FACTFILE 2012

About Us

As the leading voice of insurance actively promoting the highest standards, Insurance Ireland represents 95% of the domestic market and 70% of Ireland's international life insurance market. This business generates €25bn in premium income (domestic and overseas), employs 15,000 people, with thousands more in ancillary services and contributes over €1.1 billion in tax to the Irish exchequer.

Insurance makes a major contribution to Ireland's economic growth and development and is a cornerstone of modern life. One of the most important aspects of insurance is to pay claims to customers at times when they need it most. Each year the insurance industry pays out more than €9bn in benefits and claims to Irish customers.

As the voice of insurance companies in Ireland, Insurance Ireland's key functions include:

- Representing its members' interests to Government, state agencies, regulatory bodies, public representatives, other national interest groups, the media and the general public;

- Representing the position of members at a European level, particularly via Insurance Europe, the European association for national insurance company representative bodies;

- Keeping members abreast of relevant policy and regulatory developments and providing a forum for member debate on such issues;

- Providing information to Government, the wider policy-making community and the public about insurance.

Insurance Ireland - The Leading Voice of Insurance

About Factfile

Factfile 2012 is part of a series published by Insurance Ireland annually, providing the key facts and figures on the insurance industry in Ireland. This is the twentieth 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 2012 and for the five-year period 2008-2012. This publication also contains key life and non-life data from 2010 and 2011 as no publication was produced during these years.

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

AXA Ireland are included in the 2008-2011 Insurance Ireland non-life market figures, not included in 2012, and will be included in the 2013 figures.

Contents

Executive Summary

THE IRISH INSURANCE MARKET – A COMPARATIVE OVERVIEW

- Gross insurance premium income for life and non-life insurance combined was €10,584m in 2012, compared to €11,379m in 2011 - a fall of 7%.
- Premium income as a percentage of GDP was 6.5%. Premiums per capita decreased by 7% from €2,529 in 2011 to €2,352 in 2012.
- The capital values of assets in many investment areas increased in 2012: assets comprising life policyholders' funds and non-life technical reserves increased by 6.7%, to €85bn at the end of the year.
- The insurance sector is a major employer in the Irish economy. Insurance Ireland member companies employed more than 15,000 people in Ireland as at the end of December 2012.

LIFE ASSURANCE AND PENSIONS MARKET

- Insurance Ireland's life assurance members' aggregate domestic premium income was €8,150m for 2012, which is a reduction of 4% on the previous year (€8,486m).
- New annual premium (AP) business was €434m, down 3% from €448m in 2011.
- A decrease of 5% was recorded for new single premium (SP) business in 2012 (€4,978m).
- New business annual premium equivalent (AP sales + 10% of SP sales) fell 4% to €931m compared with €972m in 2011.
- €8,996m in benefits and claims was paid by domestic life assurance companies during 2012, an increase of 3% on 2011.
- The total value of life assurance protection in force at the end of 2012 was estimated at €395bn, compared to €409bn at the end of 2011, which is a decrease of 3%.
- The aggregate value of policyholders' funds managed by Insurance Ireland life members increased by 10% to €79,208m. The value of equity investments increased 12.6% from €33,452m in 2011 to €37,665m in 2012. Equities represented 47.6% of total policyholders' funds at 31/12/12, compared to 46.6% at the end of 2011. The value of life assurance funds invested in gilts increased by 15% to €25,897m in 2012, and now represents 32.7% of life assurance investments.

- Cash holdings increased slightly from 11.1% of the total value of policyholders' funds in 2011 to 11.2% (€8,897m) in 2012. Property assets fell 19% to €2,999m in 2012, from €3,708m in 2011, and now represent 3.8% of total investments.

- Insurance Ireland's life assurance members wrote foreign annual premium business of €101.7m in 2012, an increase of 51% on 2011 (€67.2m). New single premium business was €6,657m in 2012, an increase of 24% on 2011.

NON–LIFE INSURANCE MARKET

- Insurance Ireland's 21 domestic non-life members write in excess of 95% of Irish non-life insurance business in the established market. Combined, Insurance Ireland members wrote gross premiums of €2,434m in 2012.

- Motor insurance remains the largest class of non-life insurance at €943m
  (39% of all non-life business).
  Property is the second largest class of non-life business (34%).

- Net written premiums (i.e. total premiums after reinsurance costs have been deducted)
  were €1,980m.
  Net earned premiums were €2,014 in 2012.

- The number of new claims notified to Insurance Ireland members in 2012 was 341,334. 54% of new claims were motor claims while 31% were made on property insurance policies (household and commercial property).

- Net incurred claims costs amounted to €1,401m leading to a net underwriting loss in 2012 of -€118m. After investment income is added, the market made an operating profit of €141m.

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 (2008-20012) 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

2012 Premium Income - Life and Non-Life

	Life	Non–Life	Total
Gross Premium Income (€m)	8150.2	2433.8	10584.0
Premium Income: GDP (%)	5.00	1.49	6.50
Premiums per capita (€)	1811	541	2352
Investments* (€m)	79208	5696	84904

* Policyholders' funds (life assurance) and Technical Reserves (non–life) at 31st December 2012.

Gross insurance premium income for life and non-life insurance combined was €10,584m in 2012, compared to €11,379m in 2011 - a fall of 6.9%. Premium income as a percentage of GDP was 6.5%. Premiums per capita decreased by 7% from €2,529 in 2011 to €2,352 in 2012.

The capital values of assets in many investment areas increased in 2012: assets comprising life policyholders' funds and non-life technical reserves increased by 6.7%, to €85bn at the end of the year.

Insurance Ireland Members' Gross Premium Income 2008-2012 (€m)

Year	Life €m	Non–Life €m	Total €m
2008	10097.0	3333.5	13430.5
2009	9346.4	3123.2	12469.6
2010	9687.6	3035.2	12722.8
2011	8485.6	2893.7	11379.3
2012	8150.2	2433.8	10584.0

Life gross premium income decreased from €10,097m in 2008 to €9,346m in 2009 but increased to €9,688m in 2010, before falling from €8,486m in 2011 to €8,150m in 2012. Non-life gross written premium declined each year from €3,334m in 2008 to €2,434m in 2012.

Gross Insurance Premium Income and Gross Domestic Product 2008-2012 (€m)

Year	Gross Insurance Premium Income €m	GDP €m	Premium Income: GDP %
2008	13430.5	171829	7.8%
2009	12469.6	160858	7.8%
2010	12722.8	159148	8.0%
2011	11379.3	162600	7.0%
2012	10584.0	162855	6.5%

Market combined life and non-life premium income declined each year from €13,431m in 2008 to €10,584m in 2012. Premium income as a percentage of GDP fluctuated over the 5 years from 2008 to 2012, falling to 6.5% in 2012.

