

Factfile

Insurance Ireland Factfile



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About Us

INSURANCE IRELAND
THE VOICE OF INSURANCE

Representing 95% of the domestic insurance companies and 80% of the International Life insurance market, Insurance Ireland is the voice of the sector in this country, making important representations on behalf of member companies to all of our stakeholders, including Government, media, customers and the wider public.

Insurance Ireland members pay out more than €10 billion in claims and benefits to Irish customers and contribute over €1.8 billion in tax to the Irish exchequer per annum. Our industry holds over €200 billion in assets in Ireland of which €35 billion is invested in Irish infrastructure and government debt. It generates €32bn in premium income (domestic and overseas) and employs more than 28,000 people.

As the voice of the industry, Insurance Ireland's key functions include:

- Representing its members' interests to Government, state agencies, regulatory bodies, public representatives, other national 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 insurance company representative bodies, and at a global level via the Global Federation of Insurance Associations (GFIA).
- Keeping members abreast of relevant policy and regulatory developments and providing a forum for member debates on such issues.
- Providing information to Government, the wider policymaking community and the public about insurance.

About Factfile

Factfile 2014 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-second year of publication and the Factfile is now a well established primary source of information on the domestic and international business of insurers based in Ireland.

The data is derived from data collected from members of Insurance Ireland unless otherwise indicated.

AXA Ireland are included in the 2010-2011 Insurance Ireland non-life market figures, not included in 2012 and are included in the 2013 and 2014 analysis.

22 YEARS
IN PRODUCTION

Executive Summary

The Irish Insurance Market - A Comparative Overview

- Gross insurance premium income for life and non-life insurance combined was €11,645m in 2014, compared to €11,313m in 2013 – an increase of 2.9%. Premium income as a percentage of GDP was 6.2%. Premiums per capita increased from €2,459 in 2013 to €2,532 in 2014.
- The capital values of assets in many investment areas increased in 2014. Assets comprising life policyholders' funds and non-life technical reserves was €96bn 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 15,104 people in Ireland as of the end of December 2014.

Life Assurance and Pensions Market

- Insurance Ireland's life assurance members' aggregate domestic premium income was €8,989m for 2014, which is an increase of 2.9% on the previous year (€8,739m).
- New annual premium (AP) business was €490m, up 15% from €426m in 2013.
- An increase of 5.1% was recorded for new single premium (SP) business in 2014 (€6,103m).
- New business Annual Premium Equivalent (AP sales + 10% of SP sales) rose 9% to €1,100m compared with €1,006m in 2013.
- €8,292m in benefits and claims was paid by domestic life assurance companies during 2014, a decrease of 7% on 2013.
- The total value of life assurance protection in force at the end of 2014 was estimated at €382bn, compared to €371bn at the end of 2013, which is an increase of 3%.
- The aggregate value of policyholders' funds managed by Insurance Ireland life members increased by 8% to €89,217m in 2014. The value of equity investments increased 6% from €42,273 in 2013 to €44,972 in 2014.

- Equities represented 50.4% of total policyholders' funds at 31/12/14, compared to 51.4% at the end of 2013.
- The value of life assurance funds invested in gilts increased by 18% to €27,517m in 2014, and now represents 30.8% of life assurance investments.
- Cash holdings decreased from 11.8% in 2013 to 8.9% in 2014.
- Property assets increased from €2,758m in 2013 to €3,606 in 2014 and now represent 4% of total investments.

Non-Life Insurance Market

- Insurance Ireland's 19 domestic non-life members write in excess of 95% of Irish non-life insurance business in the established market. Combined, Insurance Ireland members wrote gross premiums of €2,656m in 2014 (up 3.2% on 2013).
- Motor insurance remains the largest class of non-life insurance at €1190m (45% of all non-life business). Property is the second largest class of non-life business (31%). Liability insurance accounts for 18% of non-life business and is the third largest class.
- Net written premiums in 2014 (i.e. total premiums after reinsurance costs have been deducted) were €2,164m (up 0.7% on 2013). Net earned premiums were €2,163m (down 1.5% on 2013).
- The number of new claims notified to Insurance Ireland members in 2014 was 445,505. 57% of new claims were motor claims while 23% were made on property insurance policies (household and commercial property).
- Net incurred claims costs in 2014 amounted to €1675m (down 1% on 2013) leading to a net underwriting loss in 2014 of €241m. After investment income is added, the market made an operating loss of €78m.

International Life Assurance Market

- The vast majority of international premium income is new single premium income. In 2014, the figure for Insurance Ireland's International life members was €19,450m, up 60% on 2013 (€12,131m). Annual premium income reduced from €412 in 2013 to €247m in 2014 (a reduction of 40%).
- Some of the increase in single premium business is accounted for by the higher number of companies participating in this statistical exercise, reflecting the increased number of Insurance Ireland international members.
- Over the 5-year period 2010 to 2014, single premium business has grown from €6,118m in 2010 to €19,450m in 2014 whilst annual premium income increased from €73.5m in 2010 to €247m in 2014.
- The top 2 countries for single premium business were Italy and the UK.
- The vast majority of international single premium income (95%) is represented by unit linked single premium business (Class III).

Health Insurance Market

- Insurance Ireland's four health insurance members write approximately 96% of health insurance in the Irish domestic market. Combined, Insurance Ireland members wrote gross premiums of €2324m in 2014. Gross incurred claims in 2014 amounted to €2011m while the number of new claims notified to Insurance Ireland health insurance members in 2014 was 1,445,846.

The Irish Insurance Market

This chapter provides an overview of trends in the Irish insurance market, both from a recent historical perspective (2010-2014) 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

2014 Premium Income - Life and Non-Life

Year	Life	Non Life	Total
Gross Premium Income (€m)	8988.6	2656.4	11,645.0
Premium Income: GDP (%)	4.76	1.41	6.17
Premiums per capita (€)	1954	577	2532
Investments* (€m)	89217	6343	95560

* Policyholders' funds (life assurance) and Technical Reserves (non-life) at 31st December 2014

Gross insurance premium income for life and non-life insurance combined was €11,645m in 2014, compared to €11,313m in 2013 – an increase of 2.9%. Premium income as a percentage of GDP was 6.2%. Premiums per capita increased from €2,459 in 2012 to €2,532 in 2013.

The capital values of assets in many investment areas increased in 2014. Assets comprising life policyholders' funds and non-life technical reserves was €96bn at the end of the year.

II Members' Gross Premium Income 2010-2014

Year	Life €m	Non Life €m	Total €m
2010	9687.6	3035.2	12722.8
2011	8485.6	2893.7	11379.3
2012	8150.2	2433.8	10584.0
2013	8739.0	2573.6	11312.6
2014	8988.6	2656.4	11645.0

Life gross premium income decreased from €9,688m in 2010 and continued to fall till 2012 and then increased and stands at €8,988.6m in 2014. Non-life gross written

premium declined. It was €3,035m in 2010 and declined in subsequent years before increasing to €2,574m in 2013 and €2,656m in 2014.

