

IRISH
INSURANCE
FEDERATION
8
FACTFILE



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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 are we?

The Irish Insurance Federation (IIF) is the representative body for insurance companies in Ireland representing 64 member companies, which employ almost 15,000 people.

What do 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 2008 is part of a series of Factfiles published by the IIF annually that provides the key facts and figures on the insurance industry in Ireland. This is the sixteenth 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.

Factfile focuses on statistics for 2007 and for the five-year period 2003 — 2007. The data is derived from data collected from members of the IIF unless otherwise indicated.



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Executive Summary

THE IRISH INSURANCE MARKET - A COMPARATIVE OVERVIEW

- Gross insurance premium income for 2007 for life and non-life insurance combined was €18,205m in 2007 compared to €16,150m the previous year (an increase of 12.7%). Life gross written premium grew by 18.4% in 2007, while non-life gross written premiums dropped by 5.5%.
- Premium income as a percentage of GDP was just over 9.7% (up from 9.2% in 2006). Premiums per capita increased from €3,939 in 2006 to €4,335 in 2007.
- Total insurance industry assets increased by 1.7% in 2007 and amounted to €92.5bn at the end of the year.
- The insurance sector is a major employer in the Irish economy. IIF member insurance companies employed almost 15,000 people in Ireland as at the end of December 2007.

NON-LIFE INSURANCE

- IIF's 22 domestic non-life members write in excess of 95% of Irish non-life insurance business. Combined, IIF members wrote gross premiums of €3,611m in 2007 compared to €3,823m in 2006 (a decrease of 5.5%). Premium income from employer's liability insurance (-18.5%) and public liability insurance (-13.7%) experienced the largest falls. Motor insurance remains the largest class of non-life insurance at €1,544m (43% of all non-life business). Property is the second largest class of non-life business 28%, with liability insurance at 19%.
- Net written premiums (i.e. total premiums after reinsurance costs have been deducted) were just under €3,146m, a decrease of 5.5% on 2006.
- Net earned premiums were €3,200m in 2007 (down 4.2% on 2006).
- The number of new claims notified to IIF members rose significantly in 2007 to 532,734 from 482,493 in 2006 (an increase of 10.4%).
- Net incurred claims costs declined by 7.6% to €1,724m. Net underwriting profit was almost unchanged at €690m (down 1%) on 2006.

LIFE & PENSIONS

- IIF's life assurance members' aggregate domestic premium income was €14,594m for 2007. This represents an increase of almost 18.4% on the previous year (€12,327m).
- New annual premium (AP) business was €1,179m (up 18.8% from €993m in 2006). A significant increase was recorded for new single premium (SP) business last year, with growth to €10,032m from €7,848m in 2006 (up 28%). Overall, the new business Annual Premium Equivalent (AP sales + 10% of SP sales) rose strongly by nearly 23% to €2,183m last year from €1,777m in 2006.
- €9,891m in benefits and claims was paid by domestic life assurance companies during 2007. This was an increase of 24% from €7,964m in 2006.
- The total value of life assurance protection in force at the end of 2007 was estimated at

€378.4bn, compared to €349.6bn in 2006, which is an increase of just over 8%.

- Policyholders' funds invested by IIF life members increased by 2.3% to €82,342m in 2007 from €80,521m in 2006. The value of equity investments decreased from €50,720m in 2006 to €48,111m. Equities represented 58.4% of total policyholders' funds at 31st December 2007, compared to 63% at the end of 2006.
- New Annual Premium Equivalent (APE) foreign sales increased from €698m in 2006 to €845m in 2007 – an increase of 21%. This is a result of the significant growth in both single premium and annual premium business.
- Over the five years from 2003 to 2007, IIF life members offices' APE in EU countries has grown very strongly by an annual average 37% per annum over 5 years, where-as non-EU foreign business fell slightly by 1% per annum.
- During the period 2003-2007, total new foreign business written by IIF life members increased by 33.2% per annum on an APE basis.

The Irish Insurance Market – A Comparative Overview

This chapter provides an overview of trends in the Irish insurance market both from a recent historical perspective (2003-2007) 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 Market in the Economy

2007 Premium Income – Life and Non-Life

Year	Life	Non-Life	Total
Gross Premium Income (€m)	14594.4	3610.7	18205.1
Premium Income: GDP (%)	7.76	1.92	9.69
Premiums per capita (€)	3475	860	4335
Investments* (€m)	82342	10174	92516

* Policyholders' funds (life assurance) and Technical Reserves (non-life) at 31st December 2007.

Gross insurance premium income for 2007 for life and non-life insurance combined was €18,205m in 2007 compared to €16,150m the previous year (an increase of 12.7%). Premium income as a percentage of GDP was around 9.7% (up from 9.2% in 2006). Premiums per capita increased from €3,939 in 2006 to €4,335 in 2007. Despite the slowdown in growth of capital values in many investment areas, assets comprising life policyholders' funds and non-life technical reserves increased by 1.7% from €90.9bn in 2006 to €92.5bn in 2007.

IIF Members' Gross Premium Income 2003-07 (€m)

Year	Life €m	Non-Life €m	Total €m
2003	7644.4	4239.1	11883.5
2004	7929.7	3999.8	11929.5
2005	9738.6	3841.1	13579.7
2006	12327.2	3822.9	16150.1
2007	14594.4	3610.7	18205.1

As a continuing reflection of the buoyant market for life products, life gross written premium grew by 18.4% from €12,327m in 2006 to €14,594m in 2007. Non-life gross written premiums dropped by 5.5% from €3,823m in 2006 to €3,611m in 2007.