Life and Non-Life Premiums as a Percentage of GDP for Ireland 2008-2012

Year	Life Premium as % of GDP	Non–Life Premium as % of GDP	Total %
2008	5.9	1.9	7.8
2009	5.8	1.9	7.8
2010	6.1	1.9	8.0
2011	5.2	1.8	7.0
2012	5.0	1.5	6.5

Life premiums as a percentage of GDP fell from 5.9% in 2008 to 5.8% in 2009, but rose to 6.1% in 2010, before falling to 5.2% and 5% in 2011 and 2012 respectively. Non-life premiums as a percentage of GDP remained static at 1.9% from 2008-2010 before falling to 1.8% in 2011 and 1.5% in 2012.

Year End Value of Investments

	2008 €bn	2009 €bn	2010 €bn	2011 €bn	2012 €bn	% Change p.a.
Life	63.818	70.015	73.430	71.838	79.208	5.5
Non–life	9.216	8.742	8.142	7.761	5.696	–11.3
Total	73.034	78.757	81.572	79.599	84.904	3.8

The value of life policyholders' funds increased from €63.8bn in 2008 to €79.2bn in 2012, an average growth rate of 5.5% over the period 2008-2012. Non-life technical reserves fell to €5.7bn in 2012.

The total value of life and non-life assets was €84.9bn in 2012.

Life Assurance Benefits and Claims Paid 2008-20012

Year	Amount €m
2008	8688
2009	8576
2010	8222
2011	8736
2012	8996

€8,996m was paid out by life assurance companies in benefits and claims in 2012. 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 2008-2012

Year	Gross Earned Premium €m	Gross Incurred Claims €m
2008	3472	2342
2009	3208	2750
2010	3107	2516
2011	2996	1791
2012	2485	1585

The downward trend in gross earned premium for non-life insurance continued during this five year period and stood at €2,485m in 2012.

Gross incurred claims followed a similar downward trend from 2009 onwards and claims costs continued to fall to €1,585m in 2012.

Employment in Insurance Companies in Ireland as at 31st December 2012

Life	5426
Non–Life	7426
Total	**12852**

The insurance sector is a major employer in the Irish economy. Insurance Ireland life and non-life member companies employed over 12,852 people in Ireland as at the end of December 2012. In addition significant numbers are employed in the wider insurance industry e.g. in broking, loss adjusting and assessing, and in outsourced service providers.

Irish Insurance Market in an International Context

The Irish Insurance Market in the World 2012

	Global Share %						
	Population	**GDP**	**Life Gross Premiums**	**Non–Life Gross Premiums**	**Total Gross Premiums**	**Total Gross Premiums as % of GDP**	**Total Gross Premiums Per Capita USD**
Ireland	0.06	0.30	1.63	0.41	1.10	8.49	4011.3
EU	7.24	23.47	31.33	29.18	30.40	7.70	2533.4
OECD	17.77	63.90	82.38	83.38	82.81	8.06	2957.0
Europe	11.59	29.41	33.44	33.07	33.28	6.73	1724.4
America*	13.46	32.39	26.38	43.72	33.87	6.80	1649.2
Asia	59.25	32.98	36.54	19.51	29.19	5.73	321.7
Oceania	0.52	2.44	1.73	2.59	2.10	5.60	2660.2
Africa	15.18	2.78	1.90	1.10	1.56	3.65	67.3
World	100	100	100	100	100	6.50	661.0

Figures are rounded USD

Sources: Swiss Re Sigma No 3/2013; CSO; CIA's – The World Factbook and Insurance Ireland

*Includes Latin America and Carribean

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

Insurance Density: Premiums Per Capita 2012 in Selected Advanced Industrialised Countries

Countries	Premium Per Capita 2012 (USD)
Switzerland	7522
Netherlands	5985
Denmark	5304
Japan	5168
Luxembourg	5079
Finland	4771
Hongkong	4544
Norway	4488
United Kingdom	4350
United States	4047
Ireland	4011
Australia	3922
Sweden	3896
Taiwan	3760
Belgium	3575
France	3544
Canada	3534
Singapore	3362
Germany	2805
South Korea	2785
Austria	2478
New Zealand	2350
Italy	2222
Spain	1557

Source: Swiss Re Sigma No 3/2012

The premium spent per capita for 2012 in Ireland is compared to some other advanced industrialised countries in the above table. The figure for Ireland of US$4,011 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.

Glossary of Life Assurance Terms

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

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

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

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

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

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

Pensions/Annuities
For many people, the income they receive from the State on retirement will not be sufficient to support them. For this reason, 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, purchases retirement benefits for the policyholder at retirement).

2012 Key Life Assurance 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	130.1	1329.3	263.0	1300.2	2629.5
Pension Scheme Business	212.9	2373.9	450.3	1321.9	3695.8
Self–employed Pensions (Incl. PRSAs)	70.4	1277.3	198.1	367.1	1644.4
Permanent Health Insurance	20.1	-2.6	19.8	172.1	169.5
Industrial Branch Business	0.0	0.0	0.0	11.0	11.0
Total	**433.5**	**4977.9**	**931.3**	**3172.3**	**8150.2**

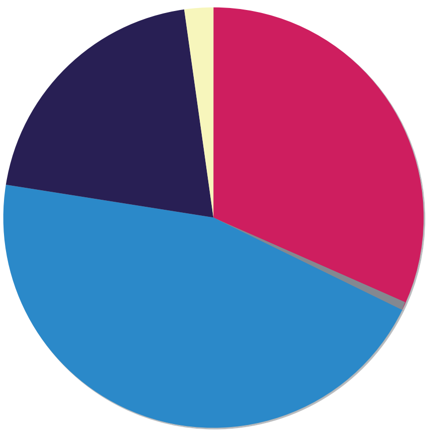
Insurance Ireland's life assurance members' aggregate domestic premium income was €8,150m for 2012, which is a reduction of 4% on the previous year (€8,486m).

New annual premium (AP) business was €434m, down 3% from €448m in 2011.

A decrease of 5% was recorded for new single premium (SP) business in 2012 (€4,978m).

New business Annual Premium Equivalent (AP sales + 10% of SP sales) fell 4% to €931m compared with €972m in 2011.

Life Assurance Gross Premium Income 2012 (by type of Policy)



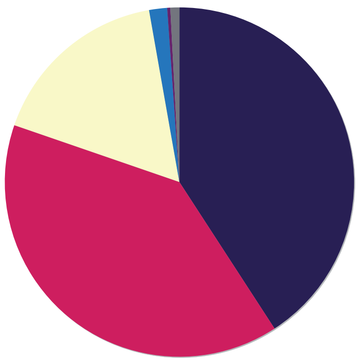
- **Individual Assurances and Annuities €2,629.5m (32.3%)**
- **Pension Scheme Business €3,695.8m (45.3%)**
- **Self–Employed Pensions & Associated Business (Incl. PRSAs) €1,644.4m (20.2%)**
- **Permanent Health Insurance (PHI) €169.5m (2.1%)**
- **Industrial Branch (IB) Business €11.0m (0.1%)**

Pension scheme business (45.3%) and individual assurances and annuities (32.3%) continue to be the two main segments of life assurance gross premium income.

The self-employed pensions & associated business (including PRSAs) segment decreased from 20.4% in 2011 to 20.2% in 2012.

