

Protecting Tomorrow

The future of the Irish insurance industry

Michael Culligan & Joseph Sloan

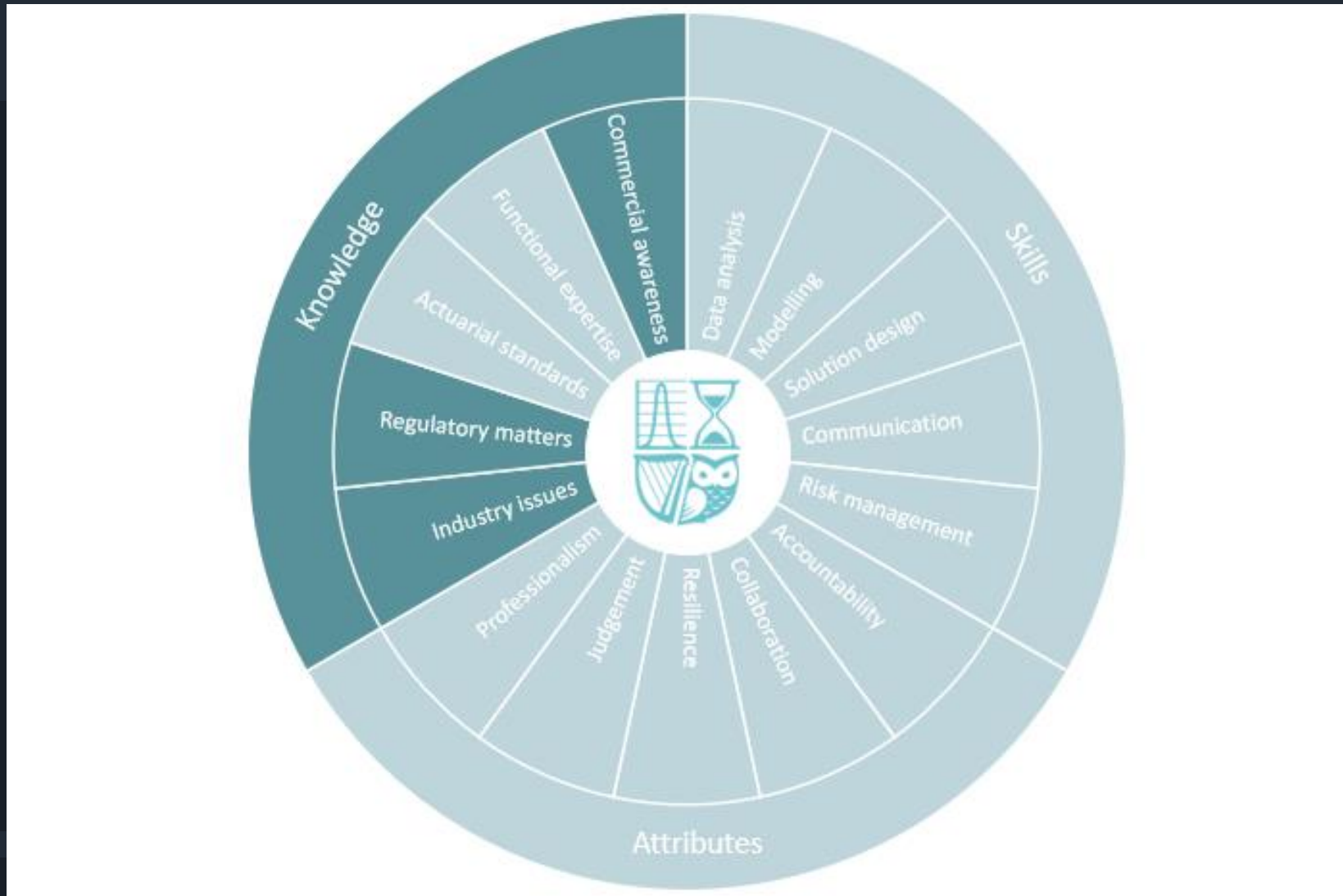
17 JANUARY 2024



Disclaimer

The views expressed in this presentation are those of the presenters and not necessarily those of their employer or the Society of Actuaries in Ireland.

