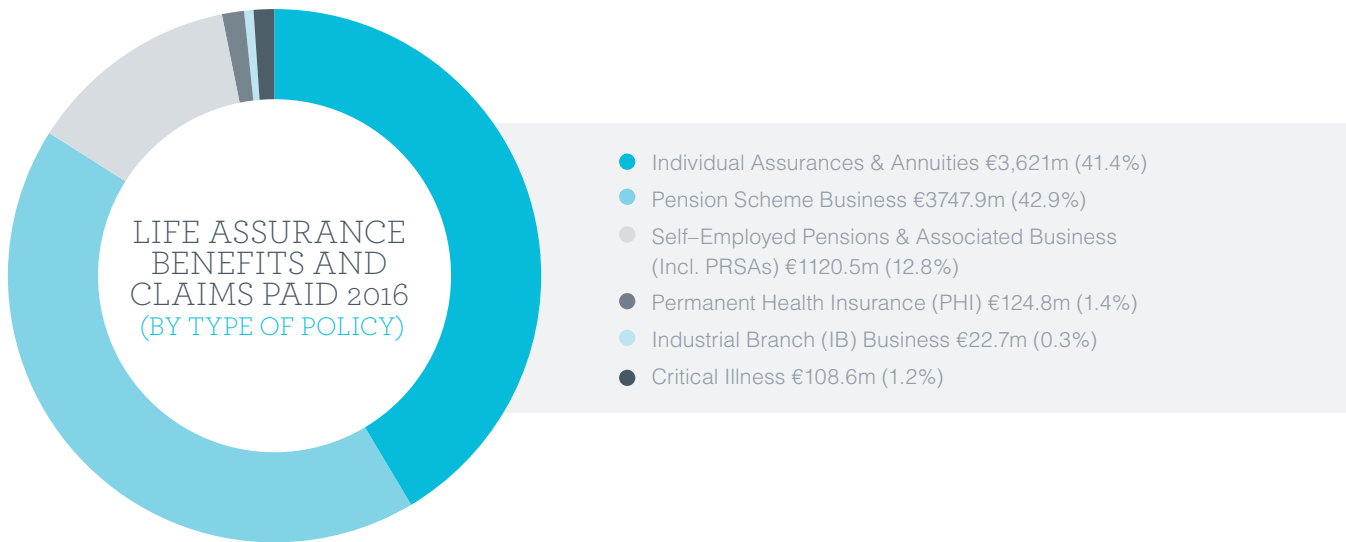
New business Annual Premium Equivalent (AP sales + 10% of SP sales) fell 2.3% to €1,268m compared with €1,299m in 2015.



Pension scheme business (49.1%) and individual assurances and annuities (30.3%) continue to be the two main segments of life assurance gross premium income.

The self-employed pensions & associated business (including PRSAs) segment increased from 13.4% in 2015 to 18.6% in 2016.

Premium income from Permanent Health Insurance (PHI) as a percentage of life assurance gross premium income increased from 1.6% to 2%. Industrial branch business remained static at 0.04%



€8,745m in benefits and claims was paid by domestic life assurance companies during 2016, a decrease of 2.5% on 2015. These payments and benefits cover a wide range of products which take a number of forms, for example: one-off lump sum payments to policyholders in the event of serious illness; or, in the case of pensions, the payment of regular incomes to policyholders/beneficiaries.

The majority of claims were paid under individual assurance/annuity contracts (41.4%, up from 35.8% in 2015) and pension schemes (42.9%, down from 46.6% in 2015), followed by self-employed pensions and associated business (12.8%, down from 14.9% in 2015).

Claims under individual assurance/annuity contracts were up 12.7% to €3,621m in 2016. Claims under self-employed pensions and associated business fell by 16% from €1,334m in 2015 to €1,121m in 2016. Pension scheme business decreased by 10.4% from €4,182m to €3,748m. There was a 28.7% increase in critical illness pay-outs (to €108.6m) following a 9% decrease in 2015.

The total value of life assurance protection in force at the end of 2016 was estimated at €410.3bn, compared to €391.5bn at the end of 2015, which is an increase of 4.8%.

Benefits and Claims By Type (€m)	
Surrenders and Maturities	7401.5
Death / Critical Illness Claims	868.1
Annuities	475.6
Total	8745.2

This chart provides a breakdown of benefits and claims by type:

- The largest category is benefits paid on policy surrenders and maturities, with €7,402m paid in 2016 (a decrease of 1.8% on 2015). This category represents 85% of total payments made last year;
- Death and critical illness claims under protection contracts amounted to €868.10m, an increase of 11.9% on 2015; and
- Annuity payments totalled €475.6m in 2016, a decrease of 27.6% on 2015.

Sources of Life Assurance Business

		Brokers %			Agents %			Tied Agents %			Employee & Company Representatives %			Direct %		
		2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Annual Premium	Life	12	11	9	1	1	0	9	8	7	6	5	4	0	0	0
	Pensions	53	51	48	1	0	1	6	6	6	9	8	8	4	8	16
	Total	65	62	57	2	1	1	15	14	13	15	13	12	4	8	16
Single Premium	Life	6	5	3	0	0	0	3	4	2	4	3	2	31	46	63
	Pensions	35	27	19	0	0	0	2	2	1	2	1	1	15	12	9
	Total	41	32	22	0	0	0	5	6	3	6	4	3	46	58	72

The chart provides a breakdown of the proportion of new business written through the various sales channels. In 2016, brokers' new business market share decreased by five percentage points to 57% for annual premium (AP) business, and by ten percentage points for single premium (SP) business to 22%.

Brokers' AP pensions business decreased by 3% to 48% in 2015. SP pensions business continues to decline decreasing to 19% in 2016. AP for life business reduced marginally to 9% and SP life business decreased from 5% to 3%.

