34TH ANNUAL GIRO CONVENTION

CELTIC MANOR RESORT, NEWPORT, WALES
Irish Issues – The Past

- Review of the “Blue Book” data
Market Results – Headline figures

Net Insurance Profit: €1.109bn

- Motor Vehicle: €461m (42%)
- Fire and Property Damage: €214m (19%)
- Liability: €364m (33%)
Market analysis – Number of companies

Numbers of Companies

<table>
<thead>
<tr>
<th>Year</th>
<th>Freedom of Service</th>
<th>HO outside EEA</th>
<th>HO inside EEA</th>
<th>Irish Undertakings</th>
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<tr>
<td>2000</td>
<td>409</td>
<td>1</td>
<td>36</td>
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<td>2001</td>
<td>420</td>
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<td>542</td>
<td>1</td>
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<td>583</td>
<td>1</td>
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Market analysis – Number of companies

No Reporting Net Prem > 100k to IFSRA

Year

<table>
<thead>
<tr>
<th>Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
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<th>2006</th>
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<td>33</td>
<td>35</td>
<td>39</td>
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<td>48</td>
<td>55</td>
</tr>
</tbody>
</table>

The Actuarial Profession
making financial sense of the future
Gross premium income

![Gross Premium](image_url)

- GPI - Foreign Risk
- GPI - Irish Risk

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Gross premium income – by class

Gross Premium Income - by class
Domestic & Foreign Risks 2006

- Accident & Health: 14%
- Motor: 29%
- Fire & Damage to Property: 22%
- Liability: 22%
- Credit: 1%
- Other Classes: 10%
- MAT: 2%
Market share - by company

Market Share by Company (based on NPI)

- Hibernian 20%
- Allianz 11%
- AXA 10%
- Quinn Direct 12%
- FBD 10%
- Zurich Ireland 8%
- Others 21%
- RSA 8%
- Others
Market share – by company over time

Hibernian | Allianz | AXA | RSA | Zurich Ireland | FBD | Quinn Direct | Others

2001 | 2002 | 2003 | 2004 | 2005 | 2006

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Net insurance result – by company over time

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Underwriting cycle – by risk

Underwriting Cycle

Motor Vehicle
Fire and Property
Liability
Insurance cycle – by risk
Profit per net premium income
Net operating ratio - breakdown

Net Operating Ratio

- Total (81%)
- Motor (85%)
- Liability (70%)
- Property (83%)
- Accident (83%)

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Numbers of claims reported

Numbers of Claims reported in Year 1
Percentage of claims settled - numbers

Percentage Settled in Year 1

Year
Motor
PL
EL

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Percentage of claims settled - amounts

Percentage Settled in Year 1

Year
- 1998
- 1999
- 2000
- 2001
- 2002
- 2003
- 2004
- 2005
- 2006

Motor
PL
EL

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Expenses

Management Expenses

€000s

Year


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Reserving philosophy

Insurance Profit & Reserves/CP ratio

Year

Reserves / CP

Insurance Profit

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Motor Reserving Philosophy
Profitability – investment return

Investment return

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Profitability – gross reserve release

Gross reserve release


Motor
EL
PL
Reserve release - PL

- Strengthening in 2003 by €113m
- Strengthening in 2004 by €26.6m
- Strengthening in 2005 by €26.7m
- Release in 2006 of €89m

- Since 2003 the 2002 & prior years have been strengthened by €175.7m
Irish Issues – The Present

- Road traffic statistics
- PIAB
- IIF & Fraudulent claims
- Premium rumours
Road traffic statistics - fatalities

Fatalities and Injuries

Year

Fatalities

Injured

Killed

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Road traffic statistics – fatal collisions

![Graph showing fatal collisions and fatal license stats from 1996 to 2007]
Road traffic statistics – injury collisions

![Injury collisions graph]

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Road traffic statistics – material damage collisions

![Material Damage vs. Mat Dam % Licenses chart]

