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IRISH INSURANCE FEDERATION FACTFILE AUGUST 2005

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	
MEMBERS	12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000	20,000	21,000	22,000	23,000	24,000	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000	
PREMIUM	0.75	1.05	1.50	2.05	2.60	3.25	3.85	4.10	0.35	0.55	1.10	1.90	2.75	3.00	3.50	4.00	4.50	5.00	5.50	6.00	6.50	7.00	7.50	8.00	8.50	9.00	9.50
REVENUE	1.00	1.30	1.75	2.30	2.85	3.50	4.10	0.35	0.55	1.10	1.90	2.75	3.00	3.50	4.00	4.50	5.00	5.50	6.00	6.50	7.00	7.50	8.00	8.50	9.00	9.50	10.00
EXPENSES	0.25	0.35	0.45	0.55	0.65	0.75	0.85	0.95	1.05	1.15	1.25	1.35	1.45	1.55	1.65	1.75	1.85	1.95	2.05	2.15	2.25	2.35	2.45	2.55	2.65	2.75	2.85
PROFIT	0.75	1.00	1.30	1.75	2.20	2.75	3.25	3.15	2.45	2.35	2.75	3.40	3.55	3.55	3.25	2.75	3.15	3.55	3.45	3.35	3.25	3.15	3.05	2.95	2.85	2.75	2.65
NET ASSETS	12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000	20,000	21,000	22,000	23,000	24,000	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000
PER MEMBER	0.75	1.00	1.30	1.75	2.20	2.75	3.25	3.15	2.45	2.35	2.75	3.40	3.55	3.55	3.25	2.75	3.15	3.55	3.45	3.35	3.25	3.15	3.05	2.95	2.85	2.75	2.65



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The data published in this report has been compiled from information supplied by IIF member companies unless otherwise indicated. While every effort has been made to ensure the accuracy of the collated information, IIF does not accept responsibility for errors or omissions.

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WHO WE ARE

THE IRISH INSURANCE FEDERATION (IIF) IS THE REPRESENTATIVE BODY OF THE IRISH INSURANCE INDUSTRY WITH 62 LIFE AND NON-LIFE MEMBERS, WHICH EMPLOY NEARLY 15,000 PEOPLE.

WHAT WE DO

THE IIF SEEKS TO INFLUENCE THE DOMESTIC AND INTERNATIONAL REGULATORY, LEGAL, POLITICAL AND SOCIAL ENVIRONMENTS IN WHICH ITS MEMBERS OPERATE, IN ORDER TO ADVANCE THE INTERESTS OF THE INSURANCE INDUSTRY AND ITS CUSTOMERS.

ABOUT FACTFILE

FACTFILE IS PUBLISHED BY THE IIF ANNUALLY AND PROVIDES KEY FACTS AND FIGURES ON THE INSURANCE INDUSTRY IN IRELAND. THIS IS THE THIRTEENTH YEAR OF PUBLICATION AND FACTFILE IS NOW A WELL-ESTABLISHED PRIMARY SOURCE OF INFORMATION ON THE DOMESTIC AND INTERNATIONAL BUSINESS OF INSURERS BASED IN IRELAND. THIS FACTFILE FOCUSES ON STATISTICS FOR 2004 AND FOR THE FIVE-YEAR PERIOD 2000 — 2004. THE DATA IS DERIVED FROM DATA COLLECTED FROM MEMBERS OF THE IIF UNLESS OTHERWISE INDICATED.

FOREWORD



As president of the IIF, I am pleased to introduce this year's Factfile. This is the thirteenth year of publication. Factfile is a well-established source of statistics and commentary on the Irish insurance market. It contains three key sections. The first section sets the Irish insurance market in both a recent historical context and international context. The second section is devoted to the non-life insurance market and the third section to the life assurance market.

The strong results in 2004 are positive developments for consumers and for shareholders. As recently as 2001 there were concerns about falling solvency ratios and low returns to investors in the Irish non-life market. These results mark the continuation of a welcome change in trends for the insurance industry and underline the cyclical nature of this business which experienced heavy losses between 1999 and 2001.

A healthy and profitable insurance sector attracts capacity, which in turn leads to more choice for consumers, as more insurers are willing to offer more cover for a larger number of risks.

The return to profitability in non-life insurance parallels the Government-led reforms which have led to a reduction in claims and the claims cost environment in Ireland. In motor insurance there was a 14.4% reduction in net incurred claims costs during the year. While the rate of serious and fatal road accidents remains high the impact of the reforms in terms of the claims cost environment is having a beneficial impact for consumers and the sector.

In life assurance there was a moderately improved result with gross written premium of €7929.7m, up 3.7% on 2003 (€7644.4m). Premium income from Individual Assurances and Annuities in 2004 was down slightly to €4452.1m (2003: €4495.7m). Premium income from pension schemes was €2284.5m, up 10.5%. Self Employed Pensions (which include PRSAs) as a proportion of all life assurance business, rose from 11.4% in 2003 to 12.3% in 2004. The issue of increasing the level of saving for retirement amongst the population continues to be one on which the Government, with input from the insurance industry and other interested parties, is actively developing recommendations.

In terms of the international scene the comparative data shows that Ireland is slightly out of step with the global insurance cycle where premiums increased by 2.3% in real terms in 2004. In Ireland a reduction in pricing stimulated by the lower claims cost environment has had an immediate and dramatic effect on written premium. In 2004 the Irish non-life market saw a reduction in gross written premium of 9.2% in real terms. This is in contrast to average growth of 3.7% (+1.7% in real terms) for the EU (15) as a whole. On the global stage non-life insurance premiums are only expected to begin to fall in 2005.*

In life assurance the difference is not as dramatic although the results for life assurers in terms of premium growth in 2004 at 3.7% (+1.5% in real terms) were somewhat behind the 6.3% (4.3% real) recorded by the EU (15).

Tom Barry
President

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EXECUTIVE SUMMARY

Premium Volume — Ireland and EU 15

	Ireland (domestic) €m	% CHANGE		EU (15) €m	% CHANGE	
		Actual	Inflation Adjusted		Actual	Inflation Adjusted
Life						
2004	7929.7	3.7	1.5	520004	6.3	4.3
2003	7644.4	5.4	1.8	488999	-1.7	-3.7
2002	7253.3			497538		
Non-life						
2004	3933.6	-7.2	-9.2	355694	3.7	1.7
2003	4239.1	7.2	3.6	343013	4.9	2.7
2002	3954.9			327010		
Total						
2004	11863.3	-0.2	-2.3	875698	5.3	3.2
2003	11883.5	6.0	2.4	832012	0.9	-1.2
2002	11208.2			824548		

Sources: Swiss Re Sigma World Insurance Report No 2/2005; note results are based on IIF member companies

THE IRISH MARKET

- The Irish insurance market recorded gross premium income for 2004 of €11863.3m. This is slightly below 2003 (€11883.5m) and was led by a decrease in non-life insurance premiums.
- Non-life insurance gross written premiums were €3933.6m in 2004, down 7.2% on 2003. This followed ongoing reductions in motor and commercial premium rates. Motor insurance rates have fallen by over 23% in the two years to mid-2005 and commercial insurance has seen similar or maybe greater falls. Motor rates are now back at 2000 levels. A fall in premium income is typical of this phase of the insurance cycle where, after a period of falling claims costs, insurance premiums start to come down.
- The rate of the reduction in premium income in the Irish non-life market contrasts with the EU (15 pre-enlargement member states) as a whole where moderate growth of 3.7% was achieved in 2004.
- Life assurance gross premium income was €7929.7m in 2004, an increase of 3.7% on the previous year. This performance — though still more sluggish — is more comparable with the EU (15) which recorded growth of 6.3% in 2004.
- Total gross premiums as a percentage of GDP were 8.0% for Ireland in 2004. This compares with 8.3% for the EU 15; 8.8% for the OECD; 8.3% for America and 4.9% for Africa. Ireland's premium per capita of US\$4091 is higher than other European countries such as Germany, Spain and Sweden but is lower than the United Kingdom and Switzerland. When making comparisons, it is worth noting that in other European states e.g. France, Germany and Sweden which have higher taxation rates and more developed social insurance systems, 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 in personal injury claims paid by insurance companies, and ultimately on premium volumes.