Gross Premium Income and Domestic Product 2010-2014

Year	Gross Insurance Premium Income €m	GDP * €m	Premium Income:GDP %
2010	12722.8	172187	7.4
2011	11379.3	176643	6.4
2012	10584.0	176910	6.0
2013	11312.6	179448	6.3
2014	11645.0	188778	6.2

Market combined life and non-life premium income declined each year from €12,723m in 2010 to €10,584m in 2012 and increased to €11,313m in 2013 and again to €11,645m in

2014. Premium income as a percentage of GDP decreased over the years from 2010 to 2012 before increasing to 6.3% in 2013 and then decreasing to 6.2% in 2014

Life & Non-Life premiums as a Percentage of GDP for Ireland 2010-2014

Year	Life Premium as % of GDP	Non-Life Premium as % of GDP	Total w/out Intl %
2010	5.6	1.8	7.4
2011	4.8	1.6	6.4
2012	4.6	1.4	6.0
2013	4.9	1.4	6.3
2014	4.8	1.4	6.2

Life premiums as a percentage of GDP fell from 5.6% in 2010 to 4.6% in 2012 before rising to 4.9% in 2013 and decreasing to 4.8% in 2014. Non-life premiums as

a percentage of GDP fell from 1.8% in 2010 and then remained 1.4% until 2014.

Year-End Value of Investments

	2010 €bn	2011 €bn	2012 €bn	2013 €bn	2014 €bn	% Change p.a
Life	73.430	71.838	79.208	82.309	89.217	4.9
Non-life	8.142	7.761	5.696	6.462	6.343	-6.1
Total	81.572	79.599	84.904	88.771	95.560	4.0

The value of life policyholders' funds increased from €81.5bn in 2010 to €95.6bn in 2014, an average growth rate of 4% over the period. Non-life technical reserves fell from €8.1bn in 2010 to €5.7bn in 2012, but rose in 2013 to €6.5bn

before falling to €6.3bn with an average percentage change of -6.1% over the five years.

The total value of life and non-life assets was €95.6bn in 2014.

Life Assurance Benefits and Claims Paid 2010-2014

Year	Amount €m
2010	8222
2011	8736
2012	8996
2013	8923
2014	8292

€8,292m was paid out by life assurance companies in benefits and claims in 2014. 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 2010-2014

Year	Gross Earned Premium €m	Gross Incurred Claims €m
2010	3107	2516
2011	2996	1791
2012	2485	1585
2013	2630	1818
2014	2653	1891

The downward trend in gross earned premium for non-life insurance reversed in 2013 and stood at €2,653m in 2014.

Gross incurred claims followed a similar downward trend from 2010 onwards but increased in 2013 and reached €1,891m in 2014.

Employment in Insurance Companies in Ireland

Employment in Insurance Companies in Ireland as at 31st December 2014	
Life	6556
Non-Life	8548
Total	15104

The insurance sector is a major employer in the Irish economy. Insurance Ireland life and non-life member companies employed over 15,104 people in Ireland as of the end of December 2014. In addition, significant numbers are employed in the wider insurance industry e.g. broking, loss adjusting and assessing, and in outsourced service providers.

The 2014 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 2014

	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	0.32	1.70	0.42	1.13	7.50	3,944
EU	7.37	24.13	35.58	29.03	32.67	7.67	2,791
OECD	18.26	65.29	80.31	80.94	80.59	7.62	2,922
Europe	11.30	29.38	37.77	32.72	35.53	6.83	1,902
America*	13.48	32.76	24.70	44.19	33.36	6.29	1,638
Asia	59.10	32.49	33.61	20.02	27.57	5.21	307
Oceania	0.53	2.18	2.19	1.98	2.10	5.92	2,600
Africa	15.58	3.19	1.73	1.09	1.44	2.79	61
Total World	100.00	100.00	100.00	100.00	100.00	6.17	662

Figures are rounded USD

Sources: Swiss Re Sigma No 4/2015; CSO; CIA's - The World Factbook and Insurance Ireland
*includes Latin America and Caribbean

The premium spent per capita for 2014 in Ireland is compared to some other advanced industrialised countries in this table. The figure for Ireland of US\$3,944 is higher than some other European countries such as Italy and Germany but is also lower than others, such as the United Kingdom and Sweden. A factor which needs to be noted, particularly when making comparisons with other European states, is that countries such as Germany and Sweden 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 2014

Country	Premium Per Capita 2014 (USD)
Switzerland	7934
Luxembourg	6070
Denmark	5795
Netherlands	5689
Hong Kong	5647
Finland	5420
United Kingdom	4823
Norway	4579
Taiwan	4072
United States	4017
Sweden	4003
Ireland	3944
France	3902
Japan	3778
Singapore	3759
Australia	3736
Canada	3532
Belgium	3297
South Korea	3163
Italy	3078
Germany	3054
Austria	2681
New Zealand	2557

Source: Swiss Re Sigma No 4/2015

Life Assurance and Pensions Market

2010–2014

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's 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, increasing numbers of people have chosen to provide for their retirements by taking out pensions with a life assurance company. This is usually done by way of a contract where, in return for a lump sum or a series of regular payments to the life assurance company, the policyholder will receive a regular income at retirement. This regular income during retirement is called an "annuity."

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 were introduced as new easy access, low cost, and flexible personal pensions, to encourage individuals who have not already done so to make a provision for retirement.

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).

2014 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	131.1	1994.4	330.5	1136.8	3131.2
Pension Scheme Business	269.0	3085.1	577.5	1237.7	4322.8
Self-employed Pensions (Incl. PRSAs)	68.3	1024.4	170.8	333.0	1357.4
Permanent Health Insurance	21.6	-0.7	21.5	173.1	172.4
Industrial Branch Business	0.0	0.0	0.0	4.8	4.8
Total	490.0	6103.2	1100.3	2885.4	8988.6

Insurance Ireland's life assurance members' aggregate domestic premium income was €8,989m for 2014, which is an increase of 3% on the previous year (€8,739m).

New annual premium (AP) business was €490m, up 15% from €426m in 2013.

An increase of 5.1% was recorded for new single premium (SP) business in 2014 (€6,103m).

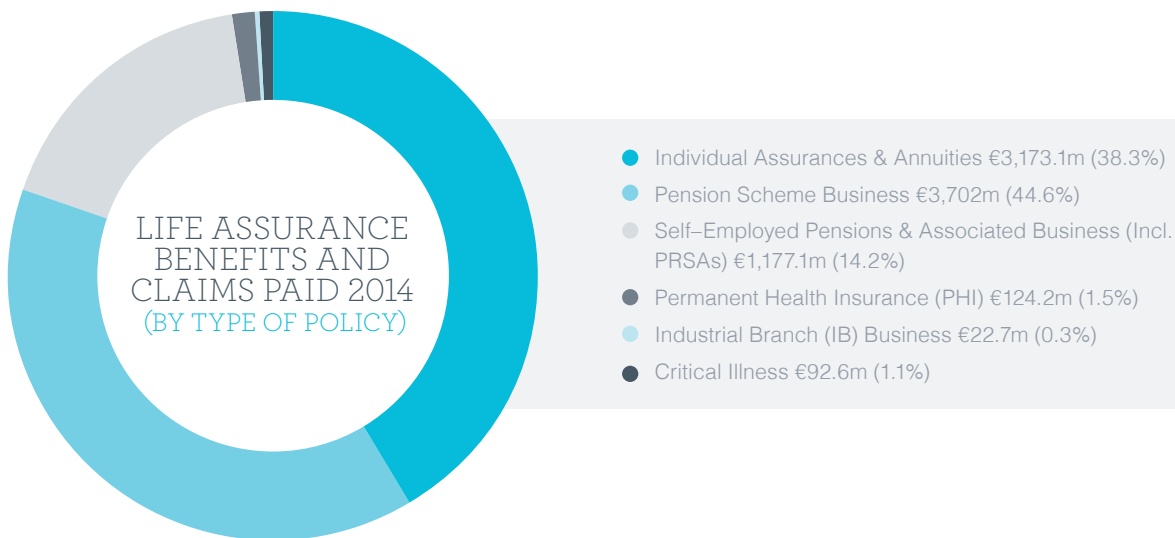
New business Annual Premium Equivalent (AP sales + 10% of SP sales) rose 9% to €1,191m compared with €1,006m in 2013.



