

The Actuarial Profession
making financial sense of the future

Current Issues in General Insurance, Royal College of Physicians, London
Marian Keane

Current Issues in Ireland

10th May 2010

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Content of Workshop

Agenda

- 2008 year-end results
- Credit Crisis / Recession
- Current issues by class
- Financial Regulator
- International and reinsurance
- Society of Actuaries in Ireland

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Ireland Non-Life Gross Written Premium

Domestic market – down 4% in 2008.

Foreign risk* business unchanged in 2008, but will increase significantly in 2009 and 2010 due to expansion of Zurich Insurance plc (ZIP)

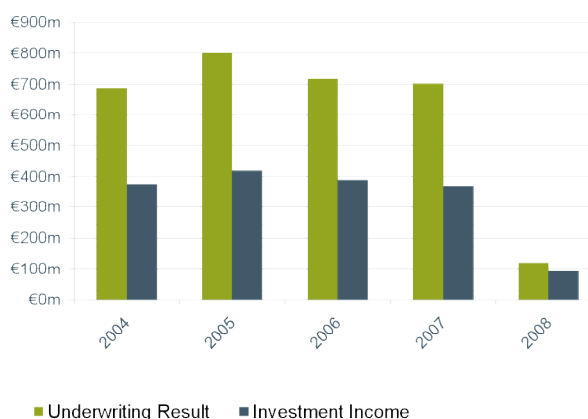


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Underwriting Result – Irish Risk Business

2008 result impacted by soft market, floods and poor investment returns



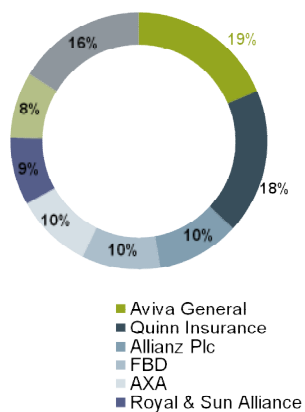
Source: Insurance Statistical Review 2008

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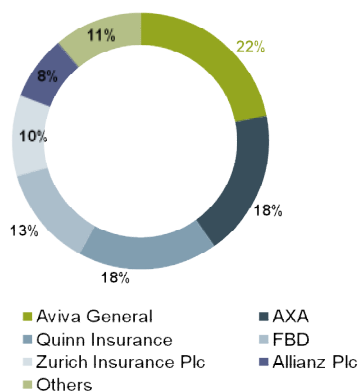
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Market Share 2008

Irish Risk NWP – all classes – top 5 write 67%



Irish Motor NWP – top 5 write 81%

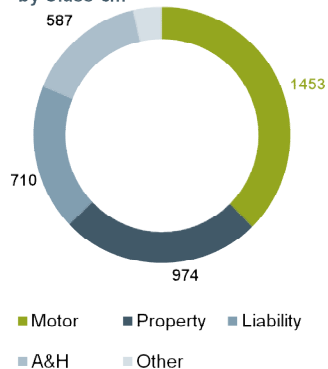


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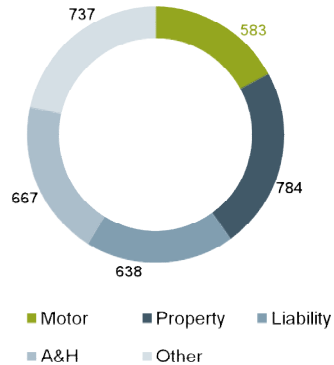
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Gross Written Premium 2008 by Class and Risk

Irish Risk GWP by Class €m



Foreign Risk GWP by Class, €m

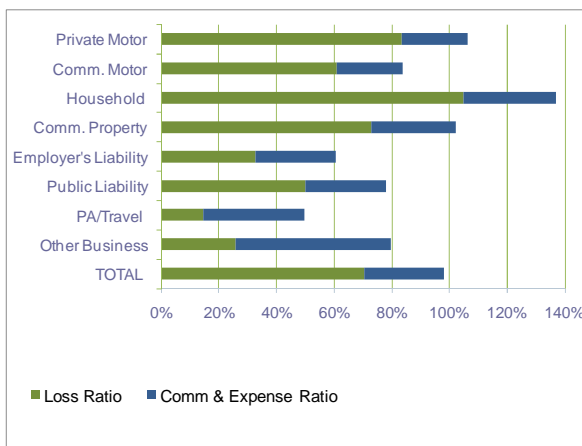


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Combined Ratio 2008 by Class (Irish Risk Business)