Premium income from permanent health insurance (PHI) as a percentage of life assurance gross premium income increased slightly from 1.9% to 2.1%. Industrial branch business in 2012 remained the same 0.1%.

Life Assurance Benefits and Claims Paid 2012 (by type of policy)



- **Individual Assurances & Annuities €3,671.2m (40.8%)**
- **Pension Scheme Business €3,539.1m (39.3%)**
- **Self–Employed Pensions & Associated Business €1,548.1m (17.2%)**
- **Permanent Health Insurance (PHI) €134.7m (1.5%)**
- **Industrial Branch (IB) Business €26.3m (0.3%)**
- **Critical Illness €77m (0.9%)**

€8,996m in benefits and claims was paid by domestic life assurance companies during 2012, an increase of 3% on 2011. These payments and benefits cover a wide range of products, which take a number of forms: for example, one-off lump sum payments to policyholders in the event of serious illness; or in the case of pensions, the payment of regular incomes to policyholders/beneficiaries.

The majority of claims were paid under individual assurance/annuity contracts (40.8%, down from 44.2% in 2011) and pension schemes (39.3%, up from 35.9% in 2011) followed by self-employed pensions and associated business (17.2%, the same as in 2011). Claims under individual assurance/annuity contracts decreased 5% to €3,671m in 2012. Claims under self-employed pensions and associated business increased 3% from €1,505m in 2011 to €1,548m in 2012, and pension scheme business increased by 13% from €3,135m to €3,539m. There was also a 17% rise in critical illness payouts (to €77m).

The total value of life assurance protection in force at the end of 2012 was estimated at €395bn, compared to €409bn at the end of 2011, which is a decrease of 3.4%.

Benefits and Claims By Type (€m)

Surrenders and Maturities	7650.5
Death / Critical Illness Claims	824.0
Annuities	521.9
Total	**8996.4**

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

- The largest category is benefits paid on policy surrenders and maturities, with €7,651m paid in 2012, (an increase of 4.5% on 2011). This category represents 85% of total payments made last year.
- Death and critical illness claims under protection contracts amounted to €824m, up 1.3% on 2011; and
- Annuity payments totalled €522m in 2012, down 13% on 2011.

Sources of Life Assurance Business 2012

		Brokers %			Agents %			Tied Agents %			Employee & Company Representatives %			Direct %		
		‘10	‘11	‘12	‘10	‘11	‘12	‘10	‘11	‘12	‘10	‘11	‘12	‘10	‘11	‘12
Annual Premium	Life	13	16	13	4	2	1	8	7	11	6	6	5	1	1	1
	Pensions	49	51	50	1	1	1	7	6	7	9	8	9	4	3	3
	Total	**62**	**67**	**63**	**5**	**3**	**2**	**15**	**13**	**18**	**15**	**14**	**14**	**5**	**4**	**4**
Single Premium	Life	7	6	4	1	1	0	4	5	4	6	5	1	22	23	31
	Pensions	40	39	35	1	1	1	3	3	3	3	3	2	12	15	19
	Total	**47**	**45**	**39**	**2**	**2**	**1**	**7**	**8**	**7**	**9**	**8**	**3**	**34**	**38**	**50**

The chart provides a breakdown of the proportion of new business written through the various sales channels. Brokers’ new business market share decreased by 4 percentage points (having increased by 5 percentage points in 2011 to 67 percentage points) for annual premium (AP) business, and by 6 percentage points for single premium (SP) business, to 39 percentage points in 2012.

Brokers’ AP pensions business remained relatively unchanged between 2010 and 2012. SP pensions business decreased by 5 percentage points for the same period. AP for life business reverted to 2010 levels in 2012 (13%) and SP life business decreased to from 7% to 4% over the same period.

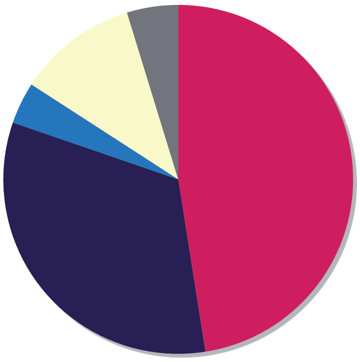
Life office employees and company representatives (direct sales forces) saw their share of AP remain relatively unchanged over the period with their share of SP business dropping from 9% in 2010 to 3% in 2012.

Direct sales other than through employed salespeople (e.g. telephone, internet and direct response sales) remained broadly static for AP whilst SP direct sales increased from 34% to 50%.

Independent agents’ AP business decreased from 5% in 2010 to 2% in 2012, while their SP business decreased from 2% to 1%.

The percentage of AP business written through tied agents increased from 15% to 18%, while SP business written via tied agents was the same in 2012 and 2010 (7%).

Life Assurance Investments 2012 (Policyholders' Funds)



- **Equities €37,665m (47.6%)**
- **Gilts €25,897m (32.7%)**
- **Property €2,999m (3.8%)**
- **Cash €8,897m (11.2%)**
- **Other €3,750m (4.7%)**

The aggregate value of policyholders' funds managed by Insurance Ireland life members increased by 10.3% to €79,208m. The value of equity investments increased 12.6% from €33,452m in 2011 to €37,665m in 2012. Equities represented 47.6% of total policyholders' funds at 31/12/12, compared to 46.6% at the end of 2011.

The value of life assurance funds invested in gilts increased by 15.2% to €25,897m in 2012, and now represents 32.7% of life assurance investments.

Cash holdings increased slightly from 11.1% of the total value of policyholders' funds in 2011 to 11.2% (€8,897m) in 2012.

Property assets fell 19.1% to €2,999m in 2012, from €3,708m in 2011, and now represent 3.8% of total investments.

Investments (Policyholders' funds) By Type & Location 2012

	Irish €m	Foreign €m	Total €m
Equities[1]	17158	20507	37665
Gilts[2]	15147	10750	25897
Property[3]	1759	1240	2999
Cash	6371	2526	8897
Other	3875	–125	3750
Total	**44310**	**34898**	**79208**

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. 56% of investments were in Ireland in 2012 compared to 39% the previous year. The value of domestic investments at the end of 2012 was €44,310m (up 57% on 2011). Foreign investments decreased by 20% in 2012 to €34,898m.