- **Material Damage**
- **Mat Dam % Licenses**

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Road traffic statistics – fatality breakdown

Fatalities by road use type

- Pedestrians
- Pedal Cyclists
- Motor Cyclists
- Car Users
- Other Road User

Years: 1996 to 2007
Road traffic statistics - casualties

Casualties by road use type

- Pedestrians
- Pedal Cyclists
- Motor Cyclists
- Car Users
- Other Road User

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Motor Loss Ratio by Loss Year

![Graph showing the motor loss ratio by loss year from 2001 to 2006. The graph indicates a trend where the loss ratio decreases from 2001 to 2003, stabilizes from 2003 to 2004, and then increases from 2004 to 2006.](image-url)
PIAB – numbers of assessments

Numbers of assessments

- 2005: 1,000
- 2006: 5,000
- 2007Q1: 2,000
- 2007Q2: 2,000
PIAB – Acceptance Rates

Acceptance Rate - Numbers

Acceptance Rate - Numbers

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PIAB – Acceptance Rates

Acceptance Rate - Amounts

2005 2006 2007Q1 2007Q2

Acceptance Rate - Amounts
PIAB – effect on the courts

High Court
Civil Bills

2003 2004 2005 2006
## IIF – fraudulent claims

<table>
<thead>
<tr>
<th>Category</th>
<th>2003 - To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL</td>
<td>335</td>
</tr>
<tr>
<td>PL</td>
<td>351</td>
</tr>
<tr>
<td>Motor</td>
<td>2,167</td>
</tr>
<tr>
<td>Household</td>
<td>187</td>
</tr>
<tr>
<td>Travel</td>
<td>3</td>
</tr>
<tr>
<td>Personal Accident</td>
<td>6</td>
</tr>
<tr>
<td>Property other</td>
<td>98</td>
</tr>
<tr>
<td>Other</td>
<td>22</td>
</tr>
<tr>
<td>Unidentified</td>
<td>86</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,255</strong></td>
</tr>
</tbody>
</table>

**Percentages:**
- EL: 10.3%
- PL: 10.8%
- Motor: 66.6%
- Household: 5.7%
- Travel: 0.1%
- Personal Accident: 0.2%
- Property other: 3.0%
- Other: 0.7%
- Unidentified: 2.6%

**Total:** 100.0%
IIF – fraudulent claims

- Case of the missing car €10.6k
- Personal Injury claim €25k
- Alleged hit and run €27.5k
- Motor incident €30k
- Disability claim €2m
- Exaggerated claim €200k
Non-Life insurance regulations

- Implementation 1 July 2007
- Main change is extension of renewal notice of 15 days from motor to other personal and commercial insurance policies
- May increase lapse rate!
End of falling insurance prices

David Labanyi

The era of falling motor insurance premiums is coming to an end, with prices likely to rise from next year, according to the medium view has got to be that prices cannot keep reducing.” John O'Neill, chief executive of Axa Ireland, agreed and said motor insurance premiums have to say when premiums would start to rise, “the rate of decrease has clearly slowed”. He said insurance reforms, such as the introduction of the Personal Injuries Assessment

Comments from AXA & Hibernian
Motor Premium – Back to 90’s Levels
IRISH ISSUES

The Future:

- ASP’s
- SAI
- Regulator issues
IRSIH ISSUES – The Future - ASP’s

- ASP GI – 1, 2 & 3
- ASP GI-2 does need updating to be consistent with ASP GI-3.
- GI Forum meeting 30th Nov on SAO’s
IRSIH ISSUES – The Future - SAI

SAI - New President
- Compliance Monitoring
- Discipline Committee
- CPD (no links with UK)
IRSIH ISSUES – The Future - Regulator

- Extension of Reinsurance SAO to captives
- Discussions on Insurance SAO (ASP GI-2) update
- Issued documents on
  - Financial Reinsurance
  - Life Finite Reinsurance
  - Non-life Finite Reinsurance
- Solvency II – proxy methods
- Solvency II - Implementation