Gross Insurance Premium Income and Gross Domestic Product 2003-2007 (€m)

Year	Gross Insurance Premium Income €m	GDP €m	Premium Income: GDP %
2003	11883.5	134786	8.8%
2004	11929.5	148556	8.0%
2005	13579.7	161498	8.4%
2006	16150.1	174705	9.2%
2007	18205.1	187971	9.7%

Premium income has grown steadily over the five year period 2003-2007 by an annual average of 11.3%. Premium income as a percentage of GDP fell from 8.8% in 2003 to 8% in 2004 before rising again, reaching 9.7% in 2007.

Life and Non-Life Premiums as a Percentage of GDP for Ireland 2003-2007

Year	Life Premium as % of GDP	Non-Life Premium as % of GDP	Total
2003	5.7	3.1	8.8
2004	5.3	2.7	8
2005	6.2	2.5	8.7
2006	7.1	2.2	9.2
2007	7.8	1.9	9.7

Life premiums as a percentage of GDP fell from 5.7% in 2003 to 5.3% in 2004, steadily rising to 7.8% in 2007. Non-Life premiums as a percentage of GDP were 3.1% in 2003, but have fallen to 1.9% in 2007.

Year End Value of Investments

	2003 €bn	2004 €bn	2005 €bn	2006 €bn	2007 €bn	% Change p.a.
Life	44.575	55.308	68.823	80.521	82.342	16.6
Non-life	9.626	9.955	10.066	10.469	10.174	1.4
Total	54.201	65.263	78.889	90.990	92.516	14.3

Total insurance industry assets increased by 1.7% in 2007 and amounted to €92.5bn at the end of the year. Average annual growth in investment values was 14.3% per annum between 2003 and 2007. On the life side, there has been a continued increase in policyholder funds and in 2007, year-end investments were valued at almost €82.3bn. Non-life technical reserves continued to grow until 2006 and then declined in 2007. An average annual growth of 1.4% was recorded over the over 2003-2007 period.

Life Assurance Benefits and Claims Paid 2003-2007

Year	Amount €m
2003	3683
2004	4370
2005	4910
2006	7964
2007	9891

€9,891m was paid out by life assurance companies in benefits and claims in 2007 (up 24% from 2006). 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; and
- lump sum payouts to policyholders with serious illness cover.

Non-Life Insurance Premiums and Claims 2003-2007

Year	Gross Earned Premium €m	Gross Incurred Claims €m
2003	4169	2669
2004	4102	2431
2005	3931	2066
2006	3859	2032
2007	3683	1858

The downward trend in gross earned premium for non-life insurance continued in 2007 when premium fell by almost 5%. Similarly 2007 saw a continuation in the downward trend in gross incurred claims. Gross incurred claims fell by 8.6% last year and have fallen by almost 30% between 2003 and 2007.

Employment in Insurance Companies in Ireland as at 31st December 2007

Life	5604
Non-Life	9158
Total	14762

The insurance sector is a major employer in the Irish economy. IIF member insurance companies employed around 15,000 people in Ireland as at the end of December 2007. 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 2007

	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	0.48	2.09	0.65	1.49	11.8	7171.4
EU	7.39	31.01	41.46	34.43	38.58	8.76	2982.3
OECD	17.73	74.49	87.98	88.82	88.32	8.65	2948.1
Europe	12.05	36.30	43.29	38.66	41.39	8.03	1962.4
America*	13.48	34.51	27.57	45.43	34.91	7.58	1573.3
Asia	59.56	24.98	26.05	13.02	20.70	6.20	210.7
Oceania	0.50	1.93	1.50	1.98	1.69	6.58	2059.5
Africa	14.42	2.28	1.59	0.91	1.31	4.31	55.3
World	100	100	100	100	100	7.49	607.7

Figures are rounded USD

Sources: Swiss Re Sigma No 3/2008; CSO; and IIF

*Includes latin America and Carribean

The Irish insurance market is set in both a European and a global context in the above table. Similar to 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 2007 in Selected Advanced Industrialised Countries

Ireland	7171.4
United Kingdom	7113.7
Switzerland	5740.7
Denmark	5103.1
France	4147.6
Belgium	4131.5
United States	4086.5
Sweden	3705.1
Japan	3319.9
Australia	3000.2
Germany	2662.1
Italy	2322.0
Spain	1699.9

Source: Swiss Re Sigma No 3/2008

The premium spent per capita for 2006 in Ireland is compared to some other advanced industrialised countries in the above table. The figure for Ireland of US\$5565 is higher than most other European countries such as Italy, Germany and Sweden but is lower than the United Kingdom. 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.

Non-Life Insurance Market 2003 – 2007

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 2007, 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 2007 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 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 2007, the written premium for 2007 will be €500, and so will the earned premium. But if the same policy is issued on 1st July 2007, 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 2008 earned premium. This is because half of the premium is in respect of the exposure to loss during the first half of 2008.

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.

2007 Key Non-Life Statistics

CLASS	Premiums €m			Claims		Net Under- writing Result € m	Estimated Investment Income € m	Estimated Net Operating Result € m
	Written		Earned	Net Incurred € m	No of New Claims Notified			
	Gross Written €	Net Written Premiums €	Net € m					
Private Motor	1076.2	1037.0	1063.3	664.4	230672	187.6	135.7	323.2
Comm. Motor	467.9	439.8	458.2	211.6	74733	160.2	65.8	226.1
All Motor	1544.1	1476.8	1521.5	876.0	305405	347.8	201.5	549.3
Household	560.5	477.4	456.5	313.9	118560	- 8.1	19.4	11.3
Comm. Property	460.7	350.7	350.7	170.9	36267	83.5	20.3	103.8
All Property	1021.2	828.1	807.2	484.8	154827	75.4	39.7	115.1
Employer's Liability	310.8	275.5	283.7	128.3	7611	91.3	48.7	140.0
Public Liability	380.6	333.2	346.4	154.0	14426	109.0	76.7	185.7
All Liability	691.4	608.7	630.1	282.3	22037	200.3	125.4	325.7
PA/Travel	73.7	59.2	60.5	19.8	9159	21.8	2.5	24.3
Other Business	280.3	172.6	180.8	61.6	41306	44.6	11.0	55.6
TOTAL	3610.7	3145.4	3200.1	1724.5	532734	689.9	380.1	1070.0

Overview of Non-Life Results for 2007

IIF's 22 domestic non-life members write in excess of 95% of Irish non-life insurance business. Combined, IIF members wrote gross premiums of €3,611m in 2007 compared to €3,823m in 2006 (a decrease of 5.5%). Premium income from employer's liability insurance (-18.5%) and public liability insurance (-13.7%) experienced the largest falls. Motor insurance remains the largest class of non-life insurance at €1,544m (43% of all non-life business). Property is the second largest class of non-life business (28%).