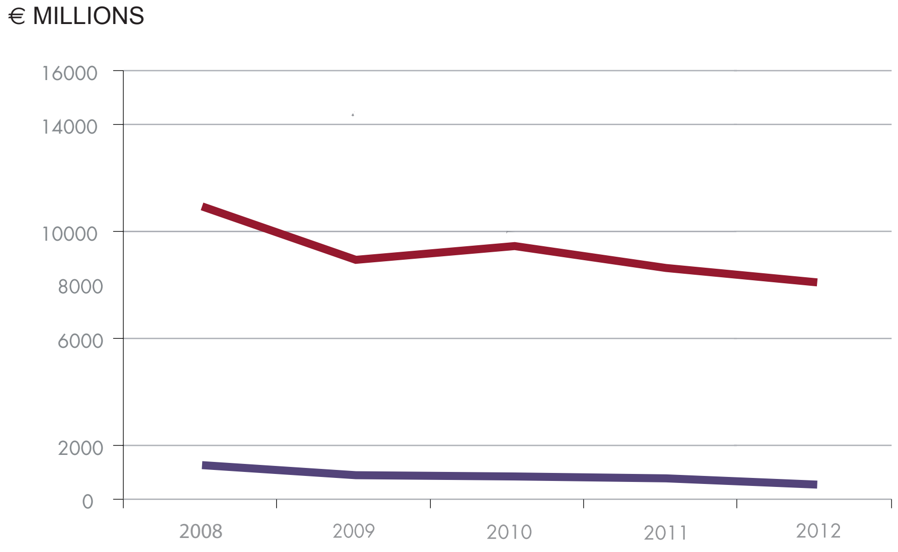
39% of Irish investments are in equities (down from 41% in 2011). Cash decreased from 20% in 2011 to 14% in 2012, with 34% in gilts (up from 20% at the end of 2011). Property holdings dropped from 7% to 4%.

59% of the foreign holdings are equities (50% in 2011). The second largest foreign asset class is gilts at 31% (down from 39% in 2011). The proportion of foreign holdings invested in property decreased slightly from 3.7% to 3.6% in 2012. The percentage invested in cash increased from 5.4% in 2011 to 7.2% in 2012.

Market Trends 2008 – 2012

	2008 €m	2009 €m	2010 €m	2011 €m	2012 €m	Annual Change 2008– 2012 %
Premium Income (Annual Premium Business)	4482	3923	3541	3246	3172	–8.3
Premium Income (All Business)	10097	9346	9688	8486	8150	–5.2
New Business						
· Annual Premiums	1012	611	529	448	434	–19.1
· Single Premiums	5615	5424	6147	5239	4978	–3.0
· Annual Premium Equivalent (APE)	1573	1154	1143	972	931	–12.3
Benefits & Claims	8688	8576	8222	8736	8996	0.9

Life Assurance Premium Income 2008 – 2012



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

There was a downward trend in aggregate premium income over the five year period 2008-2012 resulting in negative growth of -5.2% p.a. for this period.

New annual premium business decreased from €1,012m in 2008 to €434m in 2012, a decrease of 19.1% p.a. over the 5-year period.

On an annualised basis, new SP business contracted at -3% p.a. between 2008 and 2012.

New business on an Annual Premium Equivalent (APE) basis has fallen from €1,573m in 2008 to €931m in 2012, equivalent to a reduction of 12.3% p.a. over 5 years.

Benefits and claims paid reduced in 2009 and 2010 before increasing in 2011 and 2012 (to €8,996m). Over the 5 year period claims payments grew slightly by 0.9% p.a.

Investments (by Type) % of Total Value

Asset Category	2008	2009	2010	2011	2012
Equities[1]	43.4	50.3	52.0	46.6	47.6
Gilts[2]	29.8	26.8	26.2	31.3	32.7
Property[3]	8.7	5.7	5.4	5.1	3.8
Cash	11.4	11.0	10.6	11.1	11.2
Other	6.7	6.2	5.8	5.9	4.7
Total	**100**	**100**	**100**	**100**	**100**

1 Inc. preference, guaranteed and ordinary stocks and unit trusts
2 Inc. Government, local & public authority securities
3 Inc. own use buildings, office, residential, commercial and individual investment properties and debenture stocks

Investment in equities as a proportion of total policyholders' funds increased between 2008 and 2010, fell from 52% in 2010 to 46.6% in 2011 and then increased slightly to 47.6% in 2012. Gilts dropped from 29.8% of total investments in 2008 to 26.2% in 2010 but had increased to 32.7% by 2012. Property assets, which stood at 8.7% in 2008 declined over the period to 3.8% in 2012. Cash holdings remained broadly static over the period (11.4% in 2008 and 11.2% in 2012 with not a lot of variation in between).

Investments (by Location) 2008 – 2012

% of total value	2008	2009	2010	2011	2012
In Ireland	32.4	36.3	33.2	39.2	55.9
Outside Ireland	67.6	63.7	66.8	60.8	44.1

Policyholders' funds invested in Ireland increased from 32% in 2008 to 56% in 2012. Approximately 44% of assets by value are foreign.

Insurance Ireland Life Assurance Members' Foreign New Business 2008 – 2012 €m

		Annual Premium	Single Premium	A.P.E.
2008	EU	61.0	5213.7	582.4
	Non EU	0.4	97.5	10.2
	Total	61.4	5311.2	592.5
2009	EU	81.3	4608.2	542.1
	Non EU	0.4	181.8	18.6
	Total	81.7	4790.0	560.7
2010	EU	72.2	5928.5	665.1
	Non EU	1.3	189.8	20.3
	Total	73.5	6118.3	685.3
2011	EU	66.1	5203.6	586.5
	Non EU	1.1	167.5	17.9
	Total	67.2	5371.1	604.3
2012	EU	101.5	6523.8	753.9
	Non EU	0.2	133.2	13.5
	Total	101.7	6657.0	767.4
Annualised Change % (APE)	**EU**			**6.7%**
2008–2012	**Non EU**			**7.3%**
	Total			**6.7%**

Insurance Ireland's life assurance members wrote foreign annual premium business of €101.7m in 2012, an increase of 51% on 2011 (€67.2m).

The bulk of foreign life business is single premium investment business. New single premium business increased to €6,657m in 2012, an increase of 24% on 2011.

New Annual Premium Equivalent (APE) sales increased by 6.7% p.a. over the period 2008 to 2012. EU business continued to comprise the vast majority of business sold - 98% of total APE in 2012. EU and non-EU APE figures have seen similar annual increases over the period.

Insurance Ireland Life Members' Gross Premium Income 2012

	Life Business			Pensions Business		
Companies	**Annual Premiums €'000**	**Single Premiums €'000**	**Industrial Branch €'000**	**Annual Premiums €'000**	**Single Premiums €'000**	**Total €'000**
Acorn Life	43776	8244	0	12204	9853	74077
Aviva Life & Pensions #	218852	121778	0	192488	500695	1033813
Caledonian Life	41114	4156	0	1707	0	46977
Canada Life	75427	28277	0	54782	288160	446646
Friends First Life	124751	29905	0	59609	215950	430215
Genworth Financial	0	393	0	0	0	393
Irish Life	509948	343456	0	596946	806360	2256710
London General Life ~	0	-995	0	0	0	-995
New Ireland	241942	513924	373	473998	509956	1740193
Phoenix Ireland ^	5548	23553	0	6213	44	35358
Royal London	20684	1060	10594	0	0	32338
Standard Life	14268	115438	0	53126	647305	830137
Zurich Life	175945	137509	0	237974	672841	1224269
Total	**1472255**	**1326698**	**10967**	**1689047**	**3651164**	**8150131**

including Ark Life
~ Negative figures represent refunds on Single Premium Business in a run–off situation
^ formerly Scottish Provident

Non–Life Insurance Market 2008 – 2012

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 2012, 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 2012 would be €15m (€10m + €(55m–50m)).