NON-LIFE INSURANCE

- The IIF's 24 non-life members write in excess of 95% of domestic non-life premiums.
- In 2004 total gross written premium was €3933.6m (a decrease of 7.2% on 2003). Net written premium was €3384.3m (down 6.2% on 2003). Net earned premium reached €3515.2m (up 2% on 2003). Falling rates have a more immediate impact on written premium than on earned premium in the calendar year. The full impact of the 2004 rate reductions will only be apparent in the 2005 earned premium figures.
- Net incurred claims were down 12.6% to €2106.3m. This follows the success of Government-led initiatives to reduce the cost of claims and the Irish Insurance Federation's campaign to highlight and combat fraudulent claims.
- The overall non-life net underwriting result has improved from a loss of €454m in 2000 to a net underwriting profit of €673m in 2004. The market has however reported underwriting losses in three out of the last five years.
- The operating ratio for the non-life market improved significantly from 87.6% in 2003 to 81.6% in 2004. In the five years 2000 — 2004 the average operating ratio was 101.2%.
- Gross written premium for motor insurance was just under €1704m in 2004, which was down 10.1% from 2003. Net incurred claims costs for motor insurance decreased by 14.4% from €1278.5m in 2003 to €1094.3m.
- Net Earned Premium (NEP) in the motor market was €1682.6m in 2004, down 1.1% on 2003.
- Following an aggregate underwriting loss of €886m in motor insurance over the three years 2000 — 2002, 2003 was the first year in the previous five that the market achieved a positive underwriting result. This positive trend continued in 2004 with the overall net underwriting profit improving to €321.6m.
- Property gross written premium fell 1.9% to €1135.6m in 2004. Net earned premium rose 8.3% to €908.6m. Net incurred claims fell 4.1% to €422.8m, largely due to benign weather in 2004. The net underwriting result improved to a net underwriting profit of €241m compared with €182m in 2003.
- Liability gross written premium amounted to €851.3m in 2004, a decrease of 1% on 2003. Net earned premium rose 4% to €728.8m. Net incurred claims decreased by 11.9% to €522.3m in 2004. This resulted in an underwriting profit for the first time in many years of €71.6m from a net underwriting loss of €18.6m in 2003.

LIFE AND PENSIONS

- In 2004, the IIF's domestic life assurance members had aggregate premium income of €7929.7m, an increase of 3.7% on the previous year (€7644.4m).
- New annual premium (AP) business in 2004 was €808.2m (up 13%). New single premium (SP) business grew to €3957.4m (up 4%). Overall, the new business Annual Premium Equivalent (AP business + 10% of SP business) was €1203.9m (up 10%).
- €4369.8m in benefits and claims was paid by domestic life assurance companies during 2004. These payments and benefits cover a wide range of products which take a number of forms; for example, a one-off lump sum payment to a policyholder in the event of serious illness; or in the case of pensions, the payment of a regular income in retirement to a policyholder.
- The total value of life assurance protection in force at the end of 2004 was estimated at €266bn, compared to €241bn in 2003.
- Life policyholders' funds increased 24% to over €55.3bn in 2004. Though equities continue to represent the largest asset category (at €29.1bn, equivalent to 52.6% of total investments by value), the major change in 2004 was a big increase in the value of gilts held (up 66% to over €16bn or 29% of total investments). Cash holdings (nearly €4.5bn) account for 8.1% of total funds invested and property (just under €4bn) for 7.1%.
- Total premium income fell in 2001 but has recovered since, an increase over the period 2000 to 2004 from €7601m to €7930m (up 1.1% per annum on average). Over the five years 2000 to 2004, total reserves from annual premium business increased from €2378m to €3972m, an average rise of 13.7% per annum.
- New annual premium business increased continuously and strongly by an average rate of 21.1% per annum from 2000 to 2002 but the significant fall in 2003 and recovery in 2004 meant that the annual average rate of growth for the five-year period from 2000 — 2004 was only 4.5%.
- Single premium business decreased from €5222m in 2000 to €3674m in 2002, then started picking up from 2003 onwards, reaching €3957m in 2004. Over the five years there was an average decrease of 6.7% per annum.
- In 2004, IIF's life assurance members wrote foreign single premium business of €4056.2m, up 79% and new annual premium business of €19.7m. Annual premium business was down 53% on 2003. This reflects a continuing move by cross-border product providers away from regular/annual premium products and towards single premium products.
- Overall new foreign business written by IIF life members increased by 4.1% per annum on an APE basis over the period 2000 — 2004.

CHAPTER 1

THE IRISH INSURANCE MARKET
A COMPARATIVE OVERVIEW

THE IRISH INSURANCE MARKET A COMPARATIVE OVERVIEW

This section provides an overview of trends in the Irish insurance market both in a recent historical context (past five years) as well as in an international context. In addition data is provided on the importance of the insurance sector in the wider economy in terms of Gross Domestic Product (GDP), premiums per head of population and employment.

THE INSURANCE MARKET IN THE ECONOMY

2004 Premium Income — Life and Non-Life

Year	Life	Non-Life	Total
Gross Premium Income (€)	7929.7	3933.6	11863.3
Premium Income: GDP (%)	5.34	2.65	7.99
Premiums per capita (€)	2024	1004	3028
Investments* (€)	55308	10660	65968

* Policyholders' funds (life assurance) and Technical Reserves (non-life) at 31st December 2004.

Gross insurance premium income for 2004 was €11863.3m. Premium income as a percentage of GDP was almost 8 per cent (2003:9%). Premiums per capita rose to €3028 from €2986 in 2003. Assets representing life policyholders' funds and non-life technical reserves increased by almost 22% to €66bn in 2004.

IIF Members' Gross Premium Income 2000 — 2004 (€m)

Year	Life	Non-Life	Total
2000	7602.7	2693.7	10296.4
2001	7167.7	3229.0	10396.7
2002	7253.3	3954.9	11208.2
2003	7644.4	4239.1	11883.5
2004	7929.7	3933.6	11863.3

Life gross written premium increased by 3.7% to €7929.7m in 2004 however this increase was offset by the non-life sector, which recorded a 7.2% reduction in premium income bringing the total for the market down marginally by €20m to €11863.3m from €11883.5m in 2003.

Gross Insurance Premium Income and Gross Domestic Product 2000 — 2004 (€m)

Year	Gross Insurance Premium Income	GDP	Premium Income: GDP%
2000	10296.4	103065	10.0
2001	10396.7	115433	9.0
2002	11208.2	127992	8.8
2003	11883.5	134786	8.8
2004	11863.3	148556	8.0

There has been a significant downward trend over the past five years in premium income as a percentage of GDP. In 2000, premium income accounted for 10 per cent of GDP but this had fallen to 8% by 2004, as a result of stagnation of premium volumes in an expanding general economy. In particular there was a significant fall in life assurance business in 2001 — 2002, with the increase in 2004 volumes only bringing total sales back above 2000 levels; and the fall in non-life premium in 2004 returning the market to 2002 levels.

Life and Non-Life Premiums as a Percentage of GDP for Ireland 2000 — 2004

Year	Life Premium as % of GDP	Non-Life Premium as % of GDP	Total
2000	7.4	2.6	10.0
2001	6.2	2.8	9.0
2002	5.7	3.1	8.8
2003	5.7	3.1	8.8
2004	5.3	2.7	8.0

Life premiums as a percentage of GDP have averaged 5.6% for each of the last three years nearly two percentage points lower than the 7.4% in 2000. Non-life premiums as a percentage of GDP have risen and fallen in the five years 2000 — 2004, averaging 2.9%.

Year End Value of Investments (€bn)

	2000	2001	2002	2003	2004	% Change p.a.
Life	39.547	40.058	38.047	44.575	55.308	8.7
Non-Life	6.598	7.354	8.597	9.626	10.660	12.7
Total	46.145	47.412	46.644	54.201	65.968	9.4

Combined insurance industry assets grew by almost 22% in 2004 and stood at nearly €66bn at the end of the year. Average annual growth in investment values was 9.2% per annum over the period 2000 — 2004. There has been a continued recovery in life policyholder funds in 2004 with year-end investments valued at €55.308bn. This recovery follows a period of stagnation between 2000 and 2002. This improvement may be attributable to the upturn in the stock market and a more favourable investment climate. Non-life technical reserves continued to grow in 2004 and average annual growth of 12.7% over the years 2000 — 2004.