Net written premiums (i.e. total premiums after reinsurance costs have been deducted) were just under €3,146m, a decrease of 5.5% on 2006.

Net earned premiums were €3,200m in 2007 (down 4.2% on 2006).

The number of new claims notified to IIF members rose significantly in 2007 to 532,734 from 482,493 in 2006. This represents an increase of just over 10%. 57% of new claims were motor claims while 29% were made on property insurance policies (household and commercial property).

Net incurred claims costs declined by 7.6% to €1,725m leading to a net underwriting profit in 2007 of €690m compared to €697m in 2006 (down 1%). The combined operating profit of the 22 companies in the non-life market was €1,070m for 2007 (down 0.6% from €1,076m in 2006)

Motor Insurance

Gross written premium for motor insurance was €1,544m in 2007, down 5.4% from €1,632m in 2006. Around two-thirds (70%) of motor insurance premiums are earned from the private motor insurance market with the remaining 30% derived from commercial motor business.

The decline in net earned motor premiums continued in 2007. Net earned motor premiums reduced again from just over €1,559m in 2006 to €1,521m in 2007 (a decrease of 2.4%).

The number of new motor claims notified during 2007 increased by 12% compared to 2006. The net underwriting result improved to €348m.

Property Insurance

The property insurance class is the second

largest sector in the Irish non-life market after motor insurance. The property insurance market is split between household (55% of premium income) and commercial property (45%). IIF members wrote gross property insurance premiums of €1021m in 2007, down by almost 1% from the previous year. While net earned premium fell by 2.5% to €807m, net incurred claims rose by 17% to €485m, resulting in property insurers recording a fall of 57% in net underwriting profit (down to €75m from €176m in 2006).

Liability Insurance

IIF members wrote gross liability premiums of €691m in 2007, down by almost 16% from the previous year. Net earned premium decreased by almost 12%, from €715m in 2006 to €630m in 2007.

However, net incurred claims dropped by over 22% in 2007. As a result, liability insurers made a net underwriting profit in this class of €200m in 2007.

Other Non-Life Lines

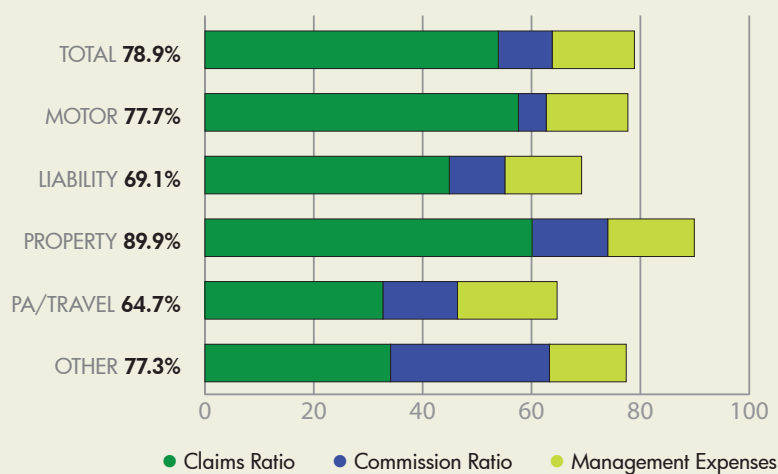
IIF members wrote €74m of personal accident and travel insurance in 2007 – an increase of 9.4% from 2006. This class of business generated a net underwriting profit of €22m in 2007.

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 €280m in gross written premium to IIF members in 2007, an increase of just over 3% from 2006. These classes of business produced a net underwriting profit of €45m in 2007.

Investing Non-Life Premium Income

Non-life insurers' technical reserves are mainly invested in cash and gilts, with only approximately 11% 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 give a better long-term return, in particular equities.

Insurance Operating Ratio



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 2007 the IIF non-life market produced a net claims ratio of 54% - in other words claims cost 54 cent out of every €1 earned in premium. The claims ratio varied between sectors: in motor insurance it fell from 66% in 2006 to 58% in 2007. The property claims ratio rose from 50% in 2006 to 60% in 2007. In contrast, the liability claims ratio declined from 51% in 2006 to 45% in 2007.
- The **management expenses** and **commission ratios** are calculated by comparing the internal management expenses of insurance companies and commissions paid to intermediaries with premiums written. The net commission ratio in 2007 was 9.9% (2006:9.4%) The net management expenses ratio for the non-life market in 2007 was 15.1% in comparison to 13.9% in 2006.
- The **net combined** or **operating ratio** combines the claims, commissions and management expenses ratios. The operating ratio for the non-life market remained the same as in 2006 at 79%. In monetary terms this means that the non-life market made 21 cent on underwriting insurance for every €1 of premium in 2007.