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

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

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

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

Written and Earned Premium
Written premium is the actual premium paid by a policyholder for an insurance policy. Earned premium is the premium allocated to the actual exposure to risk arising during a particular period. For example, if an insurance company issues a 12–month policy for a premium of €500 on 1st January 2012, the written premium for 2012 will be €500, and so will the earned premium. But if the same policy is issued on 1st July 2012, 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 2013 earned premium. This is because half of the premium is in respect of the exposure to loss during the first half of 2013.

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

Technical Reserves
The amounts insurers hold against future payment of claims. There is supervisory control by the Financial Regulator 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.

2012 Key Non–Life Statistics

CLASS	Premiums – Written – Gross Written € m	Premiums – Written – Net Written Premiums € m	Premiums – Earned – Net € m	Claims – Net Incurred € m	Claims – No of New Claims Notified	Net Under–writing Result € m	Estimated Investment Income € m	Estimated Net Operating Result € m
Private Motor	691.7	619.6	634.4	476.1	141023	-56.6	73.9	17.3
Comm. Motor	251.7	228.8	238.6	166.8	43216	-6.8	28.9	22.1
All Motor	943.4	848.4	873.0	642.9	184239	-63.4	102.8	39.4
Household	482.9	405.0	415.5	193.6	67462	59.0	20.2	79.2
Comm. Property	352.5	231.2	226.4	115.1	37074	8.0	18.8	26.8
All Property	835.4	636.2	641.9	308.7	104536	67.0	39.0	106.0
Employer's Liability	162.1	131.4	130.5	98.8	6467	-13.1	33.7	20.6
Public Liability	248.1	201.3	204.0	268.4	12028	-128.4	73.9	-54.5
All Liability	410.2	332.7	334.5	367.2	18495	-141.5	107.6	-33.9
PA/Travel	78.0	56.7	63.5	31.6	21550	12.1	2.1	14.2
Other Business	166.8	106.4	101.1	50.5	12514	7.4	7.8	15.1
TOTAL	**2433.8**	**1980.4**	**2014.0**	**1400.9**	**341334**	**-118.4**	**259.3**	**140.8**

Overview of Non–Life Results for 2012

Insurance Ireland's 21 domestic non–life members write in excess of 95% of Irish non–life insurance business in the established market. Combined, Insurance Ireland members wrote gross premiums of €2,434m in 2012.

Motor insurance remains the largest class of non–life insurance at €943m (39% of all non–life business). Property is the second largest class of non–life business (34%).

Net written premiums (i.e., total premiums after reinsurance costs have been deducted) were €1,980m. Net earned premiums were €2,014m in 2012.

The number of new claims notified to Insurance Ireland members was 341,334. 54% of new claims were motor claims while 31% were made on property insurance policies (household and commercial property).

Net incurred claims costs amounted to €1401m leading to a net underwriting loss in 2012 of –€118m. After investment income is added, the market made an operating profit of €141m.

Motor Insurance

Gross written premium for motor insurance was €943m in 2012. 73% of motor insurance gross written premium is accounted for by private motor business with the remaining 27% derived from commercial motor business. Net earned motor premiums amounted to €873m in 2012.

The number of new motor claims notified during 2012 was 184,239.

The motor net underwriting loss was €63m in 2012.

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 (58% of premium income) and commercial property (42%). Insurance Ireland members wrote gross property insurance premiums of €835m in 2012. The property insurance market recorded a net underwriting profit of €67m in 2012.

Liability Insurance

Insurance Ireland members wrote gross liability premiums of €410m in 2012. Net earned premium was €335m.

Net incurred claims amounted to €367m in 2012. Liability insurers made a net underwriting loss of €142m in 2012.

Other Non–Life Lines

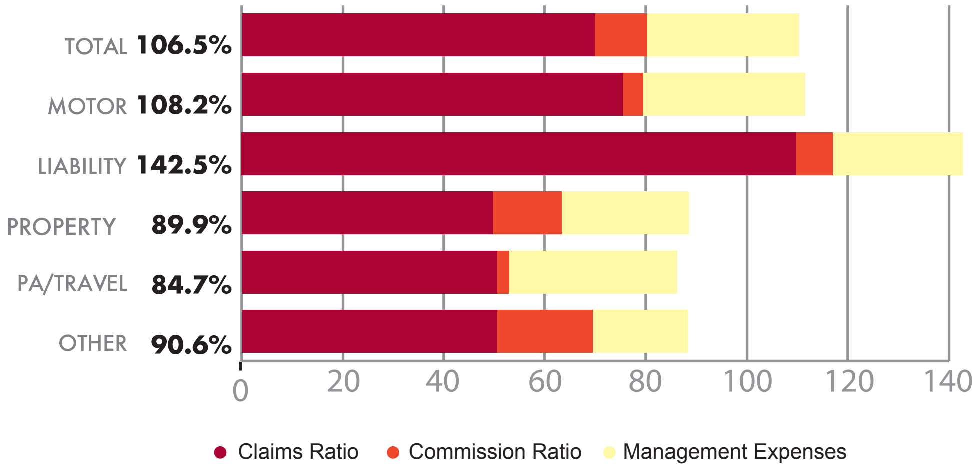
Insurance Ireland members wrote €78m of personal accident and travel insurance in 2012. This class of business generated a net underwriting profit of €12m in 2012.

Other classes of non–life business, including marine, aviation and transit (MAT), credit and suretyship, other financial loss covers and legal expenses insurance accounted for €167m in gross written premium in 2012. These classes of business produced a net underwriting profit of €7m in 2012.

Investing Non–Life Premium Income

Non–life insurers' technical reserves are mainly invested in cash and gilts, with only approximately 13% invested in equities. This is because of the need for security balanced by liquidity in order to meet claims and other short–term liabilities. This investment approach is in contrast to the investment portfolios of life and pensions companies, which are principally invested in assets that historically give a better long–term return, in particular equities.

Non-Life Insurance Operating Ratios 2012



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 2012 the Insurance Ireland non–life market produced a net claims ratio of 70%. In other words, claims cost 70 cent out of every €1 earned in premium. The claims ratio varied between sectors: in motor insurance it was 74% while in liability and property the claims ratio was 110% and 48% respectively.

- The *management expenses* and *commission ratios* are calculated by comparing the internal management expenses of insurance companies and commissions paid to intermediaries with premiums. In 2012 the net commission ratio was 11% and the net management expenses ratio was 26%.

- The *net combined* or *operating ratio* combines the claims, commissions and management expenses ratios. The operating ratio for the non–life market was 107% in 2012. In other words, this meant that the non–life market made a loss of 7 cent on underwriting insurance for every €1 of premium in 2012.