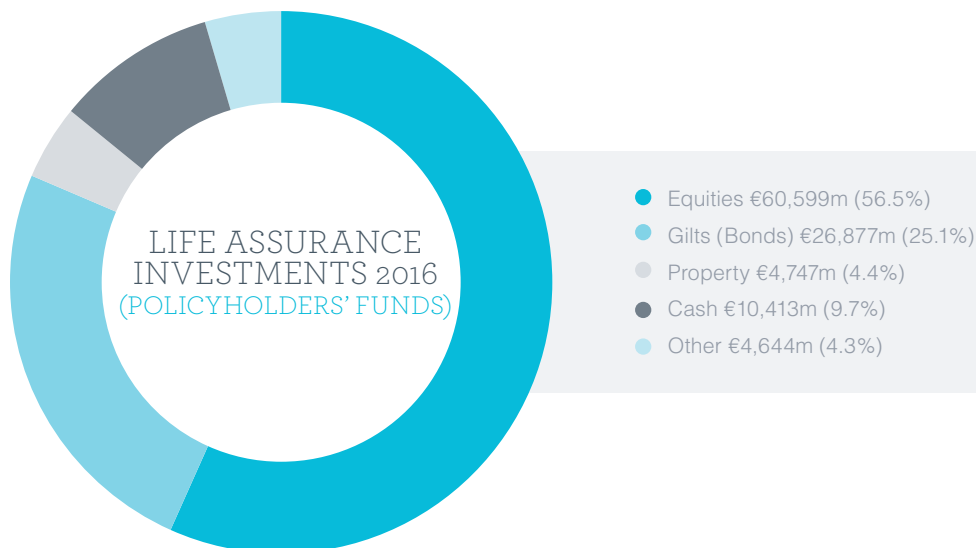
Life office employees and company representatives (direct sales force) saw their share of AP decrease by 1% over the

period (to 12%). Their share of SP business also dropped to 3% in 2016.

Direct sales, other than through employed salespeople (e.g. telephone, internet and direct response sales), doubled to 16% in 2016, while their SP also increased to 72%, an increase of 14% from 2015.

Independent agents' AP business remained at 1%, while their SP business remained at 0% for 2016.

The percentage of AP business written through tied agents decreased from 14% in 2015 to 13% in 2016 while SP business written via tied agents decreased to 3% in the same period.



The aggregate value of policyholders' funds managed by Insurance Ireland's Life Members increased by 8.7% to €107,280m in 2016. The value of equity payments, which represented 56.5% of total policyholders' funds at the end of 2016, increased by 18% from €51,360m in 2015 to €60,599 in 2016.

The value of life insurance funds invested in gilts decreased by 3.7% to €26,877m. Gilts now represents 25.1% of life assurance investments, compared to 28.3% in 2015.

Cash holdings increased from 9.5% in 2015 to 9.7% in 2016, with a value of €10,413m.

Property assets increased from €4,401m in 2015 to €4,747m in 2016. This represents 4.4% of total life assurance investments.

Investments (Policyholders' funds) By Type & Location 2016

	Irish €m	Foreign €m	Total €m
Equities¹	10148	50451	60599
Gilts²	2105	24772	26877
Property³	3679	1068	4747
Cash	2519	7894	10413
Other	2314	2330	4644
Total	20765	86515	107280

¹ Inc. preference, guaranteed and ordinary stocks and unit trusts

² Inc. Government, local & public authority securities

³ Inc. own use buildings, office, residential, commercial and individual investment properties and debenture stocks

This table illustrates the breakdown of investments by type and location. 19.4% of investments were in Ireland in 2016 with a total value of €20,765 compared to €23,580 in 2015. Foreign investments in 2016 were €86,515m, representing 80.6% of total investments.

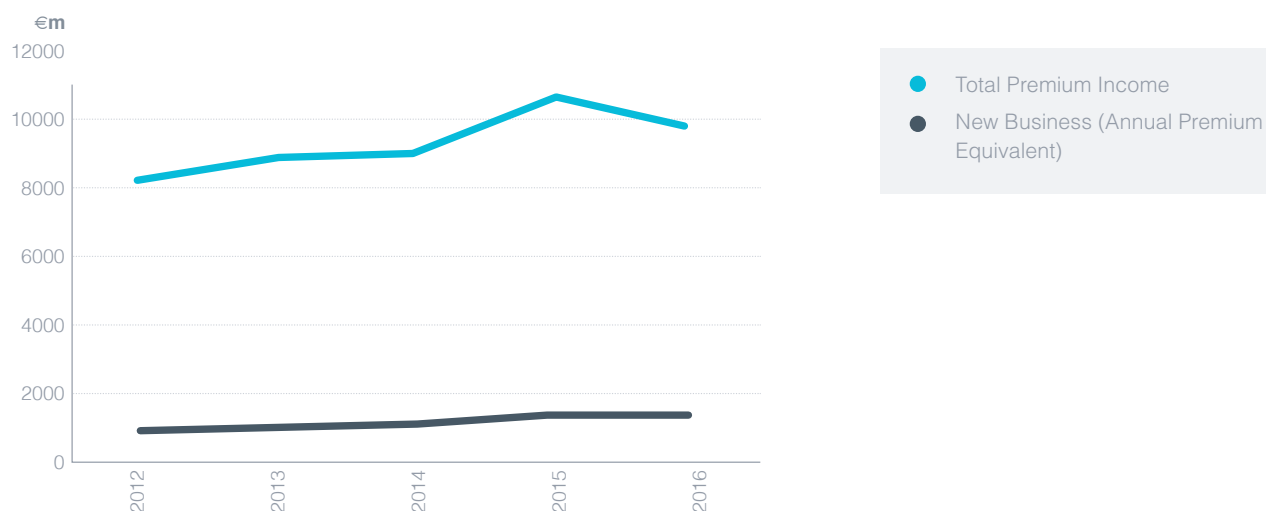
49% of domestic investments are in equities, while 17.7% are in property holdings and 12.1% were in cash. Gilts were 10.1% of Irish investments in 2016.

58% of the foreign holdings are equities. The second largest foreign asset class is gilts at 28.6%. The proportion of foreign holdings invested in property in 2016 was 1.2%, while the percentage invested in cash was 9.1%.

Market Trends 2012 – 2016

	2012 €m	2013 €m	2014 €m	2015 €m	2016 €m	Annual Change 2012-2016 %
Premium Income (Annual Premium Business)	3172	2934	2885	3021	3121	-0.4
Premium Income (All Business)	8150	8739	8989	10577	9656	4.3
New Business						
Annual Premiums	434	426	490	543	615	9.1
Single Premiums	4978	5805	6103	7556	6535	7.0
Annual Premium Equivalent (APE)	931	1006	1100	1299	1268	8.0
Benefits & Claims	8996	8923	8292	8969	8745	-0.7

Life Assurance Premium Income 2012 – 2016



Aggregate premium income amounted to €9,656m in 2016, resulting in an increase of 4.3% p.a. over the five-year period from 2012-2016.

New annual premium business increased from €434m in 2012 to €615m in 2016, representing an increase of 9.1% p.a. over this period.