Life Assurance Benefits and Claims Paid 2000 — 2004 (€m)

2000	€3253m
2001	€4139m
2002	€3731m
2003	€3683m
2004	€4370m

€4.4bn was paid out by life assurance companies in benefits and claims in 2004. These payments and benefits cover a wide range of areas. Examples include 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 policy holders and lump sum payouts to policy holders with serious illness cover. There has been a 34% increase in benefits and claims paid since 2000.

Non-Life Insurance Premiums and Claims 2000 — 2004

Year	Gross Earned Premium €m	Gross Incurred Claims €m
2000	2469	2411
2001	2905	2624
2002	3641	2870
2003	4169	2669
2004	4102	2431

2004 gross earned premium for non-life insurance was €4102m. In 2004 gross incurred claims were €2431m. Property and liability earned premium increased slightly on 2003, however motor earned premium decreased by 7% on 2003. The overall non-life gross claims ratio therefore decreased from 98% in 2000 to 59% in 2004. 2004 saw some reduction in the cost of claims though the number of new claims notified increased 3.9% to nearly 399,000. Over half (55.2%) of new claims were motor claims while approximately a further third (30.3%) were made on property insurance policies (household and commercial property).

Employment in Insurance Companies in Ireland as at 31st December 2004

	Employment
Life	6628
Non-Life	8361
Total	14989

The value of the insurance sector to the Irish economy is also highlighted by the numbers employed by insurance companies. Insurance companies employed nearly 15,000 people in Ireland as at the end of December 2004 with approximately 85% of the jobs being full-time. This is in addition to the numbers employed in the wider insurance industry e.g. in brokering and loss adjusting etc.

IRISH INSURANCE MARKET IN AN INTERNATIONAL CONTEXT

The Irish Insurance Market in the World 2004

	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	0.45	1.03	0.63	0.86	8.97	4091.2
EU	7.13	31.22	35.57	32.75	34.35	8.32	2324.3
OECD	18.2	81.28	90.94	92.20	91.48	8.81	2517.1
Europe	12.6	35.6	37.57	36.10	36.94	7.89	1427.9
America*	13.7	36.2	29.45	48.19	37.51	8.27	1404.3
Asia	59.6	25.0	30.09	12.88	22.69	7.37	194.3
Oceania	0.5	1.77	1.46	2.02	1.70	7.65	1737.0
Africa	13.6	1.90	1.42	0.81	1.16	4.89	43.4
World	100	100	100	100	100	7.99	502

Figures are rounded USD

Sources: Swiss Re Sigma World Insurance Report No 2/2005; CSO and IIF

* Includes latin America and Caribbean

The above chart sets the Irish insurance market in both a European and a global context. Like Ireland's GDP its share of global insurance premiums is high relative to the population. This reflects the strength of the Irish economy; 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 industrially-advanced regions.

Insurance Density: Premiums Per Capita 2004 in Selected Advanced Industrialised Countries

Country	Premium Per Capita 2004 (USD)
Belgium	3275.6
Denmark	3620.4
France	3207.9
Germany	2286.6
Ireland	4091.2
Italy	2217.9
Spain	1355.2
Sweden	2690.0
Switzerland	5716.4
United Kingdom	4508.4
Australia	2471.4
Japan	3874.8
United States	3755.1

Sources: Swiss Re Sigma No 3/2004, CSO, IIF

The above chart illustrates the premium spent per capita for 2004 in Ireland compared to some other advanced industrialised countries. The figure for Ireland of US\$4,091 is higher than many other European countries such as Germany, Spain and Sweden but lower than the United Kingdom and Switzerland. 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 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.

CHAPTER 2

NON-LIFE INSURANCE

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 2004, 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 2004 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 at the end of the period.

MANAGEMENT EXPENSES

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

OPERATING RESULT

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

PREMIUM — GROSS AND NET

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.

PREMIUM — WRITTEN AND EARNED

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 2004, the written premium for 2004 will be €500, and so will the earned premium. But if the same policy is issued on 1st July 2004, 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 2005 earned premium. This is because half of the premium written will be in respect of the exposure of loss during the first half of 2005.

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 Government supervisory control 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.

2004 Non-Life Key Statistics

Class of Business	PREMIUMS €m			CLAIMS		Net Underwriting Result €m	Estimated Investment Income €m	Estimated Net Operating Result €m
	WRITTEN		EARNED	Net Incurred €m	No. of new claims notified			
	Gross	Net	Net					
Private Motor	1178.8	1116.4	1167.9	754.4	172021	219.5	123.5	343.0
Commercial Motor	524.8	487.7	514.7	339.9	47994	102.1	66.6	168.7
All Motor	1703.6	1604.1	1682.6	1094.3	220015	321.6	190.1	511.7
Household	605.1	513.9	518.3	247.8	101249	123.6	16.5	140.1
Commercial	530.5	374.7	390.3	175.0	19629	117.4	23.0	140.5
All Property	1135.6	888.6	908.6	422.8	120878	241.0	39.5	280.6
Employer's	382.6	338.9	352.9	216.4	7527	72.2	63.6	135.8
Public/Products	468.7	371.4	375.9	305.9	12734	-0.6	76.3	75.7
All Liability	851.3	710.3	728.8	522.3	20261	71.6	139.9	211.5
Personal Accident/ Travel	66.0	53.7	51.9	20.6	10864	16.5	4.0	20.5
Other Classes	177.1	127.7	143.5	46.3	26650	22.3	9.2	31.4
All Business	3933.6	3384.4	3515.4	2106.3	398668	673.0	382.7	1055.7

The IIF's 24 non-life members write in excess of 95% of Irish risk non-life insurance business. In 2004, IIF members wrote gross premiums of €3934m (down 7.2%). Although motor premium income fell by more than other classes (down 10.1%), motor insurance remains by far the largest class of non-life insurance at €1704m (43.3% of all non-life business).

Net written premiums (i.e. total premiums after reinsurance costs have been deducted) were €3384m, which represents a decrease of 6.2% on 2003. Net earned premiums were €3515m in 2004 (up 2% on 2003; falling rates have a more immediate impact on written premium than on earned premium volume in the calendar year. The full impact of 2004's rate reductions will only be apparent in 2005's earned premium figures).

In 2004, IIF members were notified of 398,668 new claims (up 3.9%). Over half (55.2%) of new claims were motor claims while approximately a further third (30.3%) were made on property insurance policies (household and commercial property).

Net incurred claims costs declined by 12.6% to €2106.3m.

The net underwriting result of the non-life market in 2004 was a profit of €673m compared to a profit of €397.4m in 2003. The combined operating profit of the 24 companies in the non-life market was €1055.7m for 2004.

MOTOR INSURANCE

Gross written premium for motor insurance was just under €1704m in 2004, down 10.1% from €1894.8m in 2003.

Over two-thirds (69%) of motor insurance premiums are earned from the private motor insurance market and just under one-third (31%) from commercial motor business.

Net earned motor premiums marginally decreased from €1701.7m in 2003 to €1682.6m in 2004 (down 1.1%). As already mentioned, it is normal for the drop in earned premium to be substantially less than the fall in written premium in a deflationary market. As a corollary, rate increases also impact more quickly on written premium volume than on earned premiums.

Net incurred claims costs decreased by 14.4% from €1278.5m in 2003 to €1094.3m in 2004.

The net underwriting profit in motor insurance rose from €203.2m in 2003 to €321.6m in 2004.

PROPERTY INSURANCE

In terms of size, the property insurance market is split roughly equally between household (53%) and commercial property (47%). The property insurance class is the second largest sector in the Irish non-life market after motor insurance.

IIF members wrote gross property insurance premiums of €1136m in 2004, down marginally by 2% from the previous year.

Net written premium increased by 1.2% to €889m.