Pension scheme business (48.1%) and individual assurances and annuities (34.8%) continue to be the two main segments of life assurance gross premium income.

The self-employed pensions & associated business (including PRSAs) segment decreased from 18.6% in 2013 to 15.1% in 2014.

Premium income from Permanent health insurance (PHI) and Industrial branch business as a percentage of life assurance gross premium income remained static at 1.9% and 0.1% respectively.



€8,292m in benefits and claims was paid by domestic life assurance companies during 2014, a decrease of 7% on 2013. 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 (38.3%, down from 41.5% in 2013) and pension schemes (44.6%, up from 38.9% in 2013), followed by self-employed pensions and associated business

(14.2%, down from 17.2% in 2013). Claims under individual assurance/annuity contracts were down 14% to €3,173m in 2014. Claims under self-employed pensions and associated business decreased 24% from €1,539m in 2013 to €1,177m in 2014. Pension scheme business increased by 7% from €3,470m to €3,702m. There was a 56% increase in critical illness payouts (to €93m) following a 23% decrease in 2013.

The total value of life assurance protection in force at the end of 2014 was estimated at €382bn, compared to €371bn at the end of 2013, which is an increase of 3%.

Benefits and Claims By Type (€m)	
Surrenders and Maturities	6910.0
Death / Critical Illness Claims	745.6
Annuities	636.1
Total	8291.7

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

- The largest category is benefits paid on policy surrenders and maturities, with €6,910m paid in 2014 (a decrease of 9% on 2013). This category represents 83% of total payments made last year;
- Death and critical illness claims under protection contracts amounted to €746m, down 5% on 2013; and
- Annuity payments totalled €636.1m in 2014, up 14% on 2013.

Sources of Life Assurance Business

		Brokers %			Agents %			Tied Agents %			Employee & Company Representatives %			Direct %		
		2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Annual Premium	Life	13	12	12	1	1	1	11	10	9	5	6	6	1	0	0
	Pensions	50	50	53	1	1	1	7	6	6	9	10	9	3	4	4
	Total	63	62	65	2	2	2	18	16	15	14	16	15	4	4	4
Single Premium	Life	4	4	6	0	0	0	4	3	3	1	3	4	31	41	31
	Pensions	35	30	35	1	1	0	3	2	2	2	2	2	19	13	15
	Total	39	34	41	1	1	0	7	5	5	3	5	6	50	54	46

The chart provides a breakdown of the proportion of new business written through the various sales channels. In 2014, brokers' new business market share increased by 3 percentage points to 65% (having decreased by 1% in 2013 to 62%) for annual premium (AP) business, and by 7 percentage points for single premium (SP) business to 41%.

Brokers' AP pensions business increased by 3% on 2012 to 53% in 2014. SP pensions business dipped in 2013 before returning to 35% in 2014. AP for life business reduced marginally to 12% and SP life business increased from 4% to 6% over the same period.

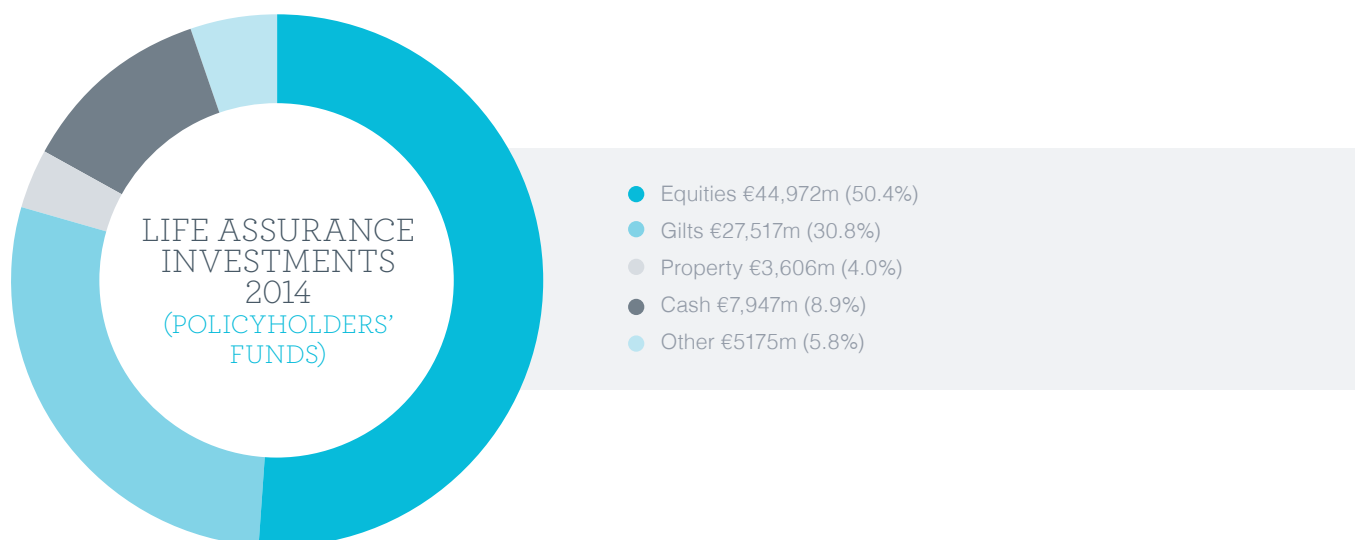
Life office employees and company representatives (direct sales forces) saw their share of AP increase by 1% over the

period (to 15%), with their share of SP business increasing from 3% in 2012 to 6% in 2014.

Direct sales other than through employed salespeople (e.g. telephone, internet and direct response sales) remained broadly static for AP, whilst SP direct sales fell back to 46% in 2014.

Independent agents' AP business remained static at 2%, while their SP business reduced from 1% to 0%.

The percentage of AP business written through tied agents decreased from 18% in 2012 to 15% in 2013, while SP business written via tied agents decreased from 7% in 2012 to 5% in 2013 and 2014.



The aggregate value of policyholders' funds managed by Insurance Ireland life members increased by 8% to €89,217m in 2014. The value of equity investments increased 6% from €42,273 in 2013 to €44,972 in 2014. Equities represented 50.4% of total policyholders' funds at 31/12/14, compared to 51.4% at the end of 2013.

The value of life assurance funds invested in gilts increased

by 18% to €27,517m in 2014, and now represents 30.8% of life assurance investments.

Cash holdings decreased from 11.8% in 2013 to 8.9% in 2014.

Property assets increased from €2,758m in 2013 to €3,606 in 2014 and now represent 4% of total investments.

Investments (Policyholders' funds) By Type & Location 2014

	Irish €m	Foreign €m	Total €m
Equities¹	8468	36504	44972
Gilts²	3405	24112	27517
Property³	2439	1167	3606
Cash	2054	5893	7947
Other	4671	504	5175
Total	21037	68180	89217

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.

The table illustrates the breakdown of investments by location. 24% of investments were in Ireland in 2014. The value of domestic investments at the end of 2014 was €21,037m. Foreign investments in 2014 were €68,180m, 76% of total investments.