Non-Life Insurance Market Results 2003-2007

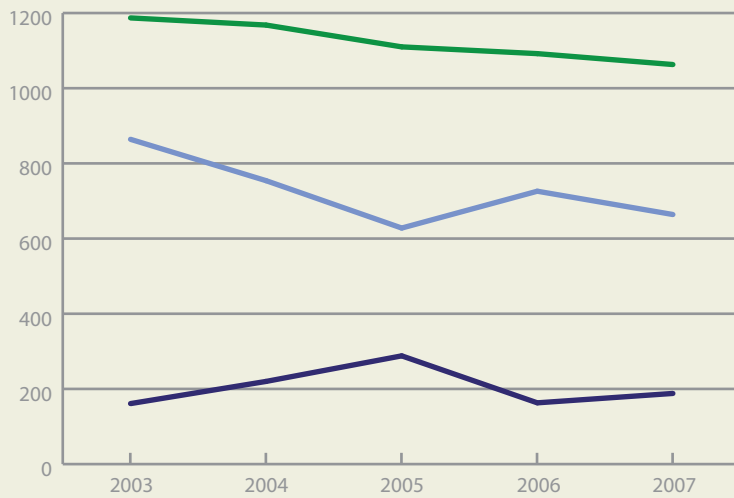
	Gross Written Premium €m	Net Underwriting Result €m	Investment Income €m	Operating Result €m	Profit:Premium %
2003	4388	417	340	757	17.25%
2004	4319	689	375	1064	24.64%
2005	4099	802	420	1222	29.81%
2006	4179	718	391	1109	26.54%
2007	3611	690	380	1070	29.63%
5 Years	20596	3316	1906	5222	25.35%

The data for 2003-2006 is taken from the Financial Regulator's Insurance Statistical Review (2003 - 2006). The Insurance Statistical Review (ISR) contains returns for all insurers. The data for 2007 is based on data supplied by IIF members. 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 (for all years). This explains the discrepancies between the first and main chart and the seven subsequent charts, which provide details by class of business.

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 2003 to 2007. The underwriting result has increased from €417m in 2003 to €690m in 2007. After investment income was taken into account, the 22 non-life insurers made a combined operating profit of €1,070m last year.

Private Motor 2003-2007

€ MILLIONS

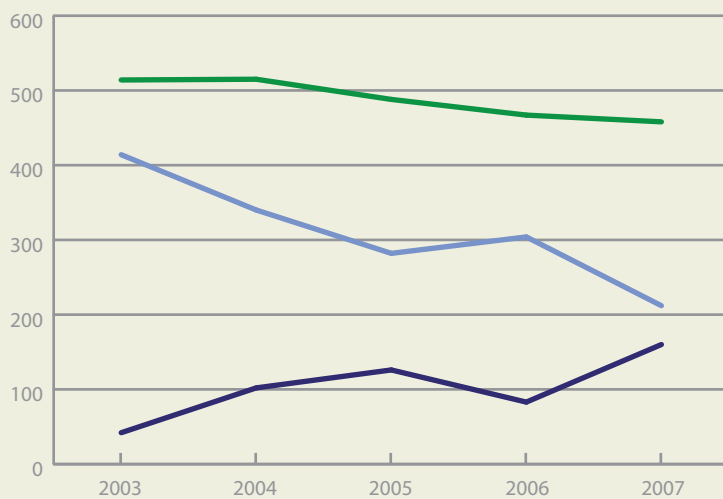


● Net Earned Premium ● Net Incurred Claims Costs ● Net Underwriting Result

Net Earned Premium (NEP) in the private motor market has been dropping since 2003 from €1,187m to €1,063m in 2007. Claims costs decreased between 2003 and 2005 but then rose by 16% to €726m in 2006, declining again to €664m in 2007. The cumulative market net underwriting profit for the 5 years 2003-2007 was €1,020m.

Commercial Motor 2003-2007

€ MILLIONS

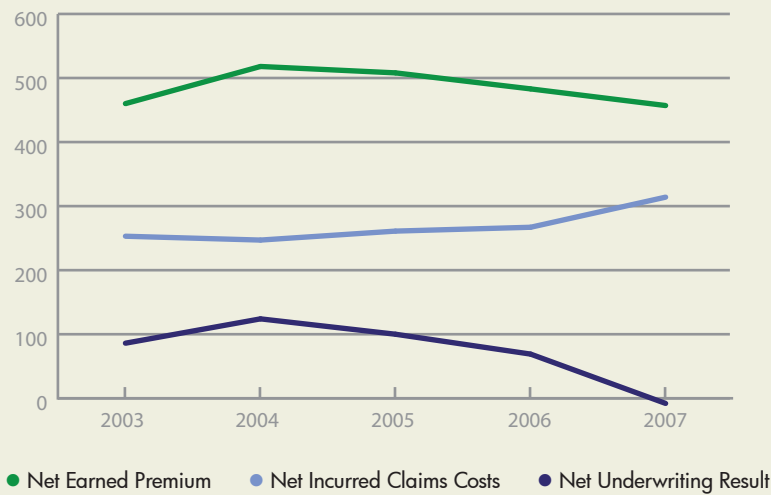


● Net Earned Premium ● Net Incurred Claims Costs ● Net Underwriting Result

The size of the commercial motor insurance market in NEP terms decreased in the period from €514m in 2003 to €458m in 2007. Since 2003 insurers have made underwriting profits every year, peaking in 2007 at €160m. Overall, the cumulative underwriting profit for 2003-2007 was €513m.