Thanks to an increase in net earned premium to €908.6m (up 8.3%) and a 4% fall in net incurred claims to €422.8m, property insurers recorded a net underwriting profit of €241m (up from €182m in 2003).

LIABILITY INSURANCE

IIF liability insurance members wrote gross liability premiums of €851.3m in 2004, down slightly by 1% from the previous year.

Net earned premium increased by 4%, from €700.6m in 2003 to €728.8m in 2004.

Net claims incurred decreased by 11.9% in 2004, resulting in an underwriting profit for insurers for the first time in many years (€71.6m). This compares with an underwriting loss of €18.6m in 2003.

OTHER NON-LIFE LINES

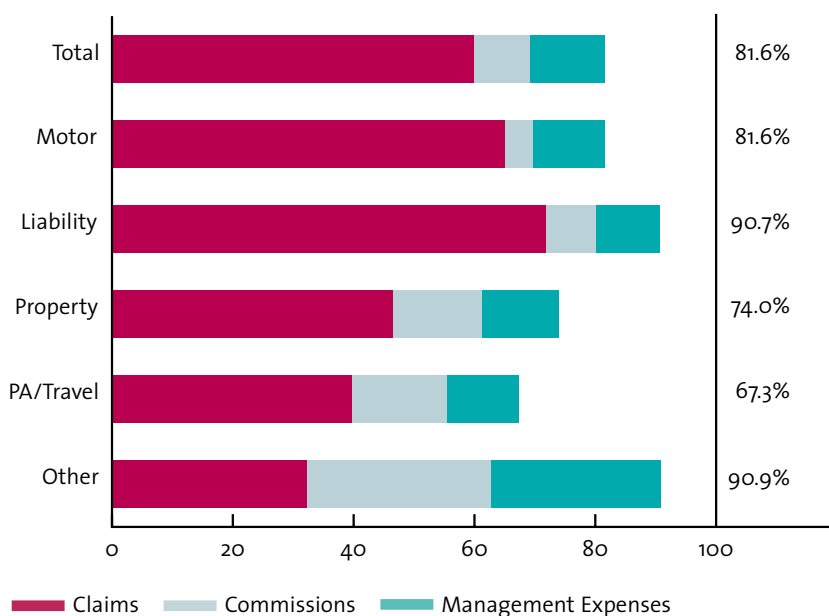
Personal accident and travel insurance written by IIF members amounted to €66m gross in 2004, a decrease of 13.7% from 2003. This class of business generated a net underwriting profit of €16.5m, up from €9.9m in 2003.

Other classes of non-life business including marine, aviation and transit (MAT), credit and suretyship, other financial loss covers and legal expenses insurance were worth over €177m in gross written premium to IIF members in 2004. These classes produced a net underwriting profit of €22.3m for the year.

INVESTING NON-LIFE PREMIUM INCOME

Non-life insurers' technical reserves are principally invested in cash and gilts, with only 10 — 15% invested in equities. This is because of the need for security balanced by liquidity in order to meet claims and other short-term liabilities, and is in contrast to the investment portfolios of life and pensions companies which are principally invested in assets which have historically given a better long-term return, in particular equities.

Non-Life Insurance Operating Ratios 2004



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 2004 the IIF non-life market produced a net claims ratio of almost 60% — in other words claims cost just under 60 cent out of every €1 earned in premium. The claims ratio varied between sectors: in motor insurance it declined from 75% in 2003 to 65% in 2004 whereas the property claims ratio declined from 53% in 2003 to 47% in 2004. Although the liability claims ratio fell to 72%, it is now the highest of the main classes of non-life insurance.

The management expenses and commission ratios are calculated by comparing the internal management expenses of insurance companies and commissions paid to intermediaries with the total value of written premium. The overall net commission ratio in 2004 was 9.2%. The net management expenses ratio for the non-life market in 2003 was 12.5%.

The net combined or operating ratio combines the claims, commissions and management expenses ratios. The operating ratio for the non-life market improved from 87.6% in 2003 to 81.6% in 2004. In monetary terms this means that the non-life market made 18.4 cent on underwriting insurance for every €1 of premium earned in 2004.

Non-Life Insurance Market Results 2000 — 2004 ¹

	Gross Written Premium	Net Underwriting Result	Investment Income	Operating Result	Profit: Premium %
	€ million	€ million	€ million	€ million	
2000	2690	-454	293	-161	-6.0%
2001	3323	-390	317	-73	-2.2%
2002	4120	-42	268	226	5.5%
2003	4388	417	340	757	17.3%
2004	3934	673	383	1056	26.8%
5 years	18455	204	1601	1805	9.8%

Sources: 2000 to 2002 data — Department of Enterprise, Trade & Employment's *Insurance Annual Reports*; 2003 data — the Financial Regulator's *Insurance Statistical Review*; IIF - 2004.

¹ The data for 2000 — 2003 is taken from the Department of Enterprise, Trade & Employment's *Insurance Annual Reports* (2000 — 2002) and from the Financial Regulator's *Insurance Statistical Review* (2003). The *Insurance Statistical Review* (ISR) contains returns for all insurers. The data for 2004 is based on data supplied by IIF members as the ISR has yet to be published.

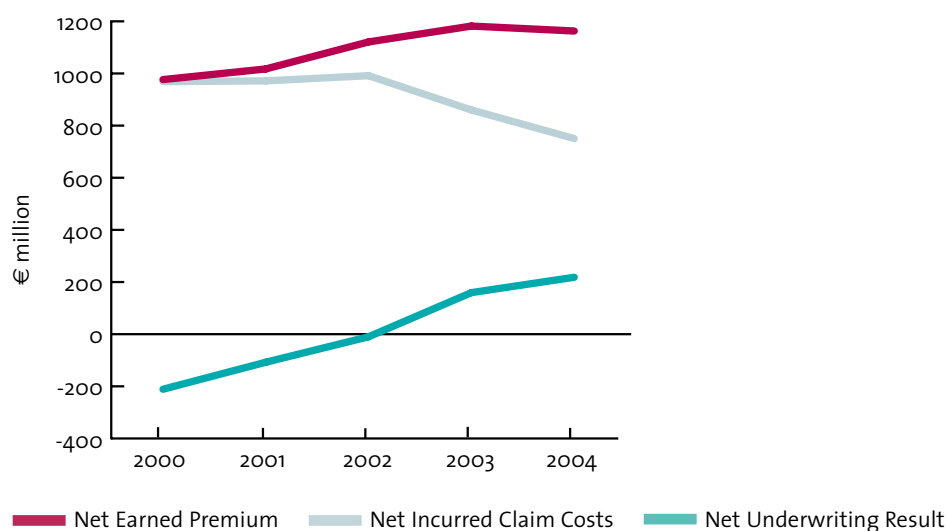
As the ISR does not provide a breakdown for every class of business, the data in the seven subsequent charts has been created from data supplied by IIF members. This explains the discrepancies between the first and main chart and the seven subsequent charts, which provide details by class of business.

The chart shows the net underwriting result, investment attributable to the underwriting account and the operating result for the non-life business market for the years 2000 to 2004.

While the underwriting result has improved significantly from a loss of €454m in 2000 to a profit of €673m in 2004, the market made an underwriting loss in three out of the last five years. However, the cumulative underwriting result for 2000 — 2004 was a profit of €204m, equivalent to 1.1% of aggregate gross written premium. Investment income on technical reserves (income plus realised gains/losses on disposal of investments and unrealised gains/losses on year-end investment holdings) has in the past, when underwriting results were weak, generally enabled insurers to generate an operating profit. Although investment income was insufficient to offset underwriting losses in 2000 and 2001, the situation turned round in 2002 and this upward trend continued in 2003 and 2004. After investment income was taken into account, the 24 non-life insurers made a combined operating profit of €1056m last year.

Over the five-year period from 2000 — 2004, €9.80 of every €100 received in premium translated into profit for insurers.