40% of Irish investments are in equities. 10% are in cash,

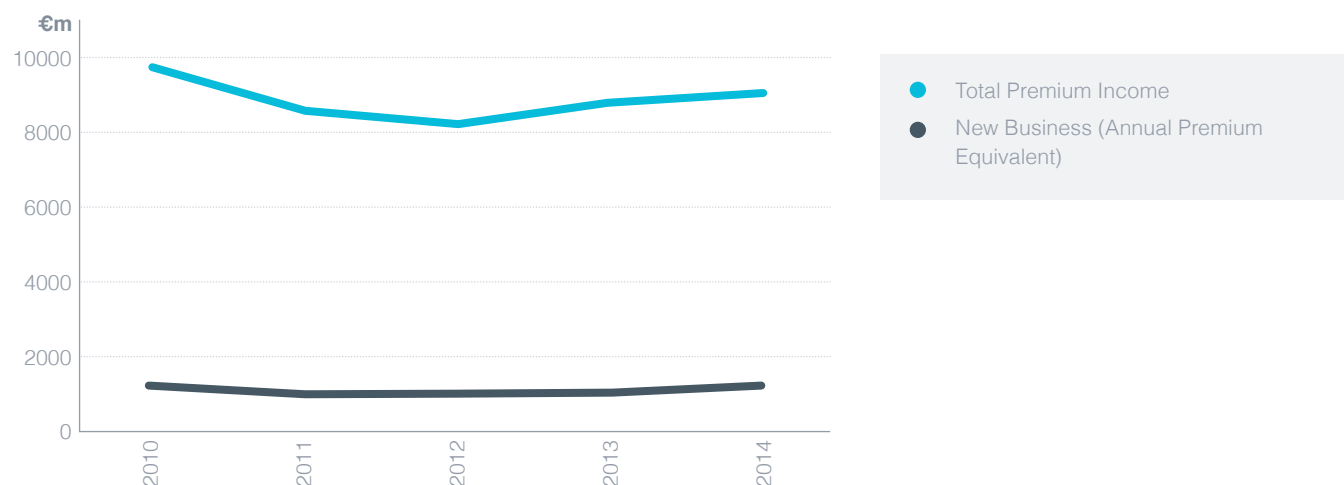
with 16% in gilts. Property holdings were 12% of Irish investments in 2014.

54% of the foreign holdings are equities. The second largest foreign asset class is gilts at 35%. The proportion of foreign holdings invested in property was 1.7%. The percentage invested in cash was 8.6% in 2014.

Market Trends 2010 – 2014

	2010 €m	2011 €m	2012 €m	2013 €m	2014 €m	Annual Change 2010-2014 %
Premium Income (Annual Premium Business)	3541	3246	3172	2934	2885	-5.0
Premium Income (All Business)	9688	8486	8150	8739	8989	-1.9
New Business						
Annual Premiums	529	448	434	426	490	-1.9
Single Premiums	6147	5239	4978	5805	6103	-0.2
Annual Premium Equivalent (APE)	1143	972	931	1006	1100	-1.0
Benefits & Claims	8222	8736	8996	8923	8292	0.2

Life Assurance Premium Income 2010 – 2014



There was a downward trend in aggregate premium income during 2010-2012 and an upward trend in 2013 and 2014 resulting in a decrease of 1.9% p.a. for this period.

New annual premium business decreased from €529m in 2010 to €490m in 2014, a decrease of 1.9% p.a. over the 5-year period.

On an annualised basis, new SP business contracted at 0.2% p.a. between 2010 and 2014.

New business on an Annual Premium Equivalent (APE) basis has decreased slightly from €1,143m in 2010 to €1,100m in 2014, equivalent to a decrease of 1% p.a. over 5 years.

Benefits and claims paid increased from €8,222m in 2010 to €8,292m in 2014. Over the 5 year period claims payments grew by 0.2% p.a.

Investments (by Type) % of Total Value

Asset Category	2010	2011	2012	2013	2014
Equities ¹	52.0	46.6	47.6	51.3	50.4
Gilts ²	26.2	31.3	32.7	28.4	30.8
Property ³	5.4	5.1	3.8	3.4	4.1
Cash	10.6	11.1	11.2	11.8	8.9
Other	5.8	5.9	4.7	5.1	5.8
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 decreased over the period from 52% in 2010 to 50.4% in 2014. Gilts increased from 26.2% in 2010 to 30.8% in 2014. Property assets, which stood at 5.4% in 2010,

declined over the period to 4.1% in 2014. Cash holdings increased then reduced slightly over the period (10.6% in 2010 to 8.9% in 2014).

Investment Trends (by Location) 2010 - 2014

% of total value	2010	2011	2012	2013	2014
In Ireland	33.2	39.2	55.9	23.2	23.6
Outside Ireland	66.8	60.8	44.1	76.8	76.4

Policyholders' funds invested in Ireland decreased from 33.2% in 2010 to 23.6% in 2014. Approximately 76% of assets by value are foreign.

Insurance Ireland Life Members' Gross Premium Income 2014

Companies	Life Business			Pensions Business		Total €'000
	Annual Premium €'000	Single Premium €'000	Industrial Branch €'000	Annual Premium €'000	Single Premium €'000	
Acorn Life	42641	8549	0	12204	9853	73247
Ark Life	94013	0	0	41512	3329	138854
Aviva Life & Pensions	95366	43980	0	104437	310617	554400
Caledonian Life	46839	2675	0	1263	0	50777
Friends First Life	97636	62991	0	75201	222587	458415
Genworth Financial	0	181	0	0	0	181
Irish Life	463717	645986	0	594942	1058908	2763553
London General Life	0	-251	0	0	0	-251
New Ireland	258511	686567	177	444572	442751	1832578
Phoenix Ireland	4275	15469	0	4195	12	23951
Royal London	12054	808	4613	0	0	17475
Standard Life	12390	232238	0	53647	923840	1222115
Zurich Life	182443	294562	0	238719	1137618	1853342
Total	1309885	1993755	4790	1570692	4109515	8988637

Non-Life Insurance Market

2010–2014

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 2014, 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 2014 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 2014, the written premium for 2014 will be €500, and so will the earned premium. But if the same policy is issued on 1st July 2014, 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 2015 earned premium. This is because half of the premium is in respect of the exposure to loss during the first half of 2015.

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.

2014 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	896.2	808.5	795.9	751.0	200551	-176.9	57.1	-119.8
Comm Motor	294.2	255.9	250.1	227.9	54799	-42.6	22.4	-20.2
All Motor	1190.4	1064.4	1046.0	978.9	255350	-219.5	79.5	-140.0
Household	470.9	383.7	400.9	246.1	63940	-31.6	8.6	-23.0
Comm Property	359.9	223.4	219.6	141.2	37944	-19.3	7.1	-12.2
All Property	830.8	607.1	620.5	387.3	101884	-50.9	15.7	-35.2
Employer's Liability	172.3	133.7	131.8	123.8	6847	-35.7	18.7	-17.0
Public Liability	319.0	243.6	238.3	151.9	14821	13.9	45.7	59.6
All Liability	491.3	377.3	370.1	275.7	21668	-21.8	64.4	42.6
PA/Travel	72.2	57.0	59.0	32.7	27707	10.9	1.1	11.9
Other Business	71.8	57.9	67.1	0.2	38896	40.2	2.1	42.3
Total	2656.5	2163.7	2162.7	1674.8	445505	-241.1	162.8	-78.4

Overview of Non-Life Results for 2014

Insurance Ireland's 19 domestic non-life members write in excess of 95% of Irish non-life insurance business in the established market. Combined, Insurance Ireland members wrote gross premiums of €2,656m in 2014 (up 3.2% on 2013).

Motor insurance remains the largest class of non-life insurance at €1190m (45% of all non-life business). Property is the second largest class of non-life business (31%). Liability insurance accounts for 18% of non-life business and is the third largest class.

Net written premiums (i.e., total premiums after reinsurance costs have been deducted) were €2164m (up 0.7% on 2013). Net earned premiums were €2,163m in 2014 (down 1.5% on 2013).