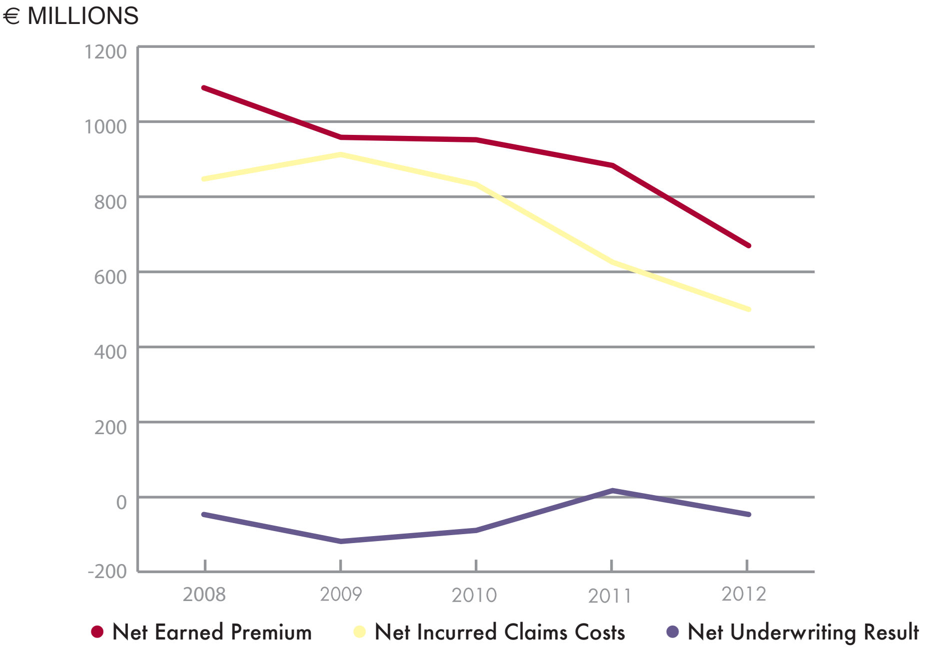
Non-Life Insurance Market Results 2008-2012

	Gross Written Premium €m	Net Underwriting Result €m	Investment Income €m	Operating Result €m	Profit:Premium %
2008	3863	122	95	217	5.62%
2009	3752	–124	317	193	5.14%
2010	3702	–103	169	66	1.78%
2011	3554	213	191	404	11.37%
2012	2434	–118	259	141	5.79%
5 Years	17305	–10	1031	1021	5.90%

The data for 2008–2012 is taken from the Central Bank's *Insurance Statistical Review* (ISR) (2008 and 2009) and *Insurance Statistics* (IS) (2010 and 2011). These publications contain returns for all insurers. The data for 2012 is based on data supplied by Insurance Ireland members. As the ISR and IS publications do not provide a breakdown for every class of business, the data in the seven subsequent charts has been created from data supplied by Insurance Ireland members for all years. This explains the discrepancies between the first and the seven subsequent charts.

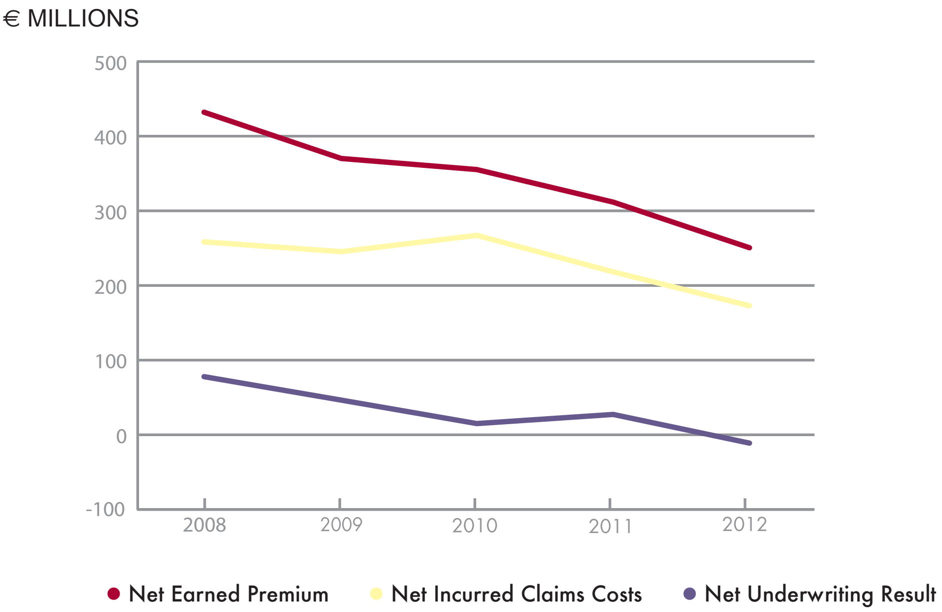
The chart illustrates the net underwriting result, investment income attributable to the underwriting account and the operating result for the non–life business market for the years 2008 to 2012. After investment income is taken into account, the 21 non–life insurers made a net combined operating profit of €141m in 2012.

Private Motor 2008 – 2012



Net earned premium (NEP) in the private motor market was €634m in 2012. Claims costs fluctuated between the years 2008–2012, rising to €911m in 2009 before falling in subsequent years.

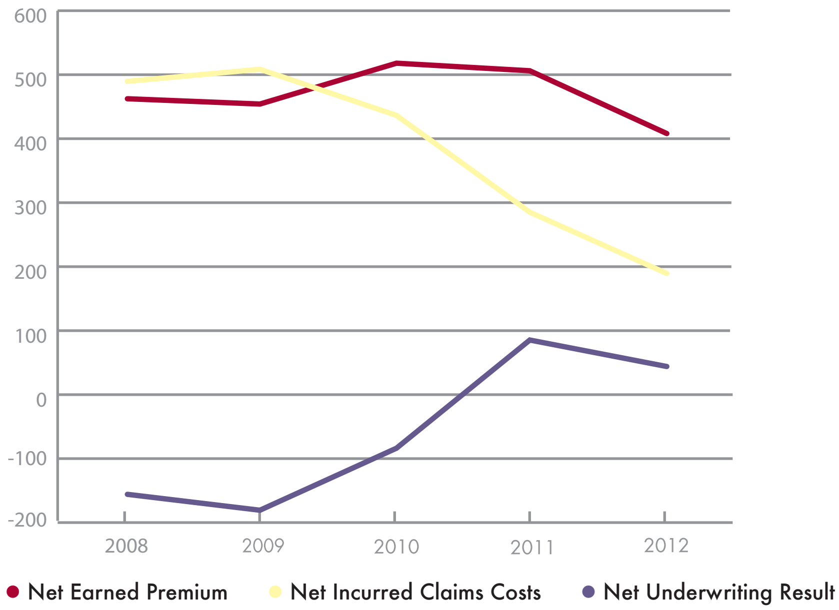
Commercial Motor 2008 – 2012



Net earned premium in the commercial motor insurance market has been declining since 2008 when NEP was €414m. Net incurred claims costs have fluctuated during this period, reaching a high of €261m in 2010.