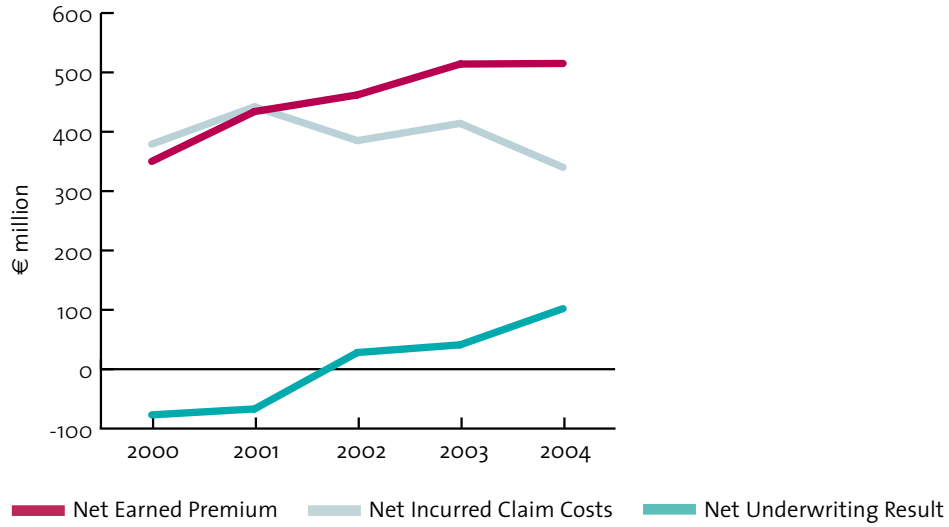
Private Motor 2000 — 2004



Net Earned Premium (NEP) in the private motor market increased by an average of 7% per annum over the five-year period 2000 to 2004, from €891m in 2000 to €1168m in 2004. Earned premium increased as the number of vehicles grew significantly due to the economic boom, which dominated much of this period. In addition, continuing high claims costs in 2000 — 2002 inevitably led to higher premiums. In 2003 and 2004, claims costs began to fall and this in turn meant that premiums began to reduce — a trend which has continued into 2005.

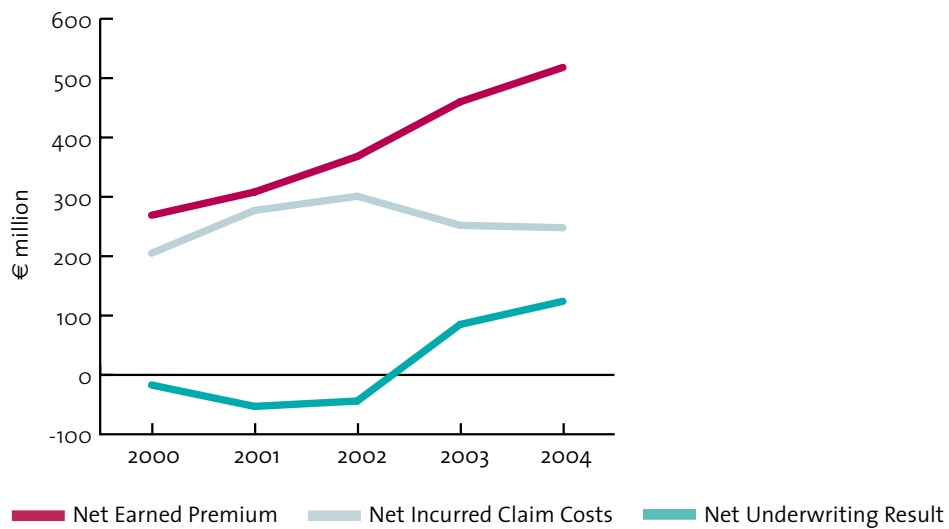
The cumulative market net underwriting profit for the 5 years 2000 — 2004 was €54m (1% of NEP). 2004 was the second successive year that the market achieved a positive underwriting result.

Commercial Motor 2000 — 2004



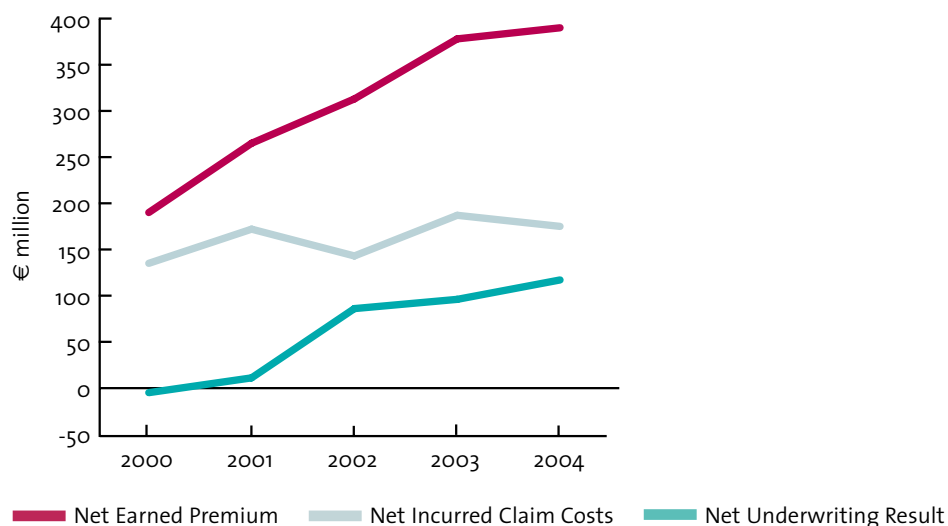
The size of the commercial motor insurance market in NEP terms increased by 9.9 per cent per annum in the five-year period 2000 to 2004. Underwriting results improved with profits in 2002, 2003 and 2004. The overall underwriting result over the five years 2000 — 2004 was a profit of €27m (1.2% of NEP), with particularly heavy losses in 2000 and 2001, but increasing profits in 2002 — 2004.

Household 2000 — 2004



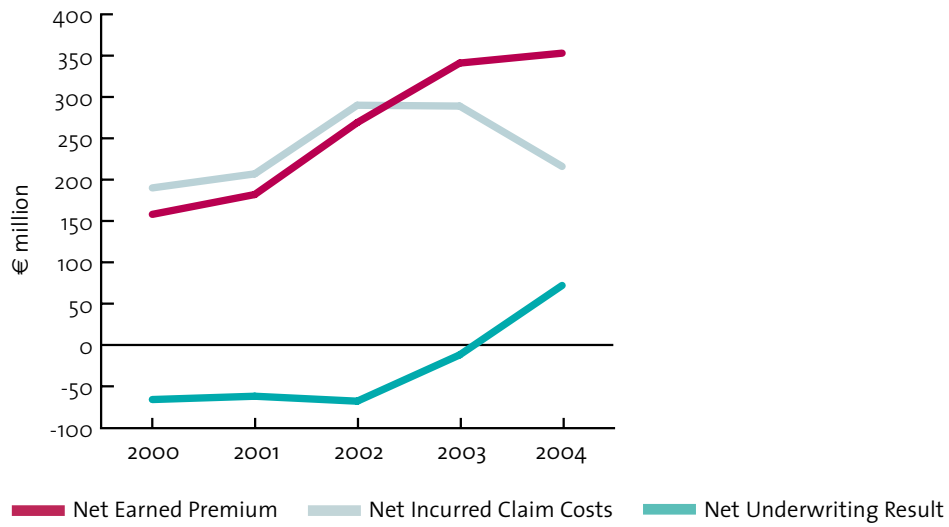
The household insurance underwriting result improved from a profit of €85m in 2003 to a profit of €124m in 2004. These results, and the turnaround from 2000/02 are largely attributable to the benign weather conditions in 2003 and 2004. Over the five years 2000 — 2004, the household insurance account produced a cumulative underwriting profit of €95m (4.9% of NEP).