On an annualised basis, new SP business expanded by 7% p.a. between 2012 and 2016.

New business on an Annual Premium Equivalent (APE) basis has increased from €931m in 2012 to €1,268m in 2016, equivalent to an increase of 8% p.a. over five years.

Benefits and claims paid decreased from €8,996m in 2012 to €8,745m in 2016. Over the five-year period claims payments fell by 0.7% p.a.

Investments (by Type) % of Total Value

Asset Category	2012	2013	2014	2015	2016
Equities ¹	47.6	51.3	50.4	52.0	56.5
Gilts ²	32.7	28.4	30.8	28.3	25.1
Property ³	3.8	3.4	4.1	4.5	4.4
Cash	11.2	11.8	8.9	9.5	9.7
Other	4.7	5.1	5.8	5.7	4.3
Total	100	100	100	100	100

¹ Inc. preference, guaranteed and ordinary stocks and unit trusts

² Inc. Government, local & public authority securities

³ Inc. own use buildings, office, residential, commercial and individual investment properties and debenture stocks

Investment in equities as a proportion of total policyholders' funds increased over the five-year period from 47.6% in 2012 to 56.5% in 2016.

Gilts decreased over the same period, from 32.7% in 2012 to 25.1% in 2016. Property assets, which stood at 3.8% in

2012, rose over the period to 4.4% in 2016. Cash holdings declined to 9.7% in 2016, compared to 11.2% in 2012.

Investment Trends (by Location) 2012 - 2016

% of total value	2012	2013	2014	2015	2016
In Ireland	55.9	23.2	23.6	23.9	19.4
Outside Ireland	44.1	76.8	76.4	76.1	80.6

Policyholders' funds invested in Ireland decreased from 55.9% in 2012 to 19.4% in 2016. Approximately 81% of assets by value are foreign.

Insurance Ireland Life Members' Gross Premium Income 2016

Companies	Life Business			Pensions Business		Total €'000
	Annual Premium €'000	Single Premium €'000	Industrial Branch €'000	Annual Premium €'000	Single Premium €'000	
Acorn Life	46442	16079	0	14882	46112	123515
Ark Life	79810	0	0	33712	1862	115384
AXA Partners*	0	90	0	0	0	90
Aviva Life & Pensions	102067	225897	0	98428	391537	817929
Friends First Life	91997	90176	0	80660	339537	602370
Irish Life	533236	778039	0	768227	1302587	3382089
London General Life	0	388	0	0	0	388
New Ireland	277783	339334	2	367323	686672	1671114
Royal London**	63910	3220	3352	947	0	71429
Standard Life	10275	83928	0	54332	695128	843663
Zurich Life	203495	174212	0	289700	1360085	2027492
Total	1409015	1711363	3354	1708211	4823520	9655463

*Previously Genworth Financial

**Royal London Ireland (previously Caledonian Life) and Royal London UK

Non-Life Insurance Market

2012-2016

GLOSSARY OF NON-LIFE INSURANCE TERMS

Commission

The money paid out to an insurance intermediary in recognition of the business written by the insurer through the agency of the intermediary.

Cost of Claims Incurred

The total amount paid out in claims during a given period, plus the movement in technical reserves during that period. For example, if an insurer pays out €10m in claims during 2016, and technical reserves stood at €50m at the beginning of the year and increase to €55m by the end of the year, then the insurer's claims incurred cost for 2016 would be €15m (€10m + €(55m-50m)).

Investment Income

Income received on investments PLUS gains/losses realised on disposal of investments PLUS unrealised gains/losses over the period in question on investments held throughout the period.

Management Expenses

The internal expenses of an insurer incurred in acquiring and servicing insurance business.

Operating Result

A non-life insurer's profit or loss after its investment income has been added to its underwriting result.

Gross and Net Premium

Gross premium is the total amount of premium income of an insurer. Net premium is the premium retained by the insurer after it pays for its reinsurance protection. Similarly, gross claims costs are the total claims costs for which the insurer is liable under the policies it issues. Net claims costs take account of reinsurance claims recoveries due to the insurer from its reinsurers.

Written and Earned Premium

Written premium is the actual premium paid by a policyholder for an insurance policy. Earned premium is the premium allocated to the actual exposure to risk arising during a particular period. For example, if an insurance company issues a 12-month policy for a premium of €500 on 1st January 2016, the written premium for 2016 will be €500, and so will the earned premium. But if the same policy is issued on 1st July 2016, the written premium will be €500, but the earned premium will only be €250; the other half of the premium will be allocated to an unearned premium reserve which will be credited to 2017 earned premium. This is because half of the premium is in respect of the exposure to loss during the first half of 2017.

Reinsurance

Insurance protection bought by an insurer to limit its own exposure. The availability of reinsurance protection allows an insurer to expand its own capacity to take on risk. Without a reinsurance facility, each insurer would be able to accept less business.

Technical Reserves

The amounts insurers hold against future payment of claims. There is supervisory control by the Central Bank of the proper estimation of outstanding claims and the nature and spread of assets which can be used to cover technical reserves.

Underwriting Result

A non-life insurer's underwriting result is the profit or loss left after the cost of incurred claims, management expenses, commissions and other costs are deducted from earned premium income.

2016 Key Non-Life Statistics

CLASS	Premiums			Claims		Net Underwriting Result €m	Estimated Investment Income €m	Estimated Net Operating Result €m
	Written		Earned	Net Incurred	No of New Claims Notified			
	Gross €m	Net €m	Net €m	€m				
Private Motor	1249.5	956.4	849.0	716.5	157522	-80.6	50.8	-29.8
Comm Motor	444.2	332.0	299.1	223.1	52886	6.1	13.6	19.7
All Motor	1693.7	1288.4	1148.1	939.6	210408	-74.5	64.4	-10.1
Household	467.4	291.7	295.5	148.4	41397	37.9	7.0	44.9
Comm Property	375.8	221.4	220.0	91.7	18142	45.8	6.9	52.7
All Property	843.2	513.1	515.5	240.1	59539	83.7	13.9	97.6
Employer's Liability	196.4	139.2	130.9	191.0	5550	-97.3	10.5	-86.8
Public Liability	380.4	279.8	270.1	217.3	14430	-15.1	18.7	3.5
All Liability	576.8	419.0	401.0	408.3	19980	-112.4	29.2	-83.3
PA/Travel	78.9	65.5	65.6	39.8	25549	6.3	1.2	7.5
Other Business	60.0	38.1	38.4	13.9	41933	3.3	0.8	4.1
Total	3252.6	2324.1	2168.6	1641.7	357409	-93.6	109.5	15.8

Overview of Non-Life Results for 2016

Insurance Ireland's 18 domestic non-life members wrote gross premium of €3253m in 2016 (up 13.7% on 2015). Gross incurred claims costs were €2090m in 2016 (down 0.5% on 2015).