The number of new claims notified to Insurance Ireland members was 445,505. 57% of new claims were motor claims while 23% were made on property insurance policies (household and commercial property).

Net incurred claims costs amounted to €1675m (down 1% on 2013) leading to a net underwriting loss in 2014 of €241m. After investment income is added, the market made an operating loss of €78m.

Motor Insurance

Gross written premium for motor insurance was €1190m in 2014 (up 7% on 2013). 75% of motor insurance gross written premium is accounted for by private motor business with the remaining 25% derived from commercial motor business. Net earned motor premiums amounted to €1046m in 2014 (up 3.2% on 2013).

The number of new motor claims notified during 2014 was 255,350 (up 8.5% on 2013).

The motor net underwriting loss was €220m in 2014 compared with a net underwriting loss of €254m in 2013.

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 (57% of premium income) and commercial property (43%). Insurance Ireland members wrote gross property insurance premiums of €831m in 2014. The property insurance market recorded a net underwriting loss of €51m in 2014 compared with a net underwriting profit of €55m in 2013.

Liability Insurance

Insurance Ireland members wrote gross liability premiums of €491m in 2014 (up 6.3% on 2013). Net earned premium was €370m (down 1.3% on 2013).

Net incurred claims amounted to €276m in 2014 (down 9% on 2013). Liability insurers made a net underwriting loss of €22m in 2014 compared with a net underwriting loss of €46m in 2013.

Other Non-Life Lines

Insurance Ireland members wrote €72m of personal accident and travel insurance in 2014. This class of business generated a net underwriting profit of €11m in 2014 compared with a net underwriting profit of €13m in 2013.

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 €72m in

gross written premium in 2014(down 11% on 2013). These classes of business produced a net underwriting profit of €40m in 2014 compared with a net underwriting profit of €21m in 2013.

Investing Non-Life Premium Income

Non-life insurers' technical reserves are mainly invested in cash and gilts, with only approximately 23% 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 2014

	Claims Ratio %	Commission Ratio %	Management Expenses Ratio %	Combined Operating Ratio %
Total	77.4	10.8	22.9	111.1
Motor	93.6	6.7	20.2	120.5
Liability	74.5	10.9	19.9	105.3
Property	62.4	17.3	29.5	109.2
PA/Travel	55.4	1.4	25.7	82.5
Other	0.3	27.8	18.3	46.5

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 2014 the Insurance Ireland non-life market produced a net claims ratio of 77%. In other words, claims cost 77 cent out of every €1 earned in premium. The claims ratio varied between sectors: in motor insurance it was 94% while in liability and property the claims ratio was 75% and 62% 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 2014 the net commission ratio was 11% and the net management expenses ratio was 23%.
- The **net combined** or **operating ratio** combines the claims, commissions and management expenses ratios. The operating ratio for the non-life market was 111% in 2014. In other words, this meant that the non-life market made a loss of 11 cent on underwriting insurance for every €1 of premium in 2014.

Non-Life Insurance Market Results 2010 -2014

	Gross Written Premium €m	Net Underwriting Result €m	Investment Income €m	Operating Result €m	Profit Premium %
2010	3702	-103	169	66	1.78
2011	3554	213	191	404	11.37
2012	3331	-87	278	191	5.73
2013	2993	-222	107	-116	-3.88
2014	2656	-241	163	-78	-2.94
5 Years	16236	-440	908	467	2.88

Sources: 2010-2013 data is taken from the Central Bank's Insurance Statistics (2010 - 2013); and 2014 data - Insurance Ireland
 1. The data for 2010-2013 is taken from the Central Bank's Insurance Statistics (2010 - 2013). These publications contain returns for all insurers. The data for 2014 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.

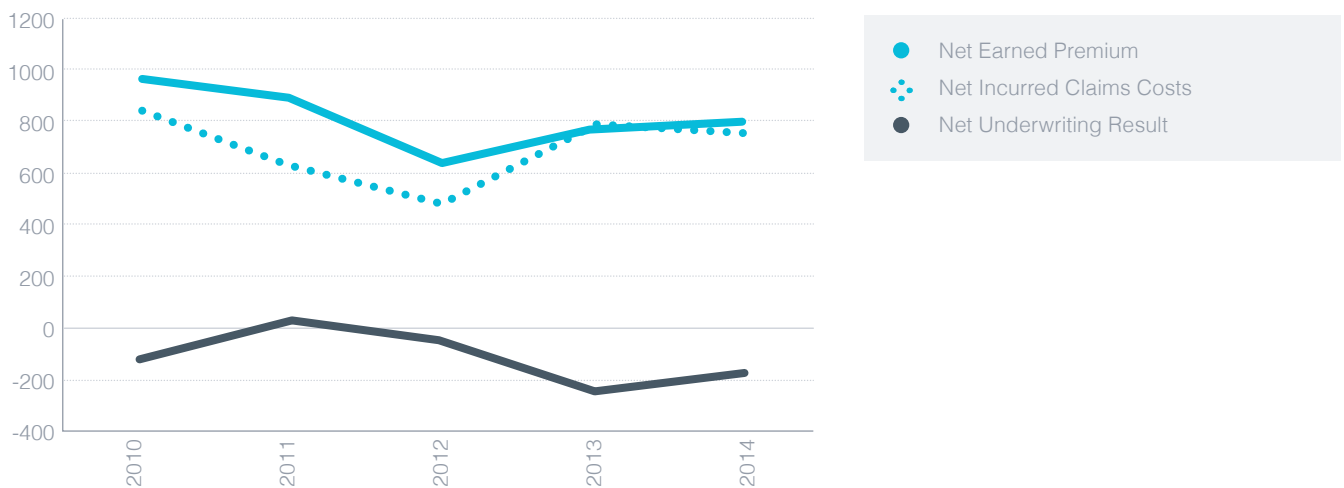
The chart illustrates the net underwriting result, investment income attributable to the underwriting account and the operating result for the non-life business market for the

years 2010 to 2014. After investment income is taken into account, the 19 non-life insurers made a net combined operating loss of €78m in 2014.

Private Motor 2010-2014

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2010	954	838	-114
2011	889	622	26
2012	634	476	-57
2013	757	778	-234.5
2014	796	751	-176.9

Private Motor 2010-2014



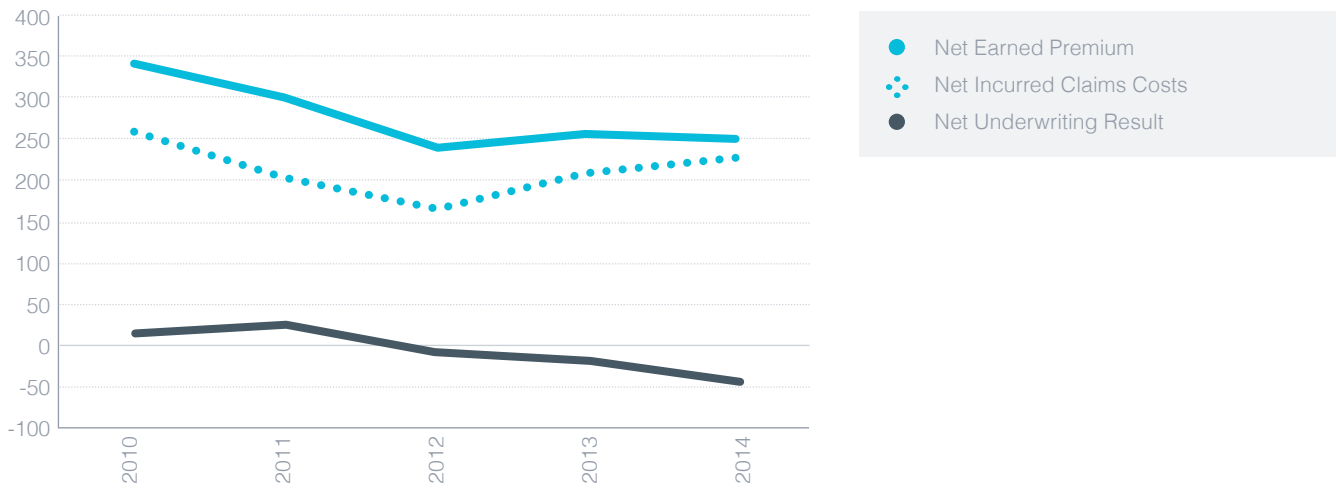
Net Earned Premium (NEP) in the private motor market was €796m in 2014 (up 5% on 2013). Meanwhile net incurred claims (NIC) still remained very high at €751m albeit down by 3.5% on 2013. There was a net underwriting loss of €177m in 2014 compared with a net underwriting loss of €235m in

