GIRO Convention

23-26 September 2008
Hilton Sorrento Palace

Irish Issues 2008
Irish Issues – The Past

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

Net Insurance Profit: €1.073bn

- Motor Vehicle: €551m (51%)
- Fire and Property Damage: €96m (9%)
- Liability: €342m (32%)
## Market analysis – Number of companies

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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<tr>
<td>Freedom of Service</td>
<td>547</td>
<td>575</td>
<td>606</td>
<td>662</td>
<td>711</td>
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<td>Outside EEA</td>
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<td>Irish Undertakings</td>
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<td>175</td>
<td>182</td>
<td>185</td>
<td>189</td>
</tr>
</tbody>
</table>
Market analysis – Number of companies

No Reporting Net Prem > 100k to IFSRA

Year


37 36 41 43 49 50 55 56 62 62
Gross Premium Income

Gross Premium

Year

GPI - Foreign Risk
GPI - Irish Risk

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Gross Premium Income – by class

Gross Premium Income - by class
Domestic & Foreign Risks 2007

- Accident & Health: 14%
- Motor: 30%
- Fire & Damage to Property: 25%
- Liability: 20%
- Credit: 1%
- Other Classes: 8%
- MAT: 2%
- Other Classes: 8%
Market Share – by company

Market Share by Company (based on NPI)

- Hibernian: 20%
- Allianz: 11%
- AXA: 10%
- RSA: 8%
- Zurich Ireland: 8%
- FBD: 10%
- Quinn Direct: 17%
- Others: 16%
- Others: 16%
Market Share – by company over time
Net Insurance Result – by company over time

Net Insurance Result

Company

- Hibernian
- Allianz
- AXA
- RSA
- Zurich
- FBD
- Quinn Direct
- Others

€000

- 300,000
- 250,000
- 200,000
- 150,000
- 100,000
- 50,000

€000

2003
2004
2005
2006
2007

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Underwriting Cycle – by risk

Underwriting Cycle

Year

Motor Vehicle
Fire and Property
Liability

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Insurance Cycle – by risk

Insurance Cycle

Motor Vehicle
Fire and Property
Liability

Year

€000

Profit per Net Premium Income
Net Operating Ratio - breakdown

- Total (82%)
- Motor (81%)
- Liability (72%)
- Property (95%)
- Accident (70%)

- Claims
- Commissions
- Management Expenses

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Numbers of Claims Reported

![Numbers of Claims reported in Year 1](chart)

- **Motor Claims**
  - Values: 350,000, 120,000, 140,000

- **PL Claims**
  - Values: 160,000, 180,000, 200,000

- **EL / PL claims**
  - Values: 18,000, 16,000, 14,000

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Percentage of Claims Settled - Numbers

Percentage Settled in Year 1

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Percentage of Claims Settled - Amounts

Percentage Settled in Year 1

Year

Motor
PL
EL
Expenses

Management Expenses

€000s

Year


Mgmt Exp

Trend 1982 - 1999
Expenses

Expenses as % NP

Year


0.0% 5.0% 10.0% 15.0% 20.0% 25.0% 30.0%

ME/H Conv Pl

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Reserving Philosophy

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Motor Reserving Philosophy

![Motor Reserving Chart]

- Initial Estimate / Year 1 Paid
- Current Estimate / Year 1 Paid

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Profitability – Investment Return

![Graph showing investment return from 1995 to 2007. The line starts at approximately 8% in 1995, drops to around 7% in 1996, dips slightly in 1997, then falls steadily to below 4% in 2002. From 2002 to 2007, the line fluctuates, showing small increases and decreases, but overall remains below 4%.]
Profitability – Gross Reserve Release

The diagram shows the profitability in €m over the years 1997 to 2017 for different sections:

- **Motor**
- **HL**
- **PL**

The data indicates a generally increasing trend in profitability for all sections, with peaks and troughs especially noticeable in the early years.
Reserve Release – Additional Analysis

- RSA & Quinn had a significant increase in releases since 2006
- FBD & Zurich had notable increases in releases, FBD’s motor release almost doubled
- Allianz & AXA had a notable decrease in releases since 2006
Irish Issues – The Present

- Road traffic statistics
- PIAB / Injuries Board
- Premium Levels
- August Flood Cost
Road Traffic Statistics – Claim Frequency
Road Traffic Statistics - Fatalities