Household 2003 – 2007

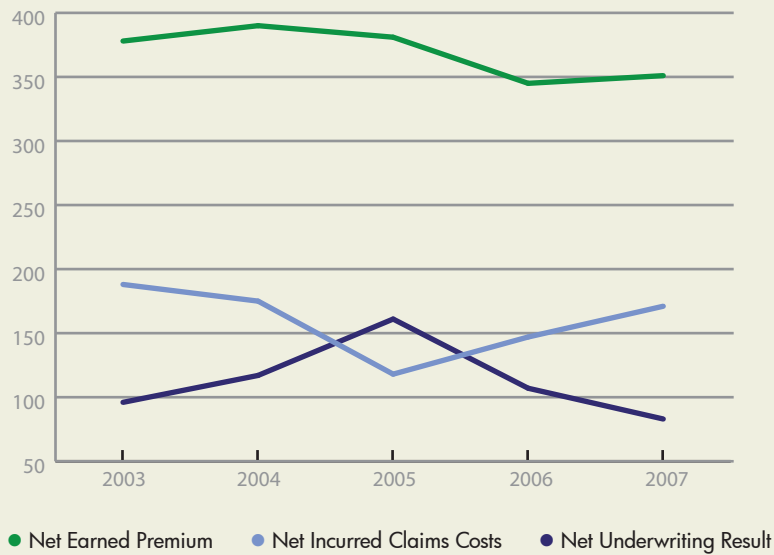
€ MILLIONS



Net earned premium for household insurance increased from 2003 (€460m) to 2004 (€518m) but has fallen since then to €475m in 2007. The net underwriting result for household insurance fell from €124m in 2004 to a loss of €8m last year. Net incurred claims costs in household insurance have been rising since 2004 and over the 5-year period as a whole have increased from €253m in 2003 to €314m in 2007.

Commercial Property 2003-2007

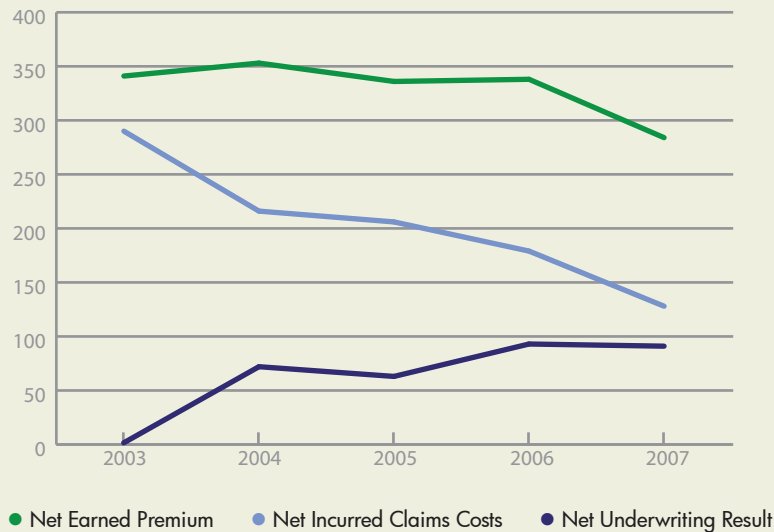
€ MILLIONS



The upward trend in the net underwriting profit for insurers of commercial property since 2003 was reversed in 2006 and fell again in 2007 to €83m. Net incurred claims costs have fluctuated in the period between 2003 and 2007, falling by 37% between 2003 and 2005, before rising in 2006 to €147m and continuing to rise last year by 16.3% to €171m.

Employer's Liability 2003- 2007

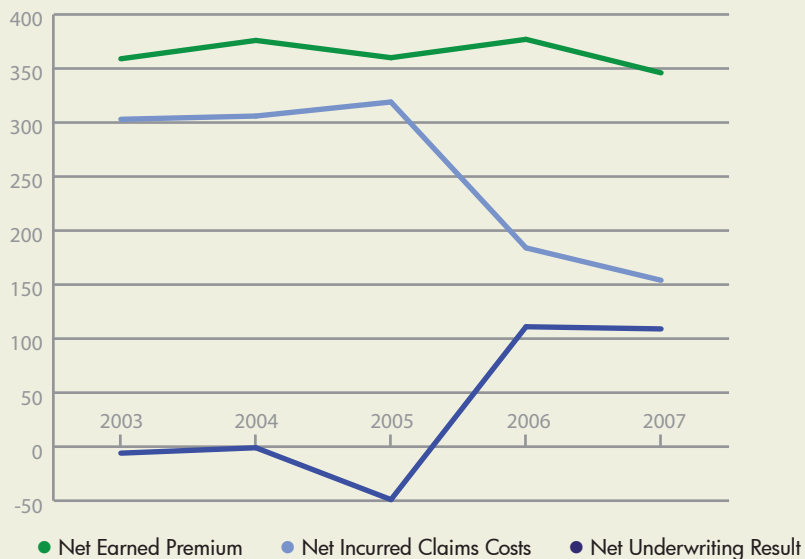
€ MILLIONS



Net earned premium increased in 2004 but decreased from €336m in 2005 to €284m in 2007. Net incurred claims have fallen from €290m in 2003 to €128m in 2007. The underwriting result has improved since the loss recorded in 2003 (-€12m) to an underwriting profit of €91m in 2007. Overall, this class of business produced a cumulative net underwriting profit of €307m between 2003 and 2007.

Public Liability 2003-2007

€ MILLIONS

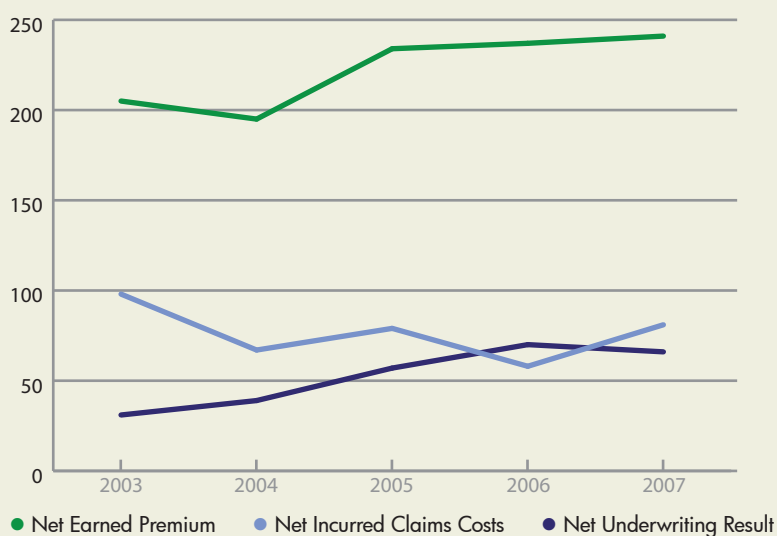


Net earned premium grew between 2003 and 2004, dipped by 4% in 2005 and, despite rising back to 2004 levels at €377m in 2006, has fallen again to a five year low of €346m. Net incurred claims costs, which had steadily climbed from €303m in 2003 to €319m in 2005 fell in 2006 to €184m and reduced to €154m in 2007.