Commercial Property 2000 — 2004



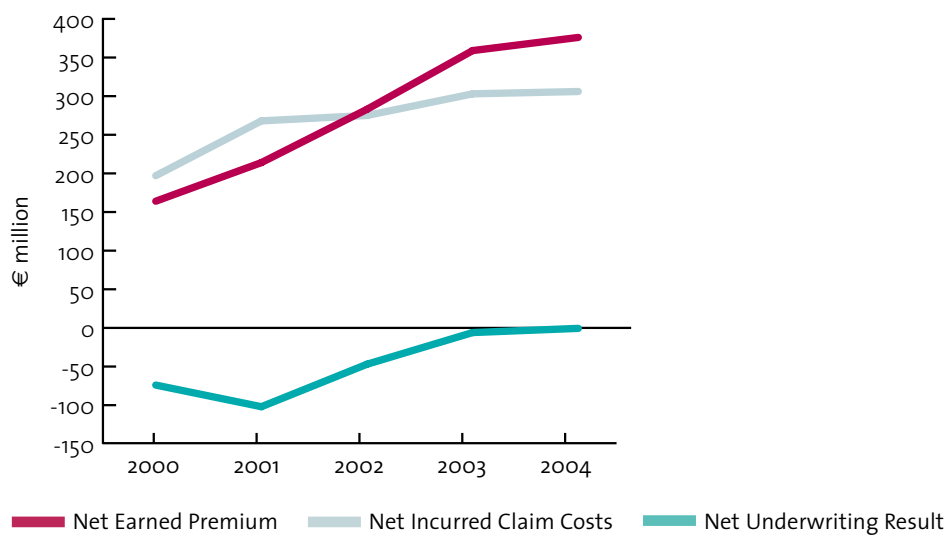
Commercial property insurance has also benefited from a lower cost claims environment in recent years. As with household insurance this is also largely attributable to benign weather conditions. In 2004, the net underwriting result for commercial property was €117m. In contrast, in 2000, incurred claims were 71% of NEP, and the net underwriting result for commercial property insurance was a loss of €5m.

Employer's Liability 2000 — 2004



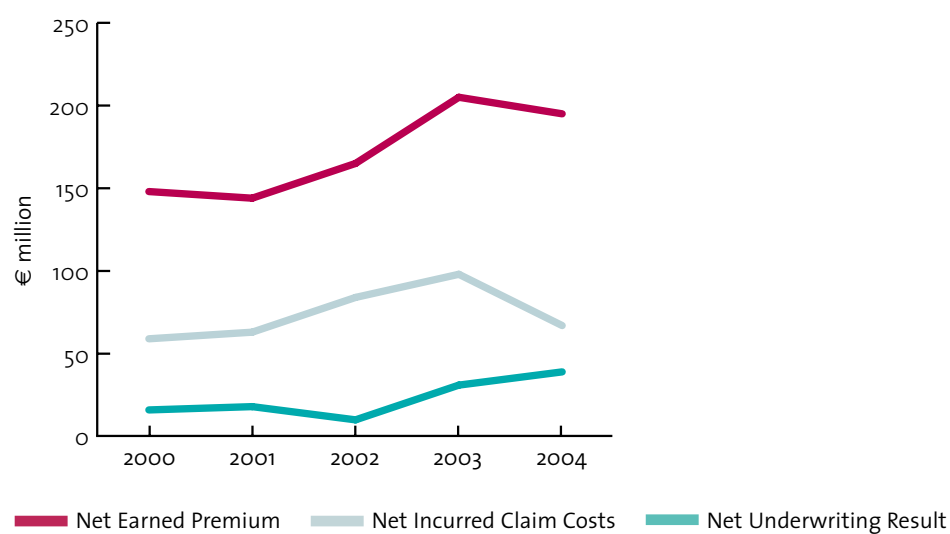
The employer's liability insurance account registered a significant turnaround in its underwriting result, from a loss of €12m in 2003 to a profit of €72m in 2004. However the 5-year figures clearly illustrate how difficult a market employer's liability insurance has been for insurers, with a cumulative net underwriting loss of €136m (nearly 10% of NEP) between 2000 and 2004.

Public Liability 2000 — 2004



As with employer's liability, public liability claims costs also give cause for concern. There have been consistent underwriting losses every year in the period 2000 — 2004, reaching a low of €102m in 2001 and then improving gradually to reach near breakeven in 2004. Over the five years 2000 — 2004, net underwriting losses aggregate to €229.6m or 16,5% of NEP.

Other Classes 2000 — 2004



Other classes of insurance include personal accident, travel, and financial loss insurances. The situation for these business lines is positive. In the period under review, there was an underwriting profit every year.

APPENDIX I

IIF Non-Life Members' Gross Written Premium 2004

€'ooo Company	Motor	Property	Liability	PA/Travel	Other Classes	Total
ACE	1489	9308	15739	9163	9401	45100
AIG Europe	36978	40878	88411	16718	15397	198382
Allianz	152192	202161	127235	2520	37626	521734
AXA	392363	91400	-13	3864	0	487614
Cardif Pinnacle	0	0	0	2424	10873	13297
Combined	0	0	0	0	55176	55176
DAS	0	0	0	0	4432	4432
DeMontfort	0	0	0	0	4134	4134
Eagle Star	163374	122861	53682	556	3645	344118
Ecclesiastical	3	6164	2635	32	0	8834
FBD	175249	94970	74082	3359	3828	351488
Genworth Financial	0	0	0	0	20055	20055
Halifax	0	0	0	0	0	0
Hibernian	430508	248029	142198	10464	4180	835379
Irish Public Bodies	11067	24167	101084	0	330	136648
MAPFRE	0	0	0	1019	1101	2120
New Technology	0	882	0	0	0	882
Probus	173	0	0	0	124	297
Quinn-Direct	232606	12954	124178	0	0	369738
Royal & SunAlliance	74974	254673	70146	15877	6580	422250
Santam Europe	0	0	0	0	0	0
St Paul Travelers	21793	15209	48322	0	0	85324
Zurich	10875	11907	3583	0	189	26554
Total	1703644	1135563	851282	65996	177071	3933556

CHAPTER 3

LIFE ASSURANCE

GLOSSARY OF LIFE ASSURANCE TERMS

ANNUAL (REGULAR) PREMIUM

A policy where the policyholder makes annual/regular payments of premium to finance life assurance protection cover or to build up an investment or retirement fund. Premiums are invested by the life office as they are received and build up over time — with accumulated investment gains — to provide a lump sum on maturity, for payment to the policyholder or purchase of a retirement annuity.

ANNUAL PREMIUM EQUIVALENT (APE)

An industry standard formula for calculating levels of life and pensions new 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

Critical illness insurance policies are a more recent market innovation and have proven very popular. Under the policy, the policyholder will be paid an agreed sum if he/she contracts one of a number of specified serious illnesses. Typical illnesses covered include cancer, strokes, heart attacks, 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 someone who advises potential clients about their insurance needs, helps them to select the most appropriate policy and provides an ongoing service in all subsequent matters relating to such a 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."

PERMANENT HEALTH INSURANCE

Permanent Health Insurance is a protection policy that provides an income if the policyholder is unable to work because of sickness or disability. Each PHI 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. PHI is available on an individual or group basis (i.e. where an employer may establish a scheme for employees).

PERSONAL RETIREMENT SAVINGS ACCOUNTS

Personal Retirement Savings Accounts were introduced as new easy access, low cost, flexible personal pensions, to encourage individuals who have not already done so to make a provision for retirement. PRSAs pensions products were launched on the market in early 2003.

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, for purchase of retirement benefits when the policyholder retires).

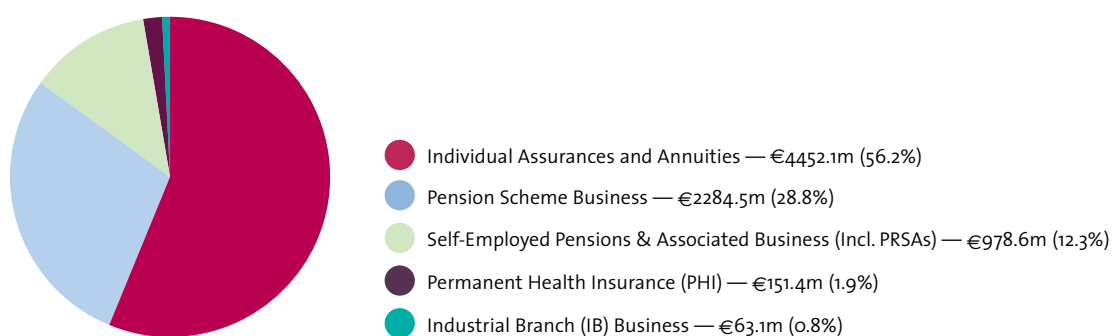
2004 Key Life Assurance Statistics

	NEW BUSINESS €m			Total Annual Premium €m (3)	All Business €m (2) + (3)
	Annual Premium (1)	Single Premium (2)	A.P.E. (1) + 10% (2)		
Individual Assurances and Annuities	238.8	2367.3	475.5	2084.8	4452.1
Pension Scheme Business	379.1	1115.8	490.7	1168.7	2284.5
Self-employed Pensions (Incl. PRSAs)	163.6	468.2	210.4	510.4	978.6
Permanent Health Insurance	25.0	6.1	25.6	145.3	151.4
Industrial Branch Business	1.7	0	1.7	63.1	63.1
Total	808.2	3957.4	1203.9	3972.3	7929.7

In 2004, IIF's life assurance members' aggregate domestic premium income was €7929.7m, an increase of 3.7% on the previous year (€7644.4m).