2013. There has been a net underwriting loss in the private motor class in four of the last five years. The high level of personal injury awards, high legal costs and an increase in the number of motor claims are the main challenges faced by private motor insurers at present.

Commercial Motor 2010 - 2014

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2010	341	261	15
2011	300	203	26
2012	239	167	-7
2013	256	208	-19
2014	250	228	-43

Commercial Motor 2010 – 2014



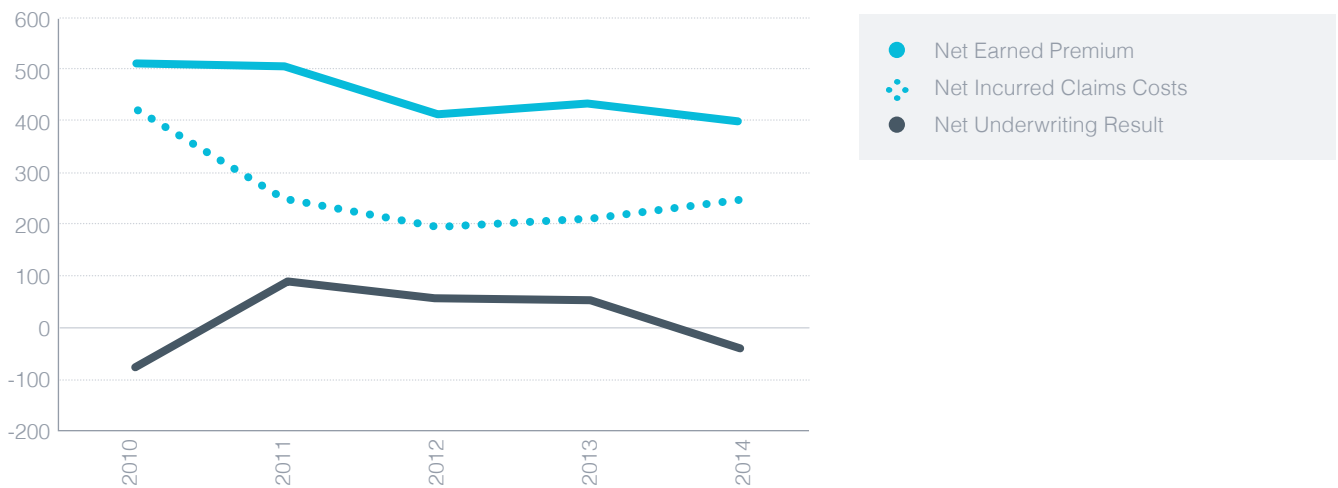
Net earned premium in the commercial motor insurance market fell by 2.3% in 2014 compared with 2013. At the same time net incurred claims increased by 10% over the same period leading to a net underwriting loss of €43m in 2014 compared with a net underwriting loss of

€19m in 2013. There has been a net underwriting loss in the commercial motor class in three of the last five years and commercial motor insurers are faced with the same challenges in the underlying claims environment as private motor insurers.

Household 2010 – 2014

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2010	510	430	-83
2011	508	245	95
2012	415	194	59
2013	434	210	54
2014	401	246	-32

Household 2010 – 2014



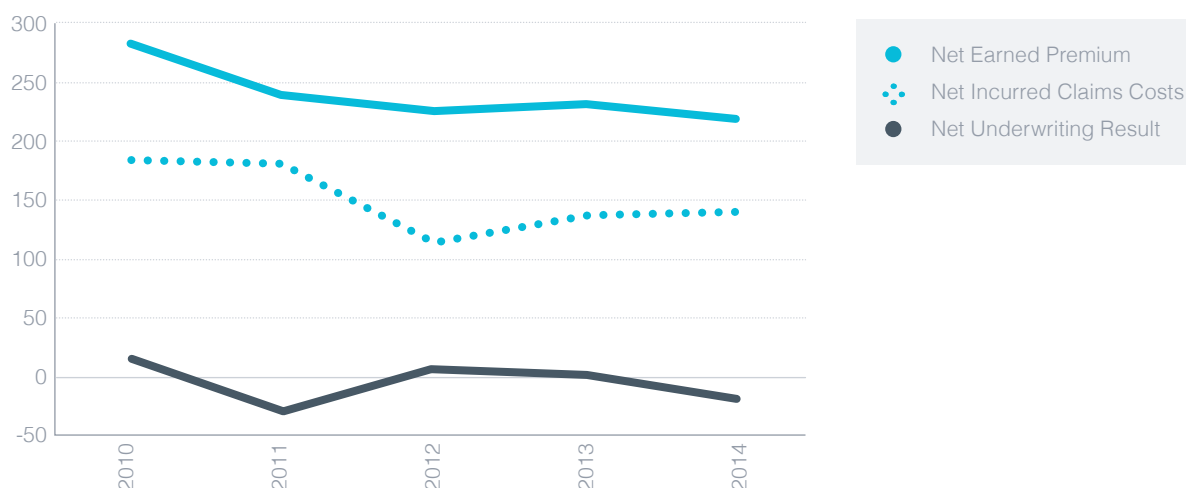
Net earned premium for household insurance peaked at €510m in 2010 and has reduced to €401m in 2014. Meanwhile net incurred claims fell in the years 2010 – 2012 before rising in 2013 and 2014. The winter storms between mid-December 2013 and February 2014 led to 30,000 property claims costing approximately €157m. Approximately 70% of the claims by number and cost

resulted from the storms in February 2014, which climaxed with Storm Darwin on 12th February. The five years 2010 – 2014 have been mixed for household insurers with net underwriting profits in the years 2011-2013 counterbalanced by underwriting losses in 2010 and 2014 (a net underwriting loss of €32m in 2014).