Motor insurance remains the largest class of non-life insurance with gross written premium of €1694m (52% of all non-life business). Property is the second largest class of non-life business (26%). Liability insurance accounts for 18% of non-life business and is the third largest class.

Net written premium (i.e., total premium after reinsurance costs have been deducted) was €2324m (up 25.1% on 2015). Net earned premium was €2169m in 2016 (up 18.6% on 2015).

The number of new claims notified to Insurance Ireland members was 357,409. 59% of new claims were motor claims while 17% were made on property insurance policies (household and commercial property).

Net incurred claims costs amounted to €1642m (up 8.7% on 2015) leading to a net underwriting loss in 2016 of €94m compared with a net underwriting loss of €339m in 2015. After investment income is added, the market made a net operating profit of €16m in 2016 compared with a net operating loss of €216m in 2015.

Motor Insurance

Gross written premium for motor insurance was €1694m in 2016 (up 24.8% on 2015). 74% of motor insurance gross written premium is accounted for by private motor business with the remaining 26% derived from commercial motor business. Net earned motor premiums amounted to €1148m in 2016 (up 30.3% on 2015).

The number of new motor claims notified during 2016 was 210408 (down 8.5% on 2015).

The motor net underwriting loss was €75m in 2016 compared with a net underwriting loss of €270m in 2015.

Property Insurance

The property insurance class is the second largest sector in the Irish non-life market after motor insurance. The property insurance market is split between household (55% of gross written premium) and commercial property (45%). Insurance Ireland members wrote gross property insurance premium of €843m in 2016 (up 0.6% on 2015). The property insurance market recorded a net underwriting profit of €84m in 2016 compared with a net underwriting profit of €39m in 2015.

Liability Insurance

Insurance Ireland members wrote gross liability premium of €577m in 2016 (up 11.1% on 2015). Net earned premium was €401m (up 39.6% on 2015).

Net incurred claims amounted to €408m in 2016 (up 39% on 2015). Liability insurers made a net underwriting loss of €112m in 2016 compared with a net underwriting loss of €122m in 2015.

Other Non-Life Lines

Insurance Ireland members wrote €79m of personal accident and travel insurance in 2016. This class of business generated a net underwriting profit of €6.3m in 2016 compared with a net underwriting profit of €0.2m in 2015.

Other classes of non-life business, including marine, aviation and transit (MAT), credit and suretyship, other financial loss covers and legal expenses insurance accounted for €60m in

gross written premium in 2016 (down 14.7% on 2015). These classes of business produced a net underwriting profit of €3m in 2016 compared with a net underwriting profit of €14m in 2015.

Investing Non-Life Premium Income

Non-life insurers' technical reserves are mainly invested in cash and gilts, with only approximately 25% invested in equities. This is because of the need for security balanced by liquidity in order to meet claims and other short-term liabilities. This investment approach is in contrast to the investment portfolios of life and pensions companies, which are principally invested in assets that historically give a better long-term return, in particular equities.

INSURANCE OPERATING RATIOS

Non-Life Insurance Operating Ratios 2016

	Claims Ratio %	Commission Ratio %	Management Expenses Ratio %	Combined Operating Ratio %
Total	75.7	8.4	18.3	102.4
Motor	81.8	5.3	16.7	103.8
Liability	101.8	8.6	16.4	126.9
Property	46.6	14.9	22.5	83.9
PA/Travel	60.7	10.5	19.3	90.5
Other	36.2	16.9	38.7	91.8

A number of key ratios are used to assess the cost of claims, and the efficiency and profitability of non-life insurance business.

- The **claims ratio** measures the cost of claims incurred as a proportion of premiums earned. In 2016 the Insurance Ireland non-life market produced a net claims ratio of 76%. In other words, claims cost 76 cent out of every €1 earned in premium. The claims ratio varied between sectors: in motor insurance it was 82% while in liability and property the claims ratio was 102% and 47% respectively.
- The **management expenses** and **commission ratios** are calculated by comparing the internal management expenses of insurance companies and commissions paid to intermediaries with premiums. In 2016 the net commission ratio was 8% and the net management expenses ratio was 18%.
- The **net combined** or **operating ratio** combines the claims, commissions and management expenses ratios. The operating ratio for the non-life market was 102.4% in 2016. In other words, this meant that the non-life market made a loss of 2.4 cent on underwriting insurance for every €1 of premium in 2016.

Non-Life Insurance Market Results 2012-2016

	Gross Written Premium €m	Net Underwriting Result €m	Investment Income €m	Operating Result €m	Profit Premium %
2012	3331	-87	278	191	5.73%
2013	2993	-222	107	-116	-3.88%
2014	3069	-238	176	-62	-2.02%
2015	4708	-273	126	-146	-3.10%
2016	3253	-94	109	16	0.49%
5 Years	17354	-914	796	-117	-0.67%

Sources: 2012-2015 data is taken from the Central Bank's Insurance Statistics (2012-2015); and 2016 data – Insurance Ireland
 1. The data for 2012-2016 is taken from the Central Bank's Insurance Statistics (2012 - 2015). These publications contain returns for all insurers. The data for 2016 is based on data supplied by Insurance Ireland members. As the Insurance Statistics publications do not provide a breakdown for every class of business, the data in the seven subsequent charts has been created from data supplied by Insurance Ireland members for all years. This explains the discrepancies between the first and the seven subsequent charts.