Household 2008 – 2012

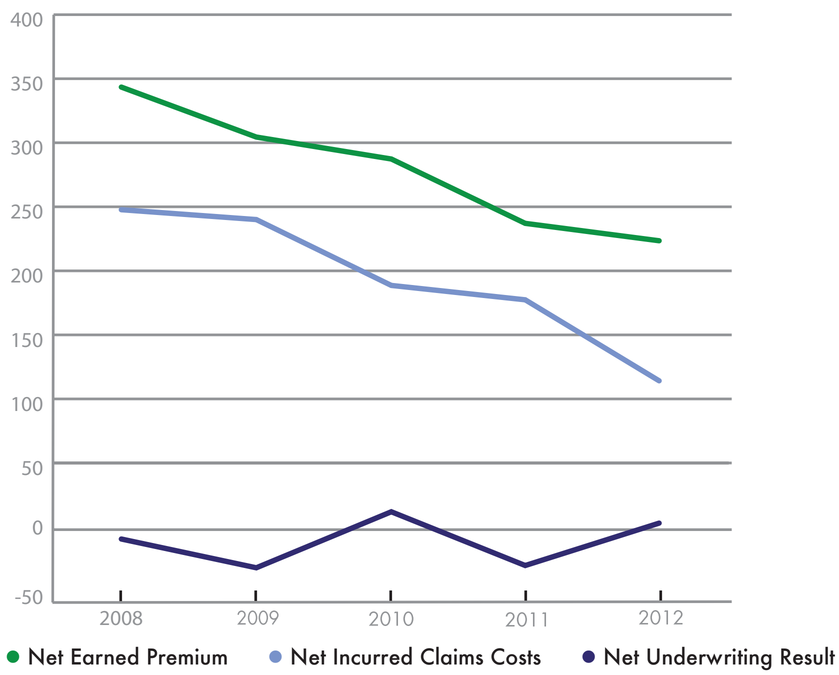
€ MILLIONS



Net earned premium for household insurance peaked at €510m in 2010 before falling back in subsequent years. Net incurred claims costs reduced in 2011 and 2012 following three years of heavy underwriting losses between 2008 and 2010.

Commercial Property 2008 – 2012

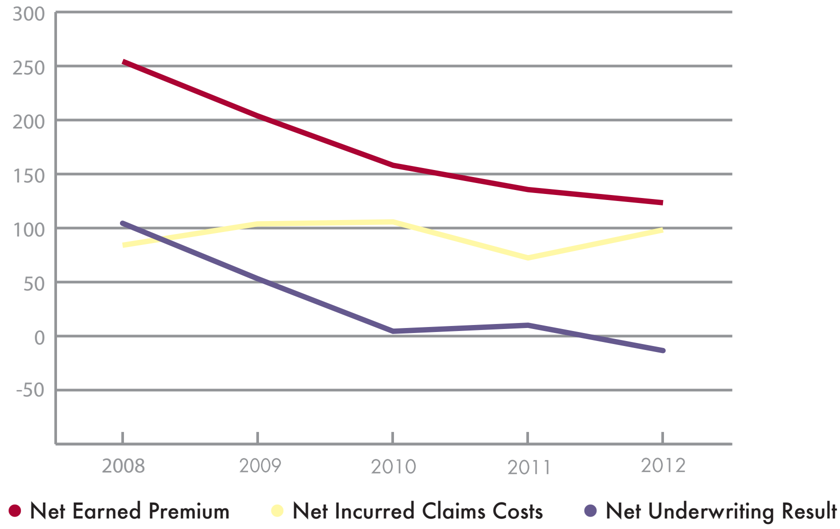
€ MILLIONS



The underwriting result for insurers of commercial property improved to a net underwriting profit of €8m in 2012 following a net underwriting loss of €27m in 2011. Net incurred claims costs fell to €115m from €181m in 2011.

Employer's Liability 2008 – 2012

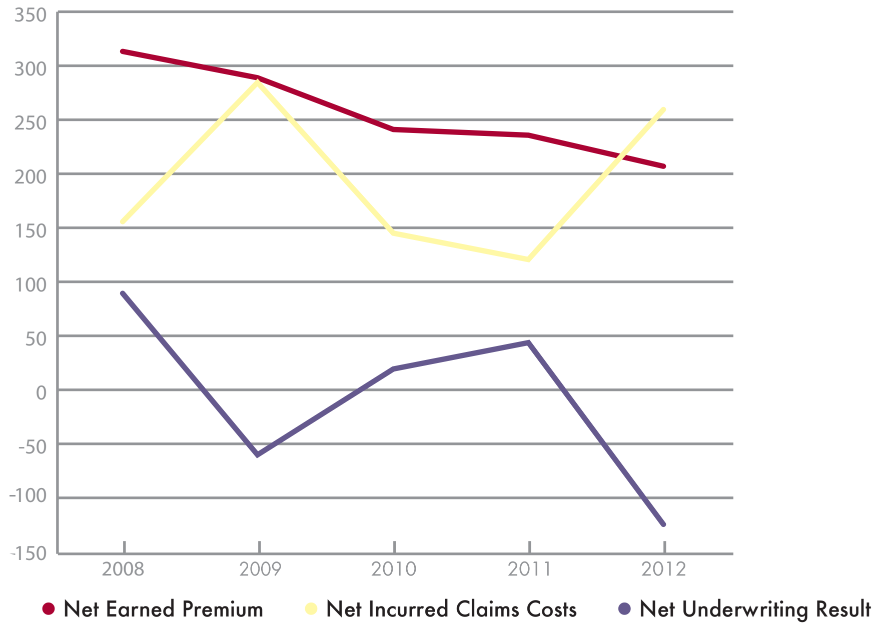
€ MILLIONS



Net earned premium decreased from €251m in 2008 to €130m in 2012. Net incurred claims costs rose in 2012 to €99m from €76m in 2011. The underwriting result deteriorated to a net underwriting loss of €13m from a net underwriting profit of €16m in 2011.

Public Liability 2008 – 2012

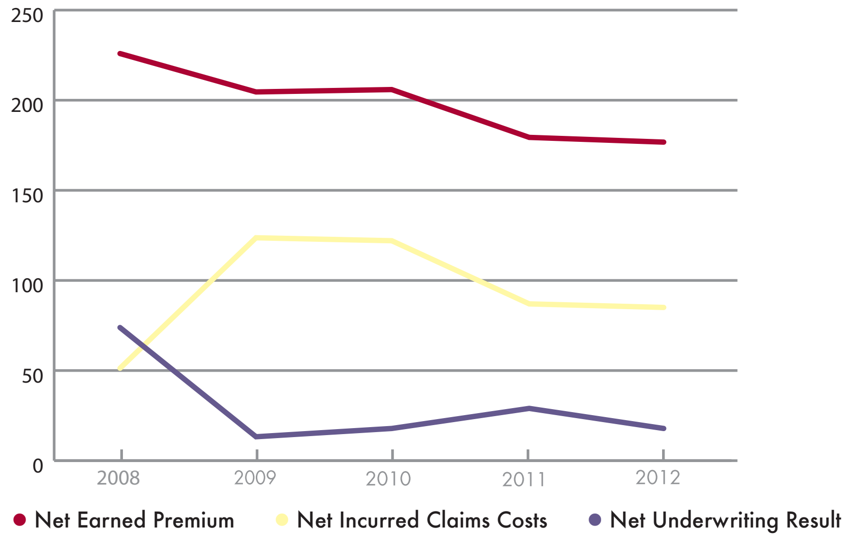
€ MILLIONS



Net earned premium fell from €319m in 2008 to €204m in 2012. In 2012 a net underwriting loss of €128m was recorded.