Competency Framework Wheel



Report for Insurance Ireland

- Overview of the Irish industry
- Economic and social contribution
- Ireland as a location
- Outlook

MILLIMAN REPORT

Protecting tomorrow: the future of the Irish insurance industry

A report for Insurance Ireland

October 2023

Authors:

Michael Culligan, FSAI
Joseph Sloan, FSAI
Jamie Gribben
Pauro Mullan

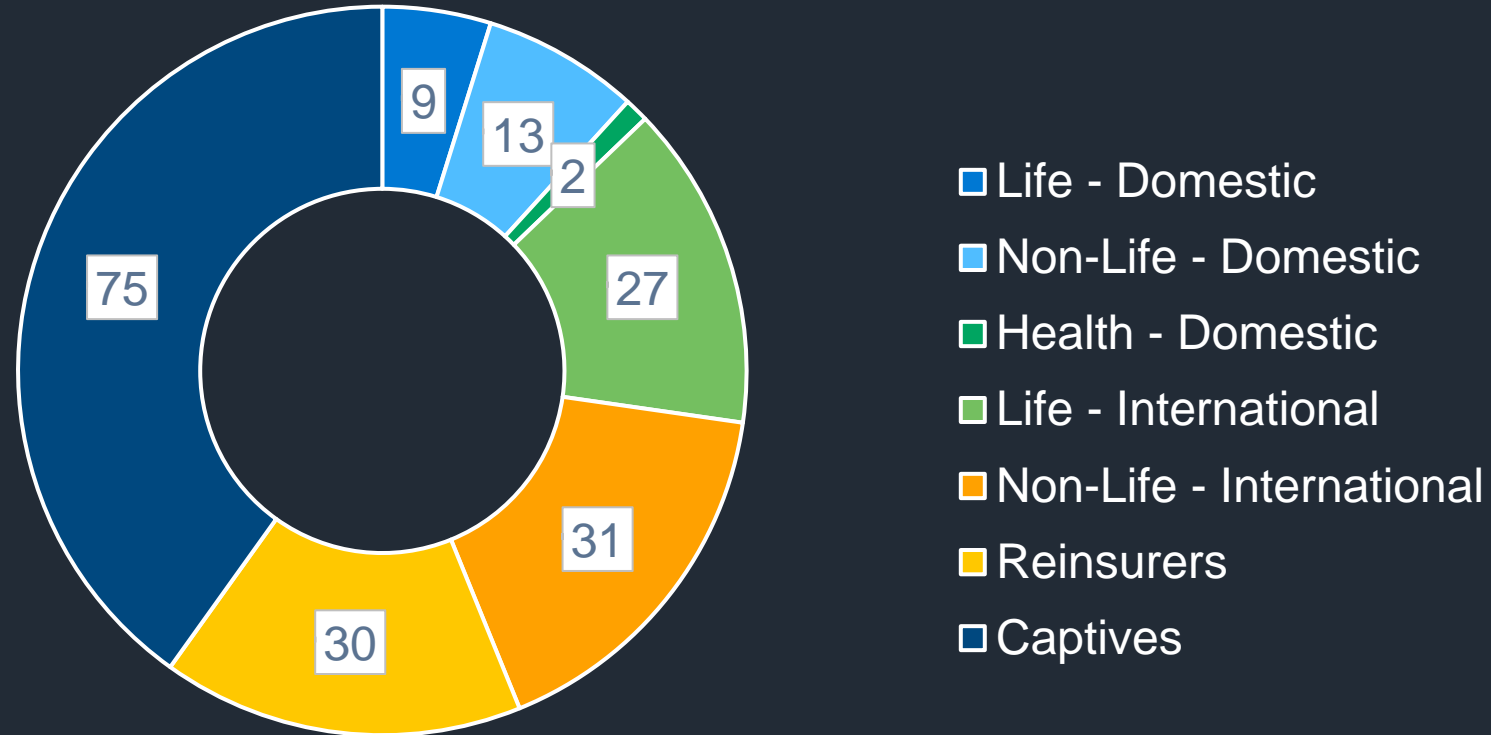


 Milliman

Overview of the industry

Irish insurers by sector

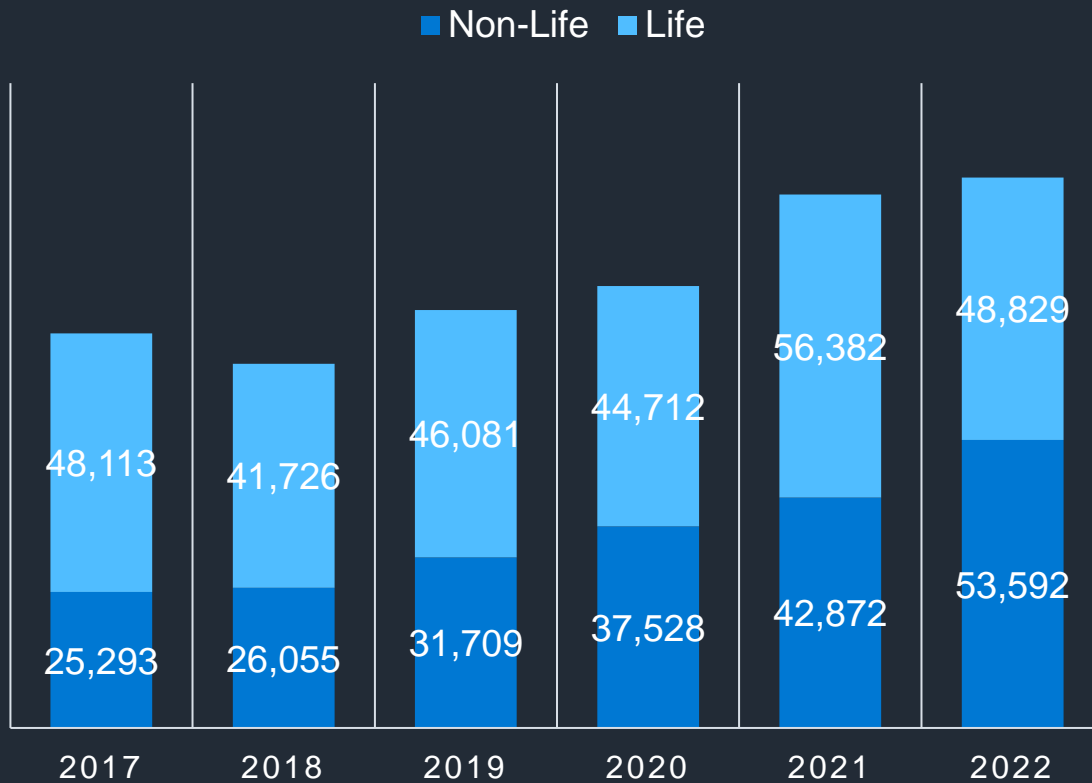
Number of companies (head office undertakings)



Source: CBI Registers as of August 2023, with authors' analysis. Irish head office undertakings only.

Growth in premiums

But considerable variation by sector



	GWP 2022 (€m)	Since 2017
Domestic Life	19,372	+37%
Domestic Non-Life	17,267	+28%
International Life	21,310	-17%
International Non-Life	12,287	+325%
Reinsurers	30,486	+97%
Captives	1,611	+2%
Total	102,333	+40%

Source: EIOPA Insurance Statistics and CBI SFCR data

Wider Ecosystem

Insurance Intermediaries & Brokers

- Over 2,000 insurance intermediaries registered in Ireland

Service Providers

- Includes captive managers, TPAs, loss adjusters, and specialist software providers
- Professional services firms employ actuaries, risk professionals, lawyers, and auditors

Back Offices & Service Centres

- Over 30 companies employing around 4,000 people
- Services range from IT support to claims processing

Innovation & Research Hubs