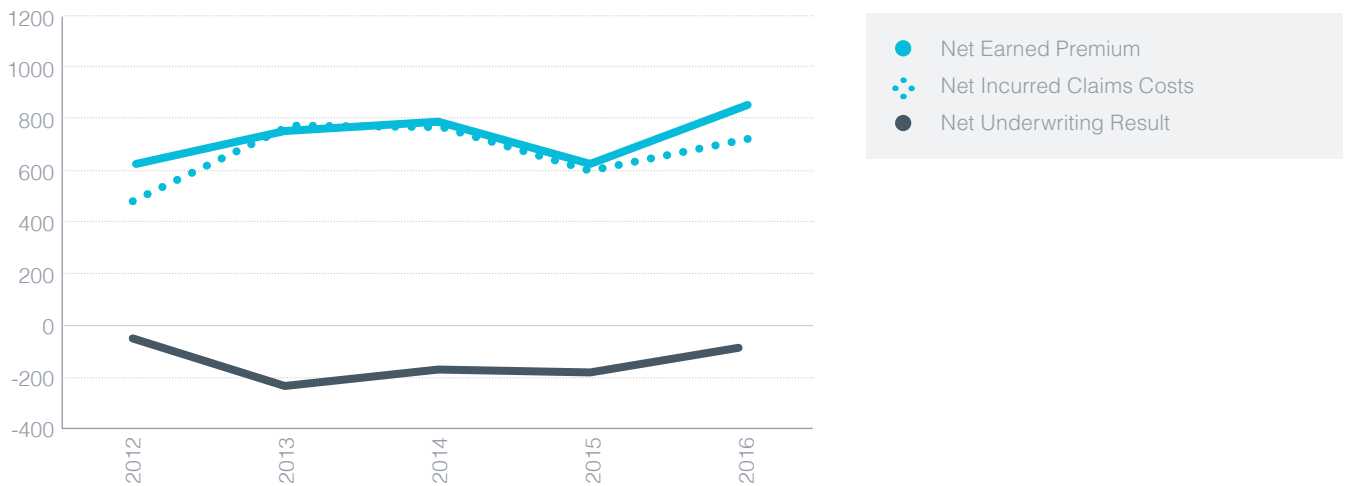
The chart illustrates the net underwriting result, investment income attributable to the underwriting account and the operating result for the non-life business market for the years

2012 to 2016. After investment income is taken into account, the 18 non-life insurers made a net operating profit of €16m in 2016.

Private Motor 2012-2016

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2012	634	476	-57
2013	757	778	-234.5
2014	796	751	-176.9
2015	619	591	-188.5
2016	849	716	-80.6

Private Motor 2012-2016



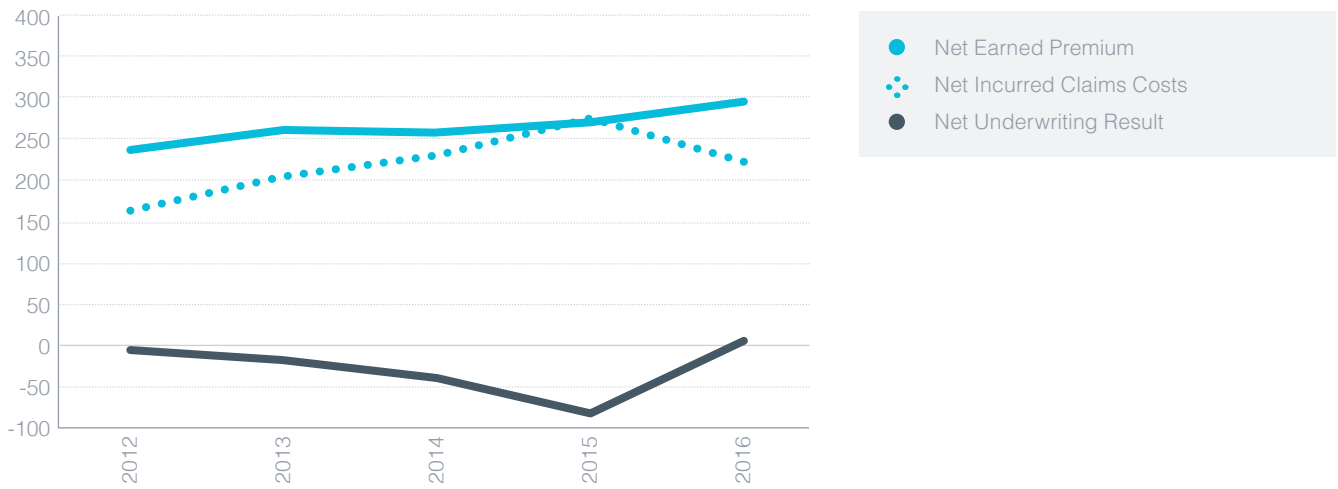
There has been a private motor net underwriting loss over the last five years. High motor personal injury claims costs

have been a major contributory factor to these underwriting losses.

Commercial Motor 2012 - 2016

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2012	239	167	-7
2013	256	208	-19
2014	250	228	-43
2015	262	278	-81
2016	299	223	6

Commercial Motor 2012 – 2016



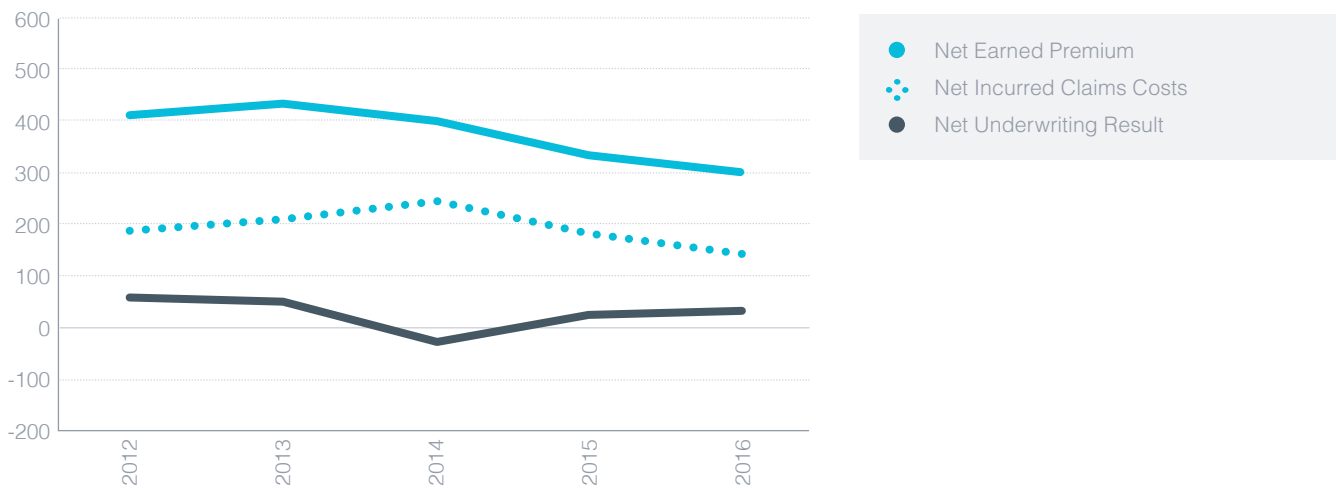
As one would expect, commercial motor trends are similar to private motor. However, commercial motor edged into

underwriting profit in 2016 for the first time in five years.