The net underwriting profit for 2007 was €109m, a 1.8% decrease from the previous year's profit of €111m.

Other Classes 2003 – 2007

€ MILLIONS



Other classes of insurance include personal accident, travel, and financial loss insurances. In the period under review, there was an underwriting profit annually with profits amounting to €66m in 2007. Net incurred claims costs increased to €81m in 2007 (up 39% on 2006).

Appendix I

IIF Non-Life Members' Gross Written Premium 2007*

Company €'000	Motor	Property	Liability	PA/Travel	Other Classes	Total
ACE	1030	7172	16558	16158	6782	47700
AIG Ireland	38947	26700	46351	15704	58765	186467
Allianz	113750	176044	84258	2675	29269	405996
AXA	281770	75625	-12	3311	0	360694
Cardif Pinnacle	0	0	0	-114	9607	9493
Combined	0	0	0	0	72110	72110
DAS	0	0	0	0	6263	6263
DeCare	0	0	0	5944	0	5944
Ecclesiastical	1	5003	2523	29	0	7556
FBD	199438	123600	76430	4196	4289	407953
Genworth Financial	0	0	0	0	38978	38978
HCC International	0	0	0	0	7640	7640
Hibernian	347400	216585	140934	5304	6511	716734
Irish Public Bodies	8960	23499	77094	0	328	109881
London General	0	1484	909	0	29439	31832
MAPFRE	0	0	0	2468	2641	5109
New Technology	0	5283	0	0	0	5283
Quinn Insurance	317353	20892	101909	0	0	440154
RSA	75880	214792	61857	17281	5094	374904
Travelers	21955	12215	30897	0	0	65067
Zurich	129597	105645	48585	694	2571	287092
Zurich ROI Branch	8043	6662	3144	0	48	17897
Total	1544124	1021201	691437	73650	280335	3610747

* excludes health insurance

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.

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 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 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 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. PRSAs pensions products were launched on the market in early 2003.

Single Premium

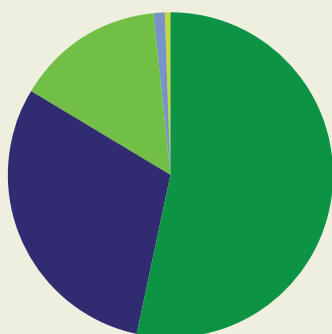
A lump sum life investment or pension policy under which the policyholder makes a one-off payment to the life office. The life office uses the money to provide life assurance protection or invests it on the policyholder's behalf, for repayment, with investment gains, at the end of the policy term (or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

2007 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	314.0	5862.3	900.3	2056.8	7919.1
Pension Scheme Business	582.2	2631.0	845.3	1731.8	4362.8
Self-employed Pensions (Incl. PRSAs)	257.7	1514.4	409.1	586.6	2101.0
Permanent Health Insurance	25.5	24.0	27.9	147.5	171.5
Industrial Branch Business	0.0	0.0	0.0	40.0	40.0
Total	1179.4	10031.7	2182.6	4562.7	14594.4

IIF's life assurance members' aggregate domestic premium income was €14,594m for 2007. This represents an increase of almost 18.4% on the previous year (€12,327m). New annual premium (AP) business was €1,179m (up 18.8% from €993m in 2006). A significant increase was recorded for new single premium (SP) business last year, with growth to €10,032m from €7,848m in 2006 (up 28%). Overall, the new business Annual Premium Equivalent (AP sales + 10% of SP sales) rose strongly by nearly 23% to €2,183m last year from €1,777m in 2006.

Life Assurance Gross Premium Income 2007 (by type of Policy)

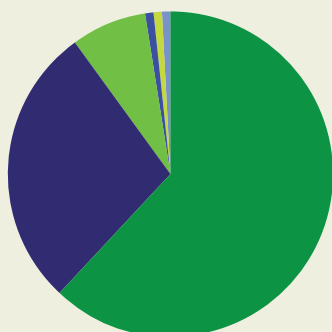


- Individual Assurances and Annuities €7,919.1m (54.3%)
- Pension Scheme Business €4,362.8m (29.9%)
- Self-Employed Pensions & Associated Business (Incl. PRSAs) €2,101.0m (14.4%)
- Permanent Health Insurance (PHI) €171.5m (1.2%)
- Industrial Branch (IB) Business €40.0m (0.3%)

Individual assurances and annuities (54.3%) and pension scheme business (29.9%) continue to be the two main segments of life assurance gross premium income. Self-employed pensions & associated business (including PRSAs) remained much the same, increasing from 14.3% in 2006 to 14.4%.

Premium income from permanent health insurance (PHI) as a percentage of life assurance gross premium income remained much the same increasing from 1.1% in 2006 to 1.2% in 2007. The decline in industrial branch business continued in 2007 from 0.4% in 2006 to 0.3% of life assurance gross premium income last year.