New annual premium (AP) business was €808.2m (up 13%). New single premium (SP) business grew to €3957.4m (up 4%). Overall, the new business Annual Premium Equivalent (AP sales + 10% of SP sales) increased by 10% to €1203.9m.

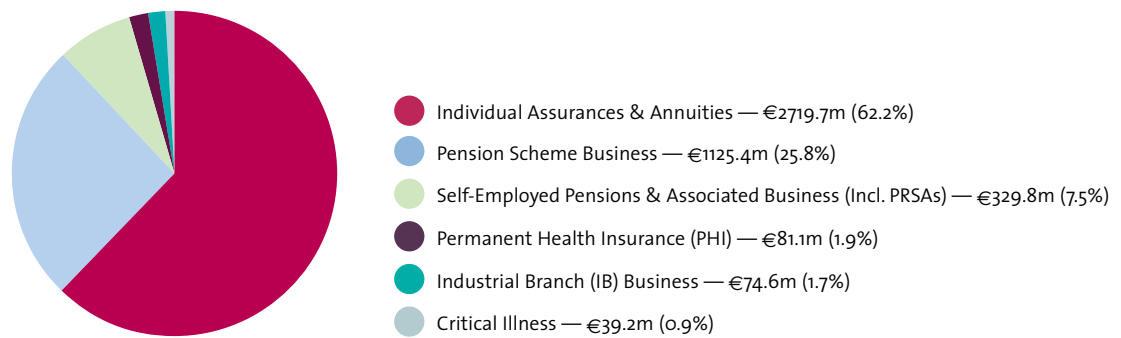
Life Assurance Gross Premium Income 2004 (by type of policy)



Premium income from Individual Assurances and Annuities in 2004 was down just over €43m at €4452.1m, representing 56.2% of all domestic life and pensions business (down slightly from 58.8% in 2003). The next largest category of business is Pension Schemes at €2284.5m (28.8% of total), up from €2067m (27% of total) in 2003.

Self-Employed Pensions (which includes PRSAs) are also up in 2004 as a percentage of all life assurance business to 12.3%. This is in comparison with 2003 when self employed pensions accounted for 11.4% of all life assurance business. In the minor categories, there was a 10.4% increase in PHI premium income, and a 12% reduction in Industrial Branch business, but these categories account for only 1.9% and 0.8% respectively of the Irish business of IIF life assurance member companies.

Life Assurance Benefits and Claims Paid 2004 (by type of policy)



€4369.8m in benefits and claims was paid by domestic life assurance companies during 2004. These payments and benefits cover a wide range of products which take a number of forms; for example, a *one-off* lump sum payment to a policyholder in the event of serious illness; or in the case of pensions, the payment of a *regular* income to a policyholder.

The bulk of claims were paid under individual assurance/annuity contracts (62.2%) and pension schemes (25.8%).

The total value of life assurance protection in force at the end of 2004 was estimated at €266bn, compared to €241bn in 2003 (up approximately 10%).

Benefits and Claims by Type (€m)

Surrenders and Maturities	3528.7
Death/Critical Illness Claims	503.0
Annuities	337.1
Total	4369.8

The chart provides a breakdown of benefits and claims by type. The largest category is benefits paid on policy surrenders and maturities, with €3528.7m paid in 2004, representing 81% of total payments (cf. 80% in 2003). Death and critical illness claims under protection contracts amounted to €503m (11.5%) in 2004 while annuity payments were €337.1m (7.7%, down from 8.6% in 2003).

Sources of Life Assurance Business 2004

		Brokers %			Agents %			Tied Agents %			Employee & Company Representatives %			Direct %		
		2002	2003	2004	2002	2003	2004	2002	2003	2004	2002	2003	2004	2002	2003	2004
Annual Premium	Life	15	16	12	1	1	1	17	9	8	21	5	10	1	5	1
	Pensions	32	42	43	1	1	1	6	7	9	6	5	10	2	9	5
	Total	47	58	55	2	2	2	23	16	17	27	10	20	3	14	6
Single Premium	Life	31	24	26	2	2	1	17	14	8	10	11	18	1	10	4
	Pensions	31	29	34	1	1	1	3	2	4	2	1	3	1	8	3
	Total	62	53	60	3	3	2	20	16	12	12	12	21	2	18	7

Percentages are rounded

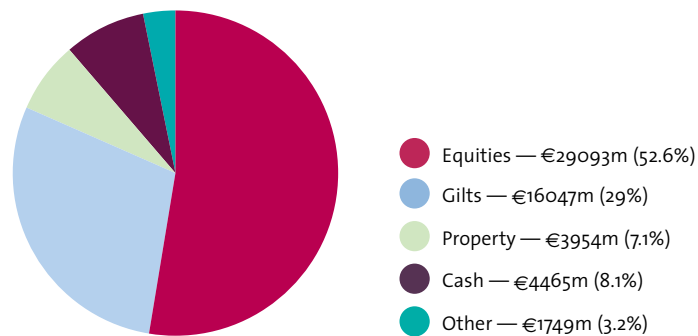
The chart provides a breakdown of the proportion of new business written through the various sales channels. Brokers' new business market share decreased by 3 percentage points to 55% in 2004 for annual premium (AP) business. Brokers' share of single premium (SP) business recovered to 60% after a fall in 2003.

Independent agents' AP business remained static at 2% in 2004 whereas SP business decreased by 1 percentage point to 2%. The percentage of AP business written through tied agents increased by 1 percentage point to 17% whereas SP business decreased by 4 percentage points to 12%.

Life office employees and company representatives (direct sales forces) saw a dramatic recovery in their share of both AP (up from 10% to 20%) and SP business (up from 12% to 21%).

After a surge in 2003, direct sales other than through employed salespeople (e.g. telephone, internet and direct response sales) decreased in 2004. AP direct sales decreased from 14% to 6% and SP sales decreased from 18% to 7%.

Life Assurance Investments 2004 (Policyholders' Funds)



Policyholders' funds invested by IIF life members increased by 24% to €55,308m in 2004 (from €44,575m in 2003).

The value of equity investments increased 12.4% to €29.1bn. Equities now represent 52.6% of total policyholder's funds, compared to 58.1% at the end of 2003. Meanwhile, life assurance funds invested in gilts increased by 65.9% to €16,047m. There were also increases in the value of property assets (up 13.9% to €3,954m) and cash (up 4.8% to €4,465m).

Investments (Policyholders' funds)

	Irish €m	Foreign €m	Total €m
Equities ¹	11,014	18,079	29,093
Gilts ²	4,753	11,294	16,047
Property ³	3,120	834	3,954
Cash	4,047	418	4,465
Other	1,442	307	1,749
Total	24,376	30,932	55,308

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 & individual investment properties & debenture stocks

The above chart illustrates the breakdown of investments by location. 44% of life companies' investments were in Ireland compared to 47% in 2003. Domestic investment at the end of 2004 was €24376m, with foreign investment at €30932m. 2004 was the second year that the value of policyholder funds invested abroad has exceeded investments in Ireland. This is a logical progression of the trend towards diversification of assets throughout the euro-zone, which accelerated with the introduction of the single currency.