Household 2012 – 2016

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2012	415	194	59
2013	434	210	54
2014	401	246	-32
2015	341	180	32
2016	296	148	38

Household 2012 – 2016



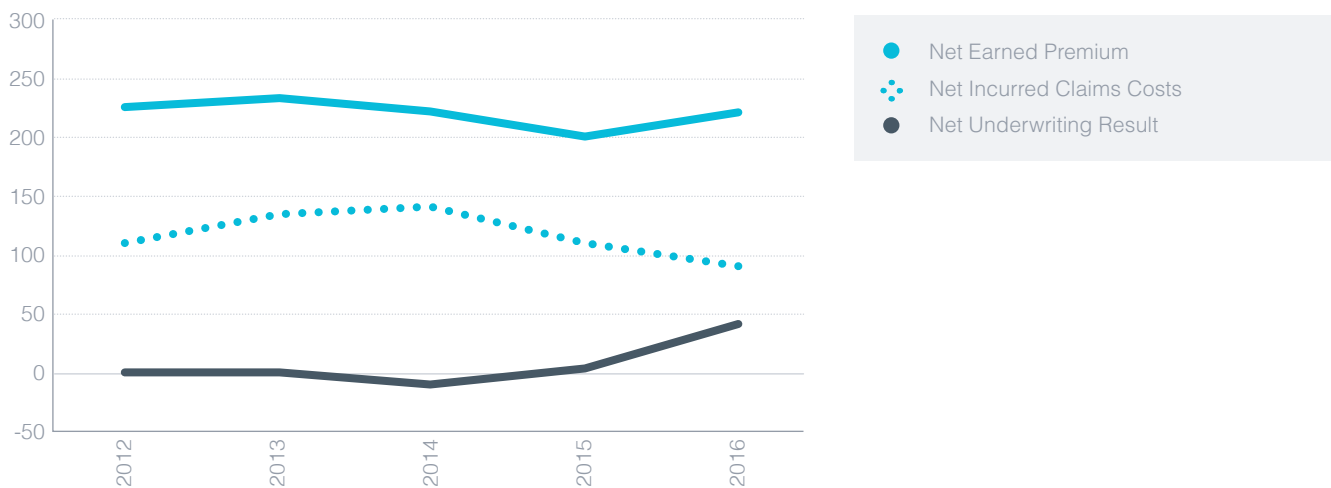
The net underwriting result in household has been positive over the past five years with the exception of 2014. Benign

weather for most of the year contributed to the positive result in 2016.

Commercial Property 2012-2016

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2012	226	115	8
2013	233	136	1
2014	220	141	-19
2015	205	110	6
2016	220	92	46

Commercial Property 2012-2016

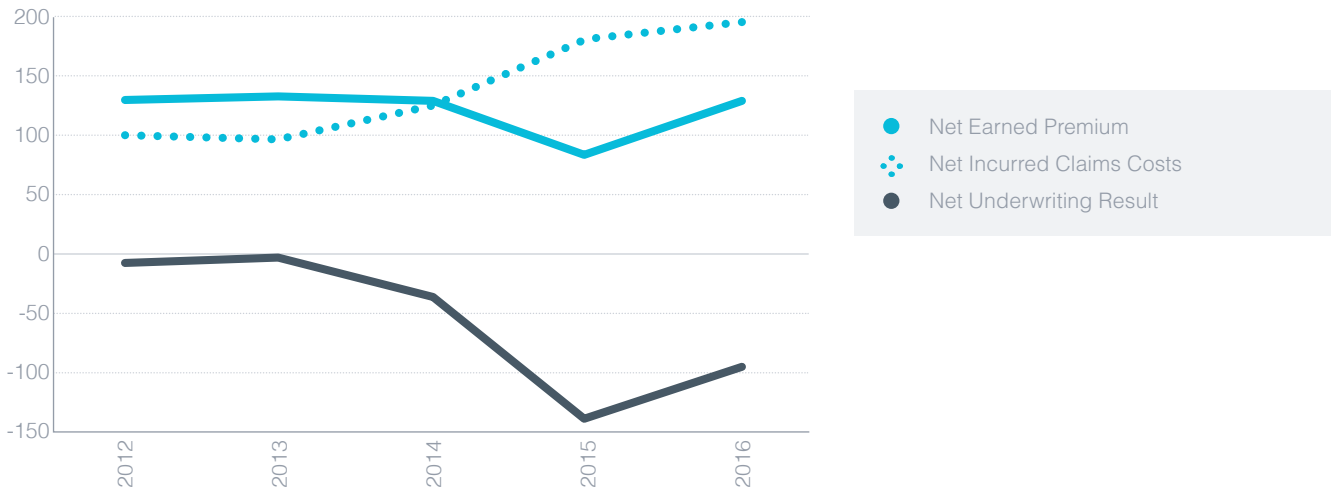


As with household, there was a net underwriting profit each year with the exception of 2014.

Employer's Liability 2012- 2016

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2012	130	99	-13
2013	134	93	-8
2014	132	124	-36
2015	78	178	-144
2016	131	191	-97

Employer's Liability 2012- 2016



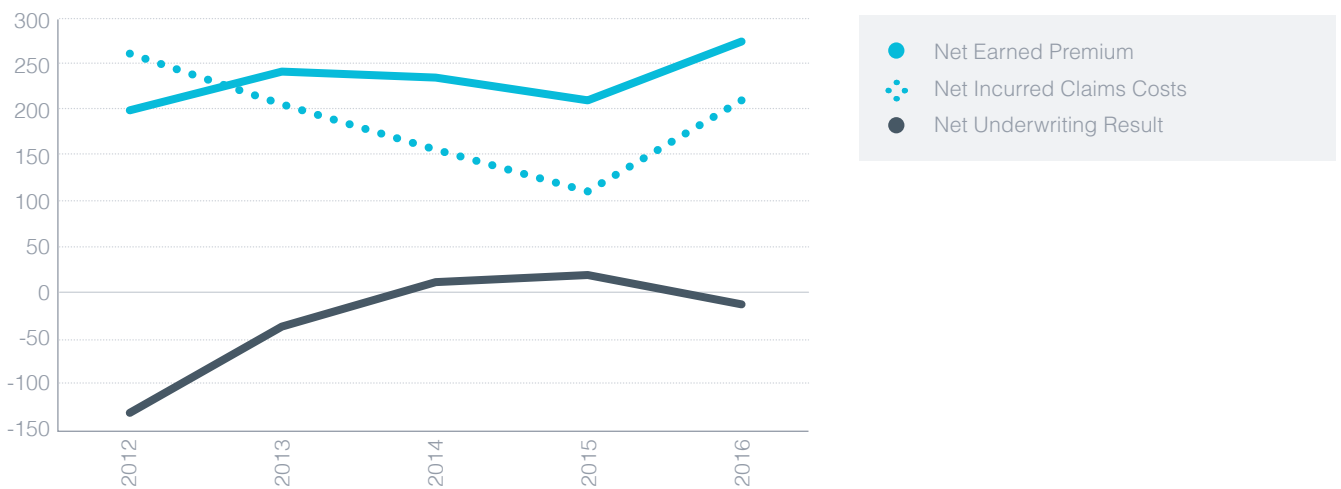
There has been a net underwriting loss in employer's liability over the last five years. This is not surprising as the employer's liability class is subject to the same challenges as