Life Assurance Benefits & Claims Paid 2007 (by type of policy)



- Individual Assurances & Annuities €6,143.3m (62.1%)
- Pension Scheme Business €2,760.6m (27.9%)
- Self-Employed Pensions & Associated Business €752.5m (7.6%)
- Permanent Health Insurance (PHI) €88.7m (0.9%)
- Industrial Branch (IB) Business €81.0m (0.8%)
- Critical Illness €64.5m (0.7%)

€9,891m in benefits and claims was paid by domestic life assurance companies during 2007. This is an increase of 24% from €7,964m in 2006. 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 paid to a policyholder/beneficiary. Some of this increase may be due to the impact of maturing SSAs.

The majority of claims were paid under individual assurance/annuity contracts (62.1%) and pension schemes (27.9%) followed by self-employed pensions and associated business (7.6%).

The total value of life assurance protection in force at the end of 2007 was estimated at €378.4bn compared to €349.6bn in 2006, which is an increase of just over 8%.

Benefits and Claims By Type (€m)

Surrenders and Maturities	8796.1
Death / Critical Illness Claims	704.4
Annuities	390.1
Total	9890.6

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

- The largest category is benefits paid on policy surrenders and maturities, with €8,796m paid in 2007, up from €6,942m in 2006 (an increase of 26.7%). This category represents over four-fifths (89%) of total payments made last year.
- Death and critical illness claims under protection contracts amounted to €704m, up from €695m in 2006; and
- Annuity payments totalled €390m in 2007, compared to €327m in 2006 (up 19.5%).

Sources of Life Assurance Business

		Brokers %			Agents %			Tied Agents %			Employee & Company Representatives %			Direct %		
		'05	'06	'07	'05	'06	'07	'05	'06	'07	'05	'06	'07	'05	'06	'07
Annual Premium	Life	11	10	9	1	2	2	8	8	4	11	10	9	1	1	5
	Pensions	45	44	46	1	1	2	11	11	4	10	11	10	2	3	9
	Total	56	54	55	2	3	4	19	19	8	21	21	19	3	4	14
Single Premium	Life	19	24	19	1	1	2	10	10	5	15	15	12	2	1	23
	Pensions	25	20	21	0	1	1	5	3	2	2	2	2	22	21	14
	Total	44	44	40	1	2	3	15	13	7	17	17	14	24	22	37

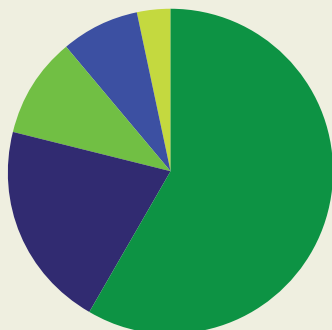
The chart provides a breakdown of the proportion of new business written through the various sales channels. Brokers' new business market share remained largely unchanged (up 1 percentage point to 55% in 2007 for annual premium (AP) business). Brokers' share of single premium (SP) business, fell by 4 percentage points to 40% in 2007.

Independent agents' AP business rose by a single percentage point to 4% in 2007, similarly their SP business increased by 1 percentage point to 3%. The percentage of AP business written through tied agents dropped significantly to 8% in 2007, compared to 19% in 2006. SP business written via tied agents dropped in 2007 to 7%.

Life office employees and company representatives (direct sales forces) saw their share of AP dropping two percentage points to 19%, with their share of SP business also dropping three percentage points to 14%.

Direct sales other than through employed salespeople (e.g. telephone, internet and direct response sales) rose by ten percentage points to 14% for AP. Similarly SP direct sales, experienced significant growth increasing from 22% in 2006 to 37% in 2007.

Life Assurance Investments 2007 (Policyholders' Funds)



- **Equities €48,111m (58.4%)**
- **Gilts €16,932m (20.6%)**
- **Property €8,231m (10.0%)**
- **Cash €6,359m (7.7%)**
- **Other €2,709m (3.3%)**

Policyholders' funds invested by IIF life members increased by 2.3% to €82,342m in 2007 from €80,521m in 2006. The value of equity investments decreased from €50,720m in 2006 to €48,111m. Equities now represent 58.4% of total policyholders' funds, compared to 63% at the end of 2006.

The value of life assurance funds invested in gilts increased marginally to €16,932m, representing 20.6% of life assurance investments.

Property assets grew to €8,231m (up 3% from €7,992m in 2006) and represent 10% of investments in 2007 (a 0.1% increase on 2006).

Cash holdings amounted to 7.7% with investments of €6,359m at the end of 2007, an increase of 51% from €4,201m in 2006.

Investments (Policyholders' funds) By Type & Location 2007

	Irish €m	Foreign €m	Total €m
Equities ¹	18001	30110	48111
Gilts ²	3382	13549	16931
Property ³	5706	2525	8231
Cash	6235	125	6360
Other	2433	276	2709
Total	35757	46585	82342

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. 43.4% of life companies' investments were in Ireland in 2007 compared to 43.5% in the previous year. Domestic investment at the end of 2007 was €35,757m, with foreign investment at €46,585m.

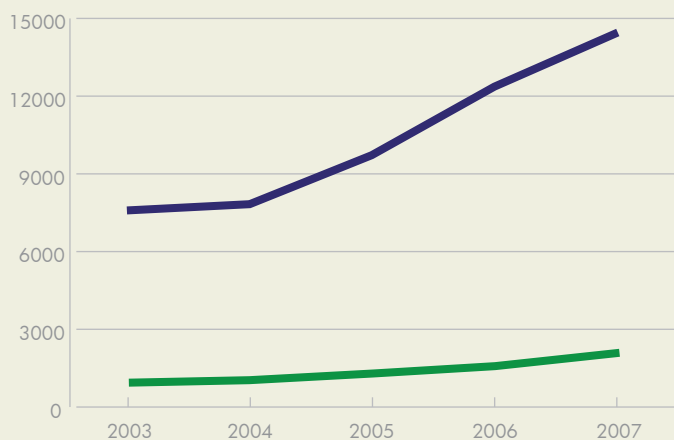
50% of Irish investments are in equities (down from 59% in 2006), with 9% now in gilts (down from 11% in the previous year). Cash holdings increased to 17% from 11% in 2006. Property holdings were at 16%, as in 2006.