45.2% of Irish investments are in equities (down from 49.4% in 2003), with nearly one fifth (19.5%) now in gilts (up from 11.8% in 2003). Cash holdings decreased to 16.6% (down from 18.9% in 2003), and property holdings were also down at 12.8% (from 14.8% in 2003).

Of the foreign holdings, 58.4% are in equities (down from 65.8% the year before) and 36.5% are in gilts (up from 30.5% in 2003) with relatively small holdings of property, cash and other investments, totalling around 5% collectively.

Overall, property and cash holdings are mainly in Ireland while investments in gilts and to a lesser extent in equities are more likely to be abroad.

Market Trends 2000 — 2004

€m	2000	2001	2002	2003	2004	Annual Change '00 – 04%
Premium Income (Annual Premium Business)	2378	2953	3579	3838	3972	13.7%
Premium Income (All Business)	7601	7168	7253	7644	7930	1.1%
New Business						
— Annual Premiums	678	868	994	713	808	4.5%
— Single Premiums	5222	4215	3674	3806	3957	-6.7%
— Annual Premium Equivalent (APE)	1199	1290	1361	1093	1204	0.1%
Benefits & Claims	3253	4139	3731	3683	4370	7.7%

Over the five years 2000 to 2004, annual premium business increased from €2378m to €3972m, an average rise of 13.7% per annum. Total premium income fell in 2001 but has recovered since, with an increase over the period 2000 to 2004 from €7601m to €7930m (up 1.1% per annum on average).

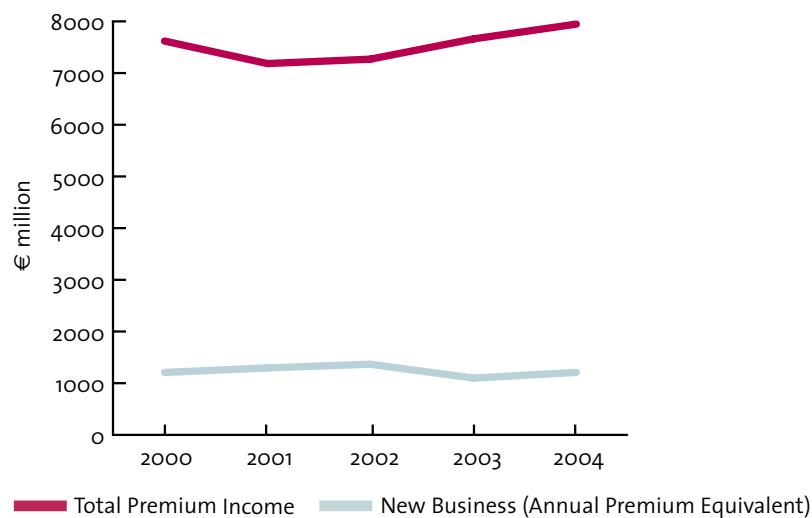
New annual premium business increased continuously and strongly by an average rate of 21.1% per annum from 2000 to 2002 but the significant fall in 2003 and recovery in 2004 meant that the annual average rate of growth for the five-year period from 2000 — 2004 was only 4.5%.

Single premium business decreased from €5222m in 2000 to €3674m in 2002, then started picking up from 2003 onwards, reaching €3957m in 2004. Over the five years there was an average decrease of 6.7% per annum.

On an APE basis, new business rose significantly between 2000 and 2002 before falling in 2003 and making a recovery in 2004. 2004 APE was marginally above 2000 APE at €1204m.

Benefits paid increased by an average of 7.7% per annum over the period 2000 — 2004, from €3253m in 2000 to €4370m in 2004.

Life Assurance Premium Income 2000 — 2004



Investments (By Type) % of Total Value

Asset Category	2000	2001	2002	2003	2004
Equities ¹	53.6	60.1	55.5	58.1	52.6
Gilts ²	27.7	20.5	22.4	21.7	29.0
Property ³	8.9	9.4	10.1	7.8	7.1
Cash	8.2	7.6	9.4	9.5	8.1
Other	1.6	2.4	2.6	2.9	3.2
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

Since 2000, investment in equities has decreased slightly as a percentage of total investments, from 53.6% in 2000 to 52.6% in 2004, with intermediate rises and falls.

Investment in gilts fell in 2001 — 2003, but increased significantly in 2004, resulting in an overall increase from 27.7% of all funds in 2000 to 29.0% in 2004.

The property portfolio grew from 8.9% in 2000 to 10.1% in 2002 before falling back to 7.8% in 2003 and 7.1% in 2004.

Cash holdings decreased slightly, from 8.2% in 2000 to 8.1% in 2004, but with significantly higher proportions in 2002 and 2003.

Investment in other assets has doubled from 1.6% in 2000 to 3.2% in 2004.

Investments (By Location)

% of total value	2000	2001	2002	2003	2004
In Ireland	57.0	53.0	50.1	47.3	44.1
Outside Ireland	43.0	47.0	49.9	52.7	55.9

The proportion of policyholders' funds invested in Ireland has been reducing consistently over the past 5 years, with an equivalent increase in the proportion of foreign assets held.

IIF Life Assurance Members' Foreign New Business 2000 — 2004 €m

		Annual Premium	Single Premium	A.P.E.
2000	EU	140.4	1634.7	303.9
	Non EU	15.3	436.2	58.9
	Total	155.7	2070.9	362.8
2001	EU	94.9	1299.2	224.8
	Non EU	2.4	1001.5	102.6
	Total	97.3	2300.7	327.4
2002	EU	61.4	928.4	154.2
	Non EU	6.4	605.4	66.9
	Total	67.8	1533.8	221.1
2003	EU	40.3	1884.3	228.7
	Non EU	1.6	381.1	39.7
	Total	41.9	2265.4	268.4
2004	EU	15.1	3610.0	376.1
	Non EU	4.6	446.2	49.2
	Total	19.7	4056.2	425.3
Annualised Change % (A.P.E.) 2000 — 2004	EU			5.5%
	Non EU			-4.4%
	Total			4.1%

In 2004, IIF's life assurance members wrote foreign annual premium business of €19.7m. This represents a decrease of 53% on 2003. This reflects a continuing move by cross-border product providers away from regular/annual premium products and towards single premium products.

New single premium business increased by 79%, to €4056.2m.

New Annual Premium Equivalent (APE) sales increased to €425.3m in 2003 (up 58% on the previous year). This is a result of the significant growth in single premium income offset to some extent by the fall in annual premium business.

Over the five years from 2000 to 2004, APE in EU countries has risen (up 5.5% per annum over 5 years), whereas non-EU business fell by 4.4% per annum. The change in these proportions was partly due to the increase in the number of EU member countries from 15 to 25 in 2004.

Overall new foreign business written by IIF life members increased by 4.1% per annum on an APE basis over the period 2000 — 2004.

APPENDIX II

IIF Life Assurance Members' Gross Premium Income 2004 €'000

€'000 Companies	LIFE BUSINESS			PENSIONS BUSINESS		
	Annual Premiums	Single Premiums	Industrial Branch	Annual Premiums	Single Premiums	Total
Acorn Life	56309	6558	0	14496	4705	82068
Anglo Irish	0	163743	0	8361	95158	267262
Ark Life	266121	220186	0	112097	69889	668293
Bol Life	502476	740166	3992	276330	192810	1715174
Caledonian	34666	100075	0	8680	3891	147312
Canada Life	194383	84760	0	130295	119272	528710
Combined Life	376	5819	0	95	0	6290
Eagle Star Life	140686	92923	0	147277	187601	568487
Friends First Life	127179	167537	0	94776	171103	560595
Genworth Financial	0	1567	0	0	0	1567
Hibernian Life	201709	78736	0	204664	219695	704804
Irish Life	488001	499561	0	498423	323515	1809500
Quinn Life-Direct	8921	2991	0	965	2353	15230
Royal Liver	71795	135734	57765	15331	5239	285864
Scottish Legal	2450	0	1932	119	0	4501
Scottish Provident	32372	24388	0	36698	3200	96658
Standard Life	100930	48705	0	129900	185571	465106
Total	2228374	2373449	63089	1678507	1584002	7927421