Other Classes 2008 – 2012

€ MILLIONS



Other classes of insurance include personal accident, travel, and financial loss insurances. Net earned premiums fluctuated during this five–year period and reached a low of €165m in 2012. The net underwriting profit reduced to €19m in 2012 from €30m in 2011.

Insurance Ireland Non-Life Members' Gross Written Premium 2012* (figures in €000)

Company	Motor	Property	Liability	PA/Travel	Other Classes	Total
ACE	548	15341	15219	28197	7453	**66758**
AIG	38358	17781	30116	11017	68105	**165377**
Allianz	80193	154550	60179	3830	17785	**316537**
Amtrust	0	7	5078	0	116	**5201**
Aviva	204625	150887	58756	5390	2444	**422102**
Cardif Pinnacle	0	0	0	206	2844	**3050**
DAS	0	0	0	0	6592	**6592**
DeCare	0	0	0	8811	0	**8811**
Euro Insurances	8003	0	0	0	0	**8003**
FBD	146835	127892	63974	5554	0	**344255**
Genworth Financial	0	0	0	0	24594	**24594**
HCC International	0	0	0	0	3505	**3505**
Irish Public Bodies	6308	24654	56101	919	2143	**90125**
Liberty Insurance	123155	31392	22861	0	0	**177408**
London General	0	-39	0	0	15809	**15770**
MAPFRE	0	0	0	6559	4600	**11159**
New Technology	0	5418	0	0	0	**5418**
RSA	195364	188800	41469	6963	2087	**434683**
Travelers	6983	10981	13695	0	0	**31659**
Zurich	125806	102747	36014	595	8598	**273760**
Zurich ROI Branch	7155	4999	6803	0	80	**19037**
Total	**943333**	**835410**	**410265**	**78041**	**166755**	**2433804**

* excludes health insurance

Appendix I

2010 Key Life Assurance 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	149.0	2765.4	425.5	1405.7	4171.1
Pension Scheme Business	247.6	2176.1	465.2	1480.3	3656.4
Self–employed Pensions (Incl. PRSAs)	111.1	1192.8	230.4	477.3	1670.1
Permanent Health Insurance	20.8	12.7	22.1	159.6	172.3
Industrial Branch Business	0.0	0.0	0.0	17.7	17.7
Total	**528.5**	**6147.0**	**1143.2**	**3540.6**	**9687.6**

Appendix I

2011 Key Life Assurance and Pensions Statistics

	New Business (€m)			Total	All
	Annual Premium (1)	Single Premium (2)	A.P.E. (1)+10% of (2)	Annual Premium €m (3)	Business €m (2) +(3)
Individual Assurances and Annuities	134.5	1838.2	318.3	1325.0	3163.2
Pension Scheme Business	218.9	2124.2	431.3	1296.8	3421.0
Self–employed Pensions (Incl. PRSAs)	79.2	1277.7	207.0	449.5	1727.2
Permanent Health Insurance	15.6	-0.7	15.5	162.4	161.7
Industrial Branch Business	0.0	0.0	0.0	12.5	12.5
Total	**448.2**	**5239.4**	**972.1**	**3246.2**	**8485.6**

Appendix II

2010 Key Non–Life Statistics

CLASS	Premiums € Written Gross Written € m	Premiums € Written Net Written Premiums € m	Premiums € Earned Net € m	Claims Net Incurred € m	Claims No of New Claims Notified	Net Under–writing Result € m	Estimated Investment Income € m	Estimated Net Operating Result € m
Private Motor	965.9	944.0	954.3	838.4	217911	–114.0	68.2	–45.8
Comm. Motor	354.9	341.0	341.4	261.3	71353	14.6	30.0	44.6
All Motor	1320.8	1285.0	1295.7	1099.7	289264	–99.4	98.2	–1.2
Household	613.4	533.0	509.8	430.2	148052	–82.8	19.9	–62.9
Comm. Property	357.8	270.8	283.0	184.4	58584	14.6	15.8	30.4
All Property	971.2	803.8	792.8	614.6	206636	–68.2	35.7	–32.5
Employer's Liability	173.1	152.2	158.0	110.2	9089	5.2	19.5	24.7
Public Liability	270.6	230.0	241.5	149.2	16833	22.4	27.9	50.3
All Liability	443.7	382.2	399.5	259.4	25922	27.6	47.4	75.0
PA/Travel	56.7	47.1	53.2	28.8	14372	8.4	2.0	10.3
Other Business	242.6	127.5	163.2	95.9	47504	9.5	4.8	14.3
TOTAL	**3035.0**	**2645.6**	**2704.4**	**2098.4**	**583698**	**–122.1**	**188.1**	**65.9**

Appendix II

2011 Key Non–Life Statistics

CLASS	Premiums € Written Gross Written € m	Premiums € Written Net Written Premiums € m	Premiums € Earned Net € m	Claims Net Incurred € m	Claims No of New Claims Notified	Net Under–writing Result € m	Estimated Investment Income € m	Estimated Net Operating Result € m
Private Motor	938.4	866.1	888.5	621.9	198161	25.7	70.7	96.5
Comm. Motor	318.5	291.8	299.9	202.9	65839	26.1	26.7	52.8
All Motor	1256.9	1157.9	1188.4	824.8	264000	51.8	97.4	149.3
Household	607.5	502.3	508.1	244.6	117748	94.5	14.7	109.3
Comm. Property	341.6	229.5	237.5	180.7	40753	–27.3	7.1	–20.2
All Property	949.1	731.8	745.6	425.3	158501	67.2	21.8	89.1
Employer's Liability	161.9	133.8	132.0	76.2	7121	16.1	19.6	35.6
Public Liability	255.4	207.0	234.7	125.5	18360	44.6	30.2	74.8
All Liability	417.3	340.8	366.7	201.7	25481	60.7	49.8	110.4
PA/Travel	71.9	54.9	54.8	34.9	15859	5.1	1.4	6.4
Other Business	198.4	109.7	124.6	53.6	41695	24.6	4.2	28.7
TOTAL	**2893.6**	**2395.1**	**2480.1**	**1540.3**	**505536**	**209.4**	**174.6**	**383.9**

Published: DECEMBER 2013

Disclaimer

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

Insurance Ireland,
Insurance House,
39 Molesworth St.,
Dublin 2

T: (01) 676 18 20
E: info@insuranceireland.eu
W: www.insuranceireland.eu
T: 1890 333 333 – Insurance Confidential LoCall (to report suspected fraud)
T: (01) 676 19 14 Insurance Information Service (consumer information)