

The logo for Insurance Ireland features a teal-colored arc above the word "INSURANCE" and another teal-colored arc below the word "IRELAND". The text "INSURANCE" is in a large, bold, dark blue font, while "IRELAND" is in a smaller, dark blue font with wide letter spacing.

INSURANCE
I R E L A N D

The Voice of Insurance

The bottom half of the image is decorated with several large, flowing, wavy lines in shades of teal and light blue, creating a sense of movement and depth.



*The Premium Income of our
Membership Base
stands at €36 billion*

*Our Membership Base
Employs 27,000+ Staff*

➔ WE REPRESENT 95% OF THE
DOMESTIC MARKET AND 80% OF
THE INTERNATIONAL LIFE
MARKET

Insurance Ireland

- Total General Insurance Market premium incl. Health: €6bn
- More than €10 billion in claims paid to Irish customers and contribute over €1.8 billion in tax to the Irish exchequer per annum
- The Insurance Industry holds €200 billion in assets in Ireland of which €35 billion is invested in Irish infrastructure and government debt
- Irish market is made up of around 55 Life insurers (domestic & international), 80 General insurance undertakings including Captive insurers and Lloyds syndicates
- Motor is the largest class of general insurance (45%); property being the second largest (31%) and liability is the third largest (18%) of the market
- Insurance Density (in US\$) - Ireland - Total: 3,927; Life: 3,173; Non-Life: 754
Europe- Total: 1,634; Life: 987; Non-Life: 647
- Insurance Penetration – Ireland - Total: 7.9; Life: 6.4; Non-Life: 1.5
Europe- Total: 6.9; Life: 4.2; Non-Life: 2.7

Ireland & Insurance

- Ireland is now an established global hub for the international insurance industry
- Foreign Direct Investment plays a vital role in Ireland's economy
- Ireland has young, talented, well educated, and highly flexible and adaptable workforce
- Status as the only English-speaking member of the EU and 12.5% rate of corporation tax
- Strongly pro-business environment; stable legal framework; high quality state supports for new investments and innovation; as well as the cluster effect of more than 50% of the world's leading financial services companies having a presence here
- Freedom of services legislation plays an important role in outbound and inbound insurance business
- Hence with recent liquidations of cross border insurers has called the model into question
- However FOS should not be given a bad name it is about enhance prudential oversight and adequate compensation structures that support the model

General Insurance in Ireland - Trends

- Motor Insurance market is volatile with increasing claims frequency and increasing costs of claims
- Result has been an increase in motor insurance premiums in the year to July 2016 of 38%
- It's a highly topical issue with frequent press & political commentary
- The hardening of rates in the market has been accentuated by policy changes including changes in Court award limits which resulted in increased legal costs in the claims process
- It's position is there is an urgent need to take volatility out of the market & has proposed legislative and policy responses to strengthen non-litigious means of settling claims
- Liquidation of FOS Insurers serving the Irish market has added to the volatility
- Resulting in policy changes required in respect of Insurance Compensation framework
- Flood, storm – weather events
- Fraud is an on-going issue
- Industry Disruptors

Liquidation Framework & Challenges

- April 2014 – Liquidation of Setanta Insurance, regulated in Malta and pass-porting motor insurance into Ireland
 - Subsequently Enterprise Insurance – July 2016 regulated in Gibraltar went into liquidation, policies terminated October 26th
- Setanta - first time an insurer serving the Irish market went into liquidation, previously all went via administration route delivering an orderly run off of claims under Irelands ICF
- 75,000 policyholders
- 1,800 outstanding Claims, €90 million Liability
- With no course of redress to Malta & Gibraltar it fell to Ireland Compensation scheme to cover affected claimants.
- Irelands ICF Structured as follows
 - Established under Insurance Act 1964, amended in 2011
 - Maintained and Administered by President of the High Court, acting through the accountant of the High Court
 - Funded by 2% levy per General policy & 3% for Quinn Liquidation
 - Receivership – 100% compensation for claimants
 - Liquidation - €825K or 65% of claim which ever is the lower
- Such an anomaly in the context of cross border insurance and inadequate compensation funds in home state have raised policy & consumer questions

The Policy Dilemmas

- Anomaly tested in the Irish Courts by Accountant of ICF
- High Court ruled that MIBI (Motor Insurers Bureau of Ireland) was liable in the case of Liquidation
 - MIBI role is to pay third party accident claims as a result of uninsured or untraced drivers
 - Ruling means prudent well managed insurers now carry the default risk of insurers which act imprudently
- Supreme Court Appeal concluded 24th October – Await decision

Against a backdrop of

Ireland being an open Insurance market reliant on foreign capital

Hardening rates & reduced insurance capacity

Negative sector results, high awards and High legal costs

FOS model that needs to be maintained

How

Maintain existing and attract new providers to service internal market

Protect Customer

Build customer awareness of provider strength and take ownership decision

Policy Questions Posed

- FOS Model
 - Should pass-porting rights be granted unless equivalent ICF structure in place by home state?
 - Degree of involvement between Host and Home state regulator – How improved? Solvency 2?
 - Best form of consumer protection is adequate prudential regulation
 - Adequate pricing and reserving
- Consumer
 - Under any Insurance compensation Schemes, should there be full compensation?
 - Third party victims need to be compensated
 - However should purchaser of Insurance take some risk – however product disclosure will be key for them
 - Challenge: motor a pure commodity product
 - Need to get beyond price as the common driver
 - Intermediaries who advised Consumer on Product provider – where will there liability rest?
- Irish Context
 - ICF anomaly between Receivership and Liquidation needs to be addressed
 - Important to maintain inward insurance capacity
 - Recent events have focused consumer minds re importance of product provider financial strength
 - short term effect
 - More engagement by Irish regulator and other jurisdictions

**Thank you for
your time**