Around two-thirds (65%) of the foreign holdings continue to be in equities (66% in 2006). The second largest foreign asset class is gilts at 29.1%. This represents an increase from 27.5% in 2006. The proportion of foreign holdings invested in property remained the same as 2006 at 5% while the percentage invested in cash fell very slightly from 0.4% to 0.3%.

Market Trends 2003 – 2007

	2003 €m	2004 €m	2005 €m	2006 €m	2007 €m	Annual Change 2003-2007 %
Premium Income						
(Annual Premium Business)	3838	3972	4127	4479	4563	4.4
Premium Income						
(All Business)	7644	7930	9739	12327	14594	17.5
New Business						
· Annual Premiums	713	808	924	993	1179	13.4
· Single Premiums	3806	3957	5612	7848	10032	27.4
· Annual Premium Equivalent (APE)	1093	1204	1485	1777	2183	18.9
Benefits & Claims	3683	4370	4910	7964	9891	28.0

Life Assurance Premium Income 2003 – 2007



- **Total Premium Income**
- **New Business (Annual Premium Equivalent)**

New annual premium business continued to increase from €713m in 2003 to €1,179m in 2007.

New single premium business has steadily increased over the five-year period with a 28% increase in 2007.

Over the five years there was an average increase of 27.4% per annum.

New business on an Annual Premium Equivalent (APE) grew steadily over the five year period. This upward trend has continued into 2007 with an almost 22.8% increase over 2006. The average increase over the five years is 18.9%.

Benefits and claims paid increased by an average of 28% per annum over the period 2003-2007, from €3,683m in 2003 to €9,891m in 2007.

Investments (by Type) % of Total Value

Asset Category	2003	2004	2005	2006	2007
Equities ¹	58.1	52.6	58.4	63	58.4
Gilts ²	21.7	29	23.7	20.5	20.6
Property ³	7.8	7.1	7.4	9.9	10.0
Cash	9.5	8.1	8.5	5.2	7.7
Other	2.9	3.2	2	1.4	3.3
Total	100	100	100	100	100

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

2 Inc. Government, local & public authority securities

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

Investment in equities increased slightly over the period 2004 to 2006 but have now returned to 2003 levels. Equities represent 58.4% of total investments in 2007. Investment in gilts has decreased slightly during the same period.

The relative size of life offices' property portfolios rose steadily from 2004-2007 and were highest at 10% in 2007.

Cash holdings gradually decreased from 9.5% in 2003 to 5.2% in 2006, but rose again to 7.7% in 2007.

Investment Trends (by Location) 2003-2007

% of total value	2003	2004	2005	2006	2007
In Ireland	47.3	44.1	42.1	43.5	43.4
Outside Ireland	52.7	55.9	57.9	56.5	56.6

The trend of an increasing proportion of policyholders' funds being invested outside Ireland remained static at 56.6%. Currently, just over two-fifths (43.4%) of funds are invested in Ireland.

IIF Life Members' Foreign New Business 2003 – 2007 €m

		Annual Premium	Single Premium	A.P.E.
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	376.1
	Non EU	4.6	446.2	49.2
	Total	19.7	4056.2	425.3
2005	EU	28.6	5489.8	577.6
	Non EU	1.6	72.6	8.9
	Total	30.2	5562.4	586.4
2006	EU	82.4	5831.9	665.6
	Non EU	1.1	314.8	32.6
	Total	83.5	6146.7	698.2
2007	EU	91.9	7148.0	806.7
	Non EU	1.0	371.9	38.2
	Total	92.9	7519.9	844.9
Annualised Change % (APE)	EU			37.0%
2003–2007	Non EU			-1.0%
	Total			33.2%

IIF's life assurance members wrote foreign annual premium business of €93m in 2007.

The bulk of foreign life business is single premium investment business. Last year, new single premium business increased by 22.3% to €7,520m from €6,147m in 2006.

New Annual Premium Equivalent (APE) sales increased from €698m in 2006 to €845m in 2007 – an increase of 21%. This is a result of the significant growth in both single premium and annual premium business.

Over the five years from 2003 to 2007, IIF life members offices' APE in EU countries has grown very strongly by on average 37% per annum over 5 years, whereas non-EU business fell by 1% per annum, which is a significant increase on the 16.4% fall reported last year.

During the period 2003-2007, total new foreign business written by IIF life members increased by 33.2% per annum on an APE basis.

Appendix II

IIF Life Members' Gross Premium Income 2007

Companies	Life Business			Pensions Business		Total €'000
	Annual Premiums €'000	Single Premiums €'000	Industrial Branch €'000	Annual Premiums €'000	Single Premiums €'000	
Acorn Life	52323	24858	0	26310	11304	114795
Anglo Irish	0	241519	0	6339	69404	317262
Bol Life *	625143	2054569	2093	347152	583786	3612743
Caledonian Life	45995	112692	0	3975	2053	164715
Canada Life	156487	122980	0	120526	382541	782534
Combined Life	320	-732	0	87	0	-325
Eagle Star Life	169357	353588	0	238886	616586	1378417
Friends First Life	106983	341484	0	149470	349768	947705
Genworth Financial	0	1655	0	0	0	1655
Hibernian Life Holdings Ltd.**	366107	909435	0	441874	784837	2502253
Irish Life	544331	1380449	0	819566	944971	3689317
Royal Liver Assurance	69156	112586	37882	8916	2462	231002
Scottish Provident	22466	18675	0	16935	2728	60804
Standard Life	39509	147773	0	133420	377864	698566
Quinn Life-Direct	6145	64757	0	4949	17086	92937
Total	2204322	5886288	39975	2318405	4145390	14594380

* Bank of Ireland Life (including New Ireland Assurance)

** including Ark Life