Commercial Property 2010-2014

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2010	283	184	15
2011	238	181	-27
2012	226	115	8
2013	233	136	1
2014	220	141	-19

Commercial Property 2010-2014



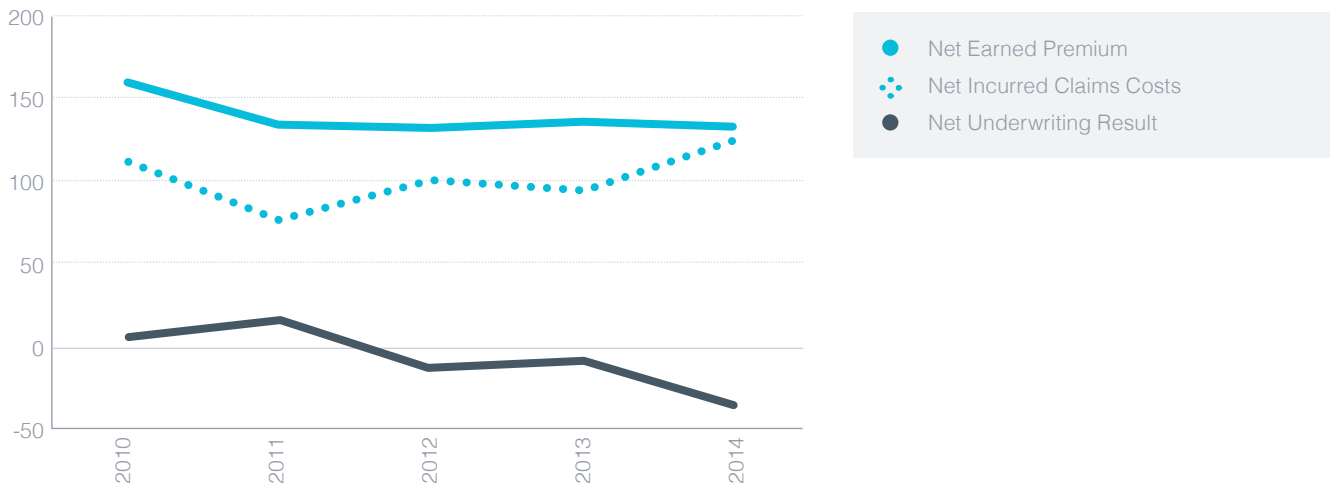
Net earned premium for commercial property fell by 5.6% to €220m in 2014 when compared with 2013. Conversely, net incurred claims for commercial property increased by 4% to €141m over the same period. The commercial property underwriting result deteriorated to a net underwriting loss

of €19m compared with a net underwriting profit of €1m in 2013 and the above-mentioned winter storms played a major part in this deterioration. Commercial property NEP and NIC both peaked in 2010 at €283m and €184m respectively.

Employer's Liability 2010- 2014

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2010	158	110	5
2011	132	76	16
2012	130	99	-13
2013	134	93	-8
2014	132	124	-36

Employer's Liability 2010- 2014



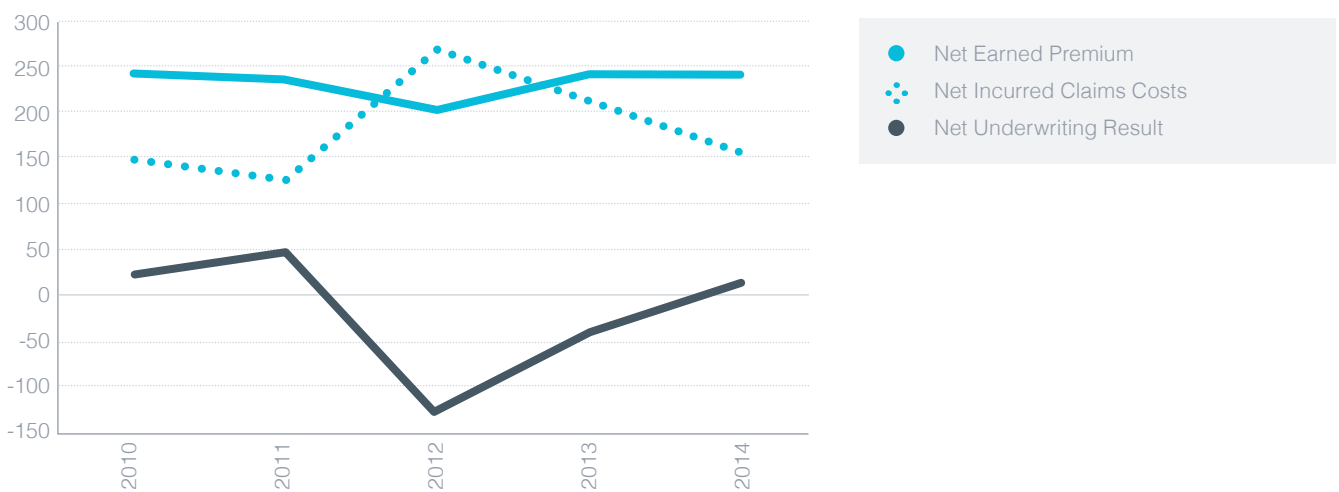
Net earned premium for employer's liability has been flat for the past four years, fluctuating between €130m and €134m. In 2014 NEP for employer's liability reduced by 2% when

compared with 2013. The net underwriting result deteriorated to a net underwriting loss of €36m compared with a net underwriting loss of €8m in 2013.

Public Liability 2010-2014

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2010	241	149	22
2011	235	125	45
2012	204	268	-128
2013	241	209	-38
2014	238	152	14

Public Liability 2010-2014



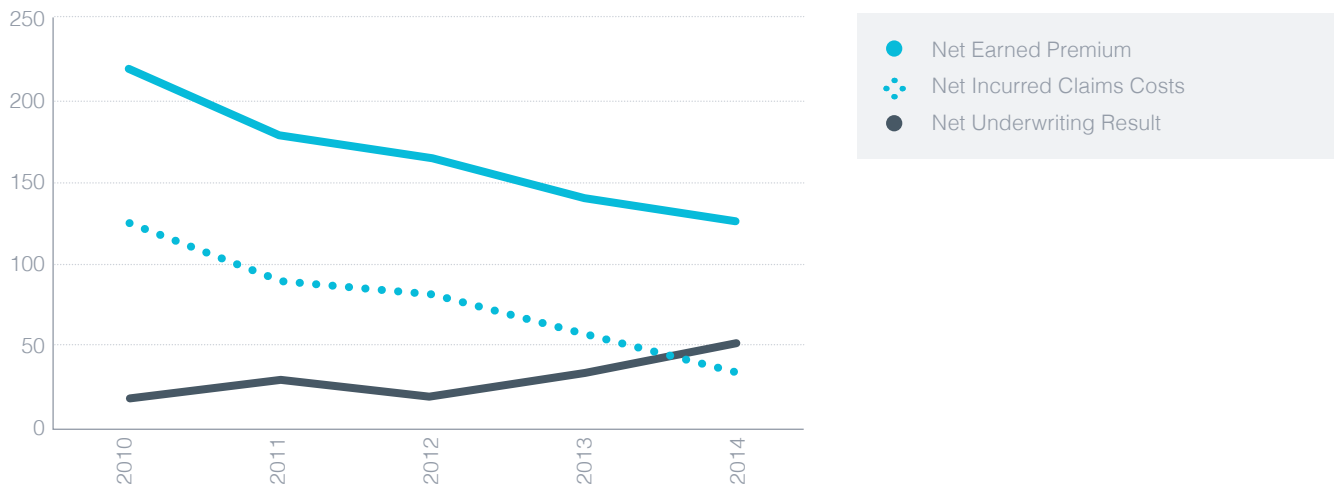
Net earned premium at €238m was marginally (1%) lower in 2014 when compared with 2013. After two years

of underwriting losses there was a public liability net underwriting profit in 2014 of €14m.

Other Classes 2010 – 2014

	Net Earned Premium €m	Net Incurred Claims Costs €m	Net Underwriting Result €m
2010	216	125	18
2011	179	89	30
2012	165	82	19
2013	141	58	34
2014	126	33	51

Other Classes 2010 – 2014



Other classes of insurance include personal accident, travel, and financial loss insurances. Net earned premiums have reduced each year over the five year period to a low of

€126m in 2014. The net underwriting profit for other classes increased to €51m in 2014 from €34m in 2013.