motor with high personal injury claims costs impacting on the annual results,

Public Liability 2012-2016

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2012	204	268	-128
2013	241	209	-38
2014	238	152	14
2015	209	116	22
2016	270	217	-15

Public Liability 2012-2016

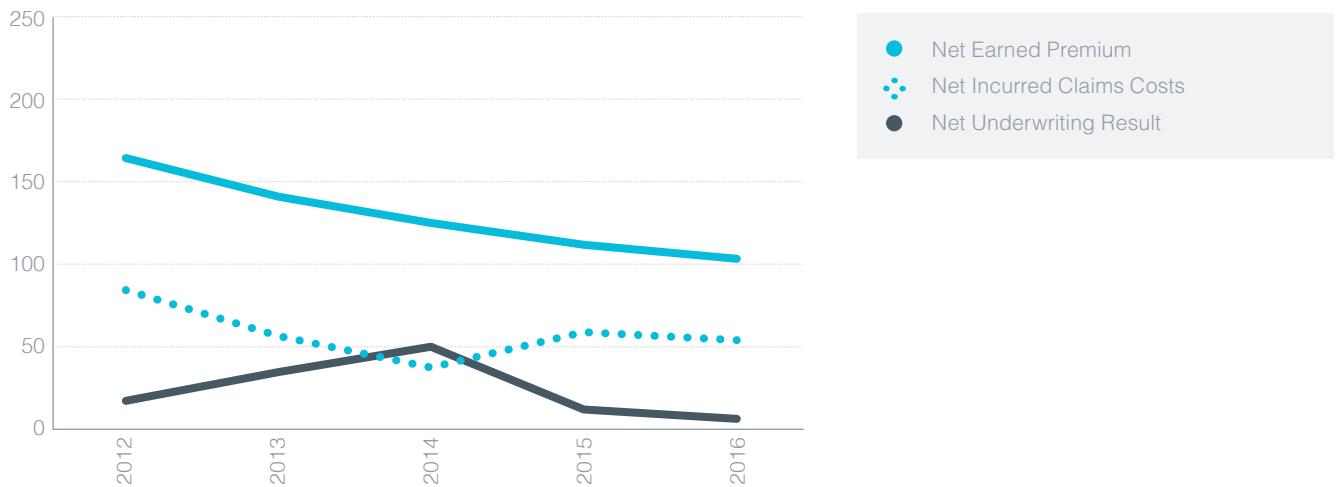


The public liability net underwriting result has been negative when one takes the five years 2012 – 2016 together. There was an underwriting loss in 2016 following underwriting profits in 2014 and 2015.

Other Classes 2012 – 2016

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2012	165	82	19
2013	141	58	34
2014	126	33	51
2015	115	58	14
2016	104	54	10

Other Classes 2012 – 2016



Other classes of insurance include personal accident, travel, and financial loss insurances. These classes have been

profitable over the past five years with 2016 generating a net underwriting profit of €10m.

Insurance Ireland Non-life Members' Gross Written Premium 2016*

Companies	Motor	Property	Liability	PA/Travel	Other Classes	Total
ACE	168	17,776	25,263	22,783	10,831	76,821
AIG	136,819	37,975	99,012	12,038	1,778	287,622
Allianz	234,366	154,775	86,525	4,454	8,907	489,027
Amtrust	0	23	9,883	0	117	10,023
Aviva	278,318	138,288	55,552	4,285	1,708	478,151
AXA	403,195	61,952	4,733	1,888	0	471,768
AXA Partners**	0	0	0	0	13,981	13,981
DAS	0	0	0	0	5,446	5,446
DeCare	0	0	0	6,171	0	6,171
Ecclesiastical	0	7,025	3,504	74	491	11,094
Euro Insurances	704	0	0	0	0	704
FBD	171,857	115,638	68,488	5,817	0	361,800
Irish Public Bodies	7,513	25,029	86,027	2,018	2,154	122,741
Liberty Insurance	157,092	25,336	16,392	0	0	198,820
MAPFRE	0	0	0	12,288	4,780	17,068
RSA	163,012	131,578	42,959	6,198	2,256	346,003
Travelers	7,358	15,362	16,722	0	0	39,442
Zurich	133,335	112,483	61,748	856	7,559	315,981
Total	1,693,737	843,240	576,808	78,870	60,008	3,252,663