Fatalities and Injuries

Year

Injuries

Fatalities


Fatalities and Injuries

Injured  Killed

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Road Traffic Statistics – Fatal Collisions

Fatal collisions

- 1996: 0.035%
- 1997: 0.030%
- 1998: 0.025%
- 1999: 0.020%
- 2000: 0.015%
- 2001: 0.010%
- 2002: 0.005%
- 2003: 0.000%

Fatal collisions decrease from 1996 to 2003, after which they remain relatively stable.
Road Traffic Statistics – Injury Collisions

Injury collisions

- Injury
- Injury % Vehicles

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Road Traffic Statistics – Material Damage Collisions

Material damage collisions

- Material Damage
- Mat Dam % Vehicles
Road Traffic Statistics – Fatality Breakdown

Fatalities by road use type

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

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Road Traffic Statistics – Casualty Breakdown

Casualties by road use type

Pedestrians
Pedal Cyclists
Motor Cyclists
Car Users
Other Road User

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Road Traffic Statistics – Fatal Collisions (revisited)
Road Traffic Statistics – Injury Collisions (revisited)
Motor Loss Ratio by Loss Year
PIAB – Number of Assessments
PIAB – Acceptance Rates

Acceptance Rate - Amounts

Acceptance Rate - Amounts

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PIAB – Effect on the Courts

The diagram shows the number of High Court and Civil Bills cases from 2003 to 2007. The number of Civil Bills cases has generally increased over these years, with peaks in 2004 and 2007. The High Court cases, represented by blue bars, show a varying trend with some years having higher numbers than others.
PIAB – Reported Savings

PIAB Estimated Saving

<table>
<thead>
<tr>
<th>Year</th>
<th>£m</th>
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</thead>
<tbody>
<tr>
<td>2005</td>
<td>4</td>
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<td>2006</td>
<td>25</td>
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<td>2007</td>
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<td>2008Q1</td>
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</table>
PIAB – All Claim Rates by County
PIAB – Motor Claim Rates by County
Motor Premium Levels

![Graph showing motor premium levels over time from Jan-92 to Jan-08. The graph indicates a peak around Jan-03 followed by a decline.](image)
Motor Premium Levels

- 2005: -7.4%
- 2006: -9.0%
- 2007: -9.3%
- 2008 (Aug): +1.7%
Dwelling Premium Levels
Dwelling Premium Levels

- 2005: -5.3%
- 2006: -6.8%
- 2007: +2.8%
- 2008 (Aug): +3.3%
Floods – the cost

- 22\textsuperscript{nd} August – Irish Times estimate of “up to €50m”
- 28\textsuperscript{th} August – FBD “industry cost will be significantly greater than 2002 cost of €40m”
- 2\textsuperscript{nd} September – Irish Times reported August was the “wettest month” … “for 170 years”
IRISH ISSUES

Now and sometime in the Future:

- ASP’s
- SAI
- Regulator issues
- Changes
IRISH ISSUES – ASP’s etc

- ASP GI – 1, 2 & 3
- ASP GI-2 still not consistent with ASP GI-3.
- GIP2 (MIBI) attached to ASP GI-2 updated Feb 08
- ASP GI-3 – to be amended
- GI Forum meeting 30th Nov 2008 on SAO’s
IRISH ISSUES – SAI etc

SAI
- Compliance Monitoring
- Financial Regulator
- CPD

Dates
- CPD Evening 13th Nov
  - Uncertainty – Derek Bain & John McCrossan
- CPD Forum 28th Nov
  - QIS4 – Colin Manley from Financial Regulator
- GI actuaries Xmas Lunch 28th Nov
- CPD 2009 –
  - Irish Update to WP report on Free Market Pricing
  - Possible either Asbestos issues Update or Internal Models
IRISH ISSUES – Regulator etc

- Actuarial cover
- Successful Extension of Reinsurance SAO to captives
- No Insurance SAO (ASP GI-2) update pending
- Agreeing some updates SAO certificates in ASP GI-3
- QIS4
  - Increased participation – 69 up 43%
  - Companies – Broker Balances, Loss Ratio volatility
  - Captives - FR Joined with LUX & Malta separate Captive Note: Highlighted: Currency, Default, Concentration and Catastrophe Risks
IRISH ISSUES – What’s in a Name etc

- Bertie to Brian
- Mike to Gareth
- Gareth to Colin
- PIAB to Injuries Board
- Eagle Star to Zurich
- Vivas to Hibernian
- What’s next
  - FA to IA?