Total Motor 99.5%
Total Property 122.2%
Total Liability 70.3%
Total all classes 98.1%



Source: IIF Factfile

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Credit Crisis / Recession

Property bubble

Banks over-exposed to commercial property loans

NAMA set up by Irish govt to buy bad loans from banks

Cost of bailout €73bn or 47% of GDP (Source: ESRI)



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Current Issues- Motor

Issue	Comment
Exposure	Unemployment + Fuel Prices = reduction in traffic volumes
Claim Frequency	Fatalities down 40% 2005 to 2009 Serious Injuries up slightly in 2008 (2009 not available)
Enforcement	Drunk driving offences down 23%, 2008 to 2009
Rating Actions	Premiums on the rise, but slowly. Back to 1999 levels.
PIAB update	Average award €21,800
Uninsured Drivers	26% increase in number of claims in 2008

Sources:

Claim Frequency: Road Safety Authority (www.rsa.ie)
Enforcement: Central Statistics Office (www.cso.ie)

PIAB: www.injuriesboard.ie
Uninsured drivers: www.mibi.ie

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Current Issues - Property

Issue	Comment
Flood (Nov 2009)	€244 million (household 32%, commercial property 65%, motor 3%)
Freeze (Jan 2010)	€300 million
Crime	Arson up 40% 2008 to 2009 Burglary, Robbery up 9% 2008 to 2009
Impact of Recession	Rebuilding costs down 13% since 2008
Rates	Up 9.9%, March 2009 to March 2010 Expect significant rate hikes in 2010

Source:

Flood / Freeze: IIF (www.iif.ie)
Rate increase: CSO (www.cso.ie)

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Current Issues - Liability

Issue	Comment
Solicitors PI	Crisis at Oct 2009 renewal
PIAB update	PL claims up 6%, EL claims down 6.5% Average award €25k PL, €32k EL
Fraud	Industry-wide initiatives include confidential hotline, central database and advertising
Recessionary impact	Affordability, Reduction in Market size

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Current Issues – Health Insurance

Issue	Comment
Regulation	Health Insurance Authority, not FR Community Rating achieved through tax scheme
Take-up rate	High at 50%
Market Share	31 Dec 2009: VHI 64%; Quinn 22% ; Aviva 10%; Restricted membership schemes 4%
Rate Increases	VHI +8% Feb 2010 Quinn +15% Jan 2010 Aviva +12% Oct 2009

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Developments at the Financial Regulator

People

- New head Matthew Elderfield
- Actuaries (6 qualified, expanding)
- Industry Experience (50% of insurance staff from industry)

Interaction with industry

- SAO reports
- Solvency II questionnaires
- Internal Models

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International and Reinsurance

Growth

- Number of entities regulated in Ireland: 157 non-life insurance, 119 reinsurance (www.financialregulator.ie, Apr 2010)
- DIMA survey shows gross premium €26bn in 2009 (2008: €18bn)
- Recent moves: Zurich, XL, Everest, Aviva, Willis, United America Indemnity

Why is Ireland attractive?

- 12.5% Corporate Tax
- Passport into EU
- Regulatory Environment
- Skilled workforce

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Society of Actuaries in Ireland

www.actuaries.ie

- Professional Conduct Standards
- Actuarial Standards of Practice (ASP)
- Events and Papers

Membership

- Fellows – resident in Ireland - 554
- Fellows – non-resident in Ireland - 130
- Students - 409
- General Insurance Signing Actuaries - 37

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Questions or comments?

Expressions of individual views by members of The Actuarial Profession and its staff are encouraged.

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