* excludes health insurance

** Previously Genworth Financial

International Market

2012–2016

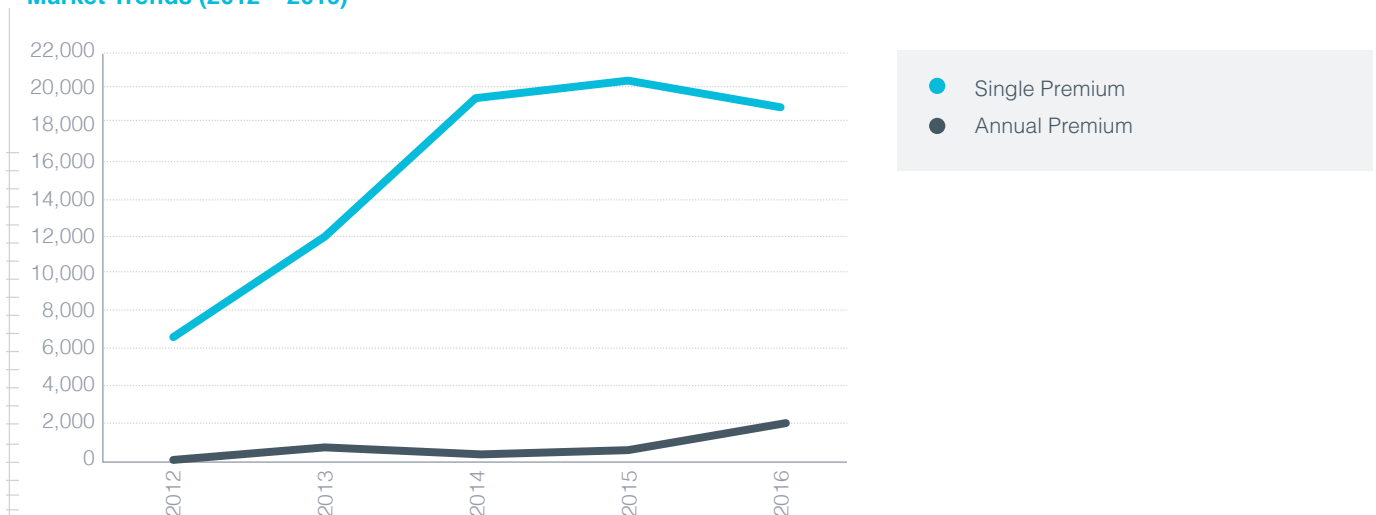
2016 Key International Life Statistics (in €m)

	Annual Premium (1)	Single Premium (2)	A.P.E. (1) + 10% of (2)
EU	1994.7	18353.4	3830.0
Non EU	0.2	439.2	44.1
Total	1994.9	18792.6	3874.2

The vast majority of international premium income is new single premium income. In 2016, the figure for Insurance Ireland's International life members was €18,793m which is a decrease of 8.7% on last year's figure of €20,583m.

Annual premium income for 2016 was €1,994.9m. This is a 573% increase on the figure for 2015 of €296.4m.

Market Trends (2012 – 2016)



Over the five-year period from 2012-2016, single premium business has grown from €6,657m in 2012 to €18,792.6m in

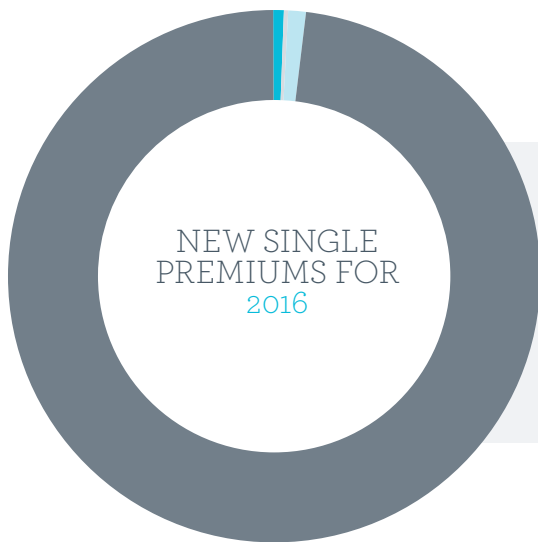
2016. Annual premium income also increased from €101.7m to €1,994.9m over the same period.

International life companies - country of business analysis of new business premiums for year ending 31/12/2016
 (in €'000)

Country of Business*	Single Premiums	Regular Premiums
Austria	0	0
Belgium	8,375	45
Bulgaria	114	12,282
Cyprus	43,763	37,577
Czech Republic	8,208	63,931
Denmark	0	0
Estonia	0	3
Finland	197,461	21,878
France	81,702	183,656
Germany	165,000	80,172
Greece	0	0
Hungary	16,991	44,665
Ireland	11,157	34,983
Italy	15,074,150	113,883
Latvia	0	0
Lithuania	-1	141
Luxembourg	59,014	42
Malta	102,505	0
Netherlands	20	22
Poland	0	0
Portugal	86,735	60,769
Romania	3,947	30,328
Slovakia	4,759	103,190
Slovenia	0	0
Spain	185,623	92,143
Sweden	496,963	3,255
United Kingdom	1,806,932	1,111,750
Total EU	18,353,418	1,994,715
Rest of Europe (non-EU)	278,657	169
Rest of World	160,561	0
TOTAL	18,792,636	1,994,884

* Note: Country of Business should be taken as country of residence of policyholder.

The top two countries for single premium business were Italy and the United Kingdom. EU countries made up 98% of total single premium and more than 99.9% of total regular premium.



€ 000's

- Class I: € 152,179 (0.8%)
- Class II: € 0 (0.0%)
- Class III: € 18,412,012 (97.9%)
- Class IV: € 22,614 (0.1%)
- Class VI: € 205,834 (1.1%)

Total New Single Premiums: € 18,792,639 (100%)



€ 000's

- Class I: € 915,667 (45.9%)
- Class II: € 0 (0.0%)
- Class III: € 375,454 (18.8%)
- Class IV: € 703,763 (35.2%)
- Class VI: € 0 (0.0%)

Total New Regular Premiums: € 1,994,884 (100%)

Class I: Life Assurance and contracts to pay annuities on human life, but excluding contracts within Classes II and III

Class II: Contracts of Insurance to provide a sum on marriage or birth of a child

Class III: Contracts linked to investment funds

Class IV: Permanent Health insurance contracts

Class VI: Capital redemption operations

Total: 20,787,523

Insurance Ireland International Life Members' New Business Figures 2016

Companies	Annual Premiums € 000's	Single Premiums € 000's	Total € 000's
Aegon Ireland	0	245,471	245,471
AXA Life Europe Ltd	31	226,839	226,870
AXA MPS Financial Ltd	18,258	1,291,623	1,309,881
Canada Life Assurance Europe	73,099	122,391	195,490
Darta Saving Life Assurance	15,244	2,569,381	2,584,625
Generali PanEurope	27,942	1,092,986	1,120,928
Intesa Sanpaolo Life	0	8,976,989	8,976,989
MetLife Europe	1,757,224	187,441	1,944,665
Old Mutual International Ireland Ltd	0	433,855	433,855
Prudential International Assurance (Ireland)	3,534	1,116,828	1,120,362
SEB Life International	3,796	756,682	760,478
St. James's Place International	77,070	529,269	606,339
The Lawrence Life Assurance	3	636,641	636,644
Zurich Life International Assurance	18,683	606,243	624,926
Total	1,994,884	18,792,639	20,787,523