Insurance Ireland Non-life Members' Gross Written Premium 2014* (€'000)

Companies	Motor	Property	Liability	PA/Travel	Other Classes	Total
ACE	464	17714	19236	26895	9270	73579
AIG	62896	31056	83743	11576	921	190192
Allianz	128294	140928	68442	4582	11150	353396
Amtrust	0	38	13026	0	168	13232
Aviva	169939	131573	46434	3737	1583	353266
AXA	259776	58710	3343	1914	0	323743
DAS	0	0	0	0	5791	5791
DeCare	0	0	0	2742	0	2742
Ecclesiastical	0	5662	2731	68	370	8831
Euro Insurances	3728	0	0	0	0	3728
FBD	167841	121542	68648	5704	0	363735
Genworth Financial	0	0	0	0	16606	16606
Irish Public Bodies	6302	24614	62004	983	2143	96046
Liberty Insurance	126348	34213	27935	0	0	188496
London General	0	344	0	0	9352	9696
MAPFRE	0	0	0	7193	4848	12041
RSA	152495	149312	27948	5861	1899	337515
Travelers	5875	11426	13467	0	0	30768
Zurich	106406	103699	54324	924	7651	273004
Total	1190364	830831	491281	72179	71752	2656407

* excludes health insurance

International Market

2010–2014

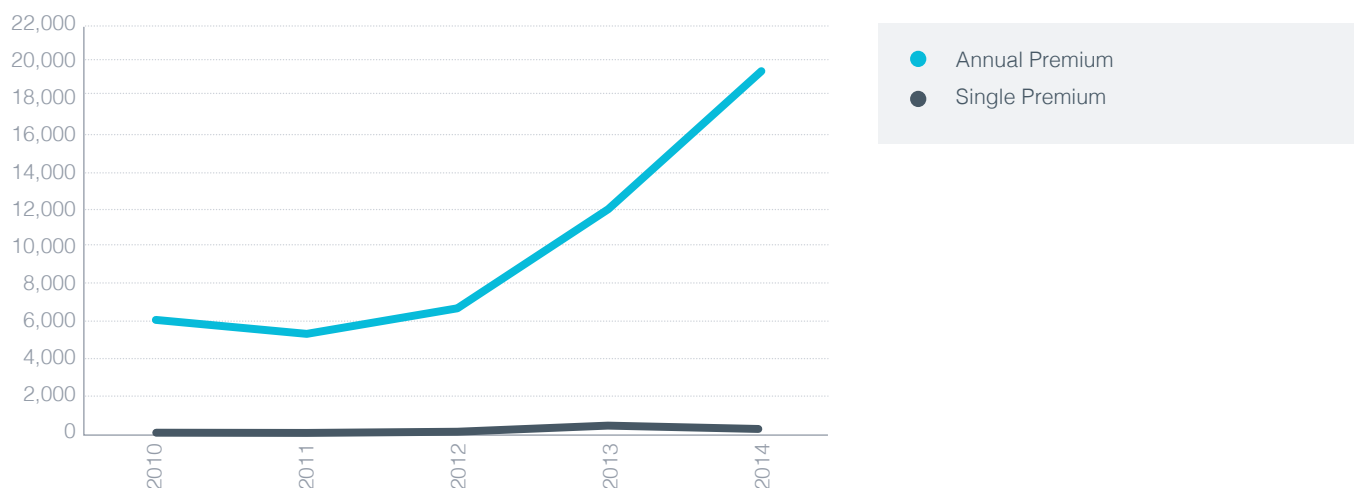
2014 Key International Life Statistics (in €m)

	Annual Premium (1)	Single Premium (2)	A.P.E. (1) + 10% of (2)
EU	247.1	19288.8	2176.0
Non EU	0.0	161.2	16.1
Total	247.1	19450.0	2192.1

The vast majority of international premium income is new single premium income. In 2014, the figure for Insurance Ireland's International life members was €19,450m, up 60% on 2013 (€12,131m). Annual premium income reduced from €412m in 2013 to €247m in 2014 (a reduction of 40%).

Some of the increase in single premium business is accounted for by the higher number of companies participating in this statistical exercise, reflecting the increased number of Insurance Ireland international members.

Market Trends (2010 – 2014)



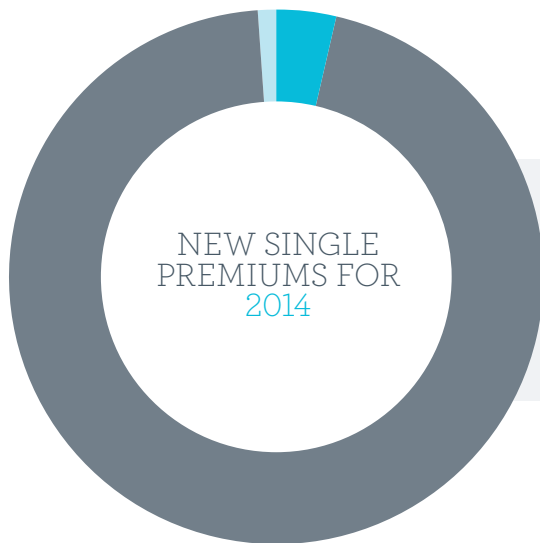
Over the 5-year period 2010 to 2014, single premium business has grown from €6,118m in 2010 to €19,450m in

2014 whilst annual premium income increased from €73.5m in 2010 to €247m in 2014.

International life companies - country of business analysis of new business premiums for year ending 31/12/2014
 (in €'000)

Country of Business	Single Premiums	Regular Premiums
Austria	0	0
Belgium	54564	84
Bulgaria	0	0
Cyprus	37557	173
Czech Republic	0	29
Denmark	0	0
Estonia	0	0
Finland	275509	13201
France	90332	26000
Germany	79402	48539
Greece	0	0
Hungary	0	0
Ireland	60284	13732
Italy	15202064	44454
Latvia	0	0
Lithuania	0	0
Luxembourg	12383	154
Malta	114071	36
Netherlands	922	118
Poland	14319	0
Portugal	74804	11742
Romania	0	0
Slovakia	0	0
Slovenia	0	0
Spain	150946	13531
Sweden	265218	7878
United Kingdom	2856437	67398
Total EU	19288812	247069
Rest of Europe (non-EU)	117691	19
Rest of World	43460	0
TOTAL	19449963	247088

The top 2 countries for single premium business were Italy and the UK. EU countries made up 99% of total single premium and 99% of total regular premium.



- Class I: € 584m (3%)
- Class II: € 0m (0%)
- Class III: € 18,668m (96%)
- Class IV: € 8m (0.04%)
- Class V: € 190m (1%)



- Class I: € 88m (36%)
- Class II: € 0m (0%)
- Class III: € 120m (49%)
- Class IV: € 39m (16%)
- Class V: € 0m (0%)

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.

Insurance Ireland International Life Members' New Business Figures 2014

Companies	Annual Premiums € 000's	Single Premiums € 000's	Total € 000's
Aegon Ireland	0	392346	392346
Augura Life Ireland	0	1056	1056
AXA Life Europe Ltd	29	453297	453326
AXA MPS Financial Ltd	14712	3374839	3389551
Canada Life Assurance Europe	43615	72814	116429
Darta Saving Life Assurance	11842	2768010	2779852
Generali PanEurope	32860	1962416	1995276
Intesa Sanpaolo Life	0	5546087	5546087
MetLife Europe	97115	912623	1009738
Old Mutual International Ireland Ltd*	0	143519	143519
Prudential International Assurance (Ireland)	3191	777585	780776
SEB Life International	4732	800478	805210
St. James's Place International	24502	656643	681145
The Lawrence Life Assurance	0	681876	681876
Zurich Life International Assurance	14489	906374	920863
Total	247087	19449963	19697050

*previously known as Skandia Life Ireland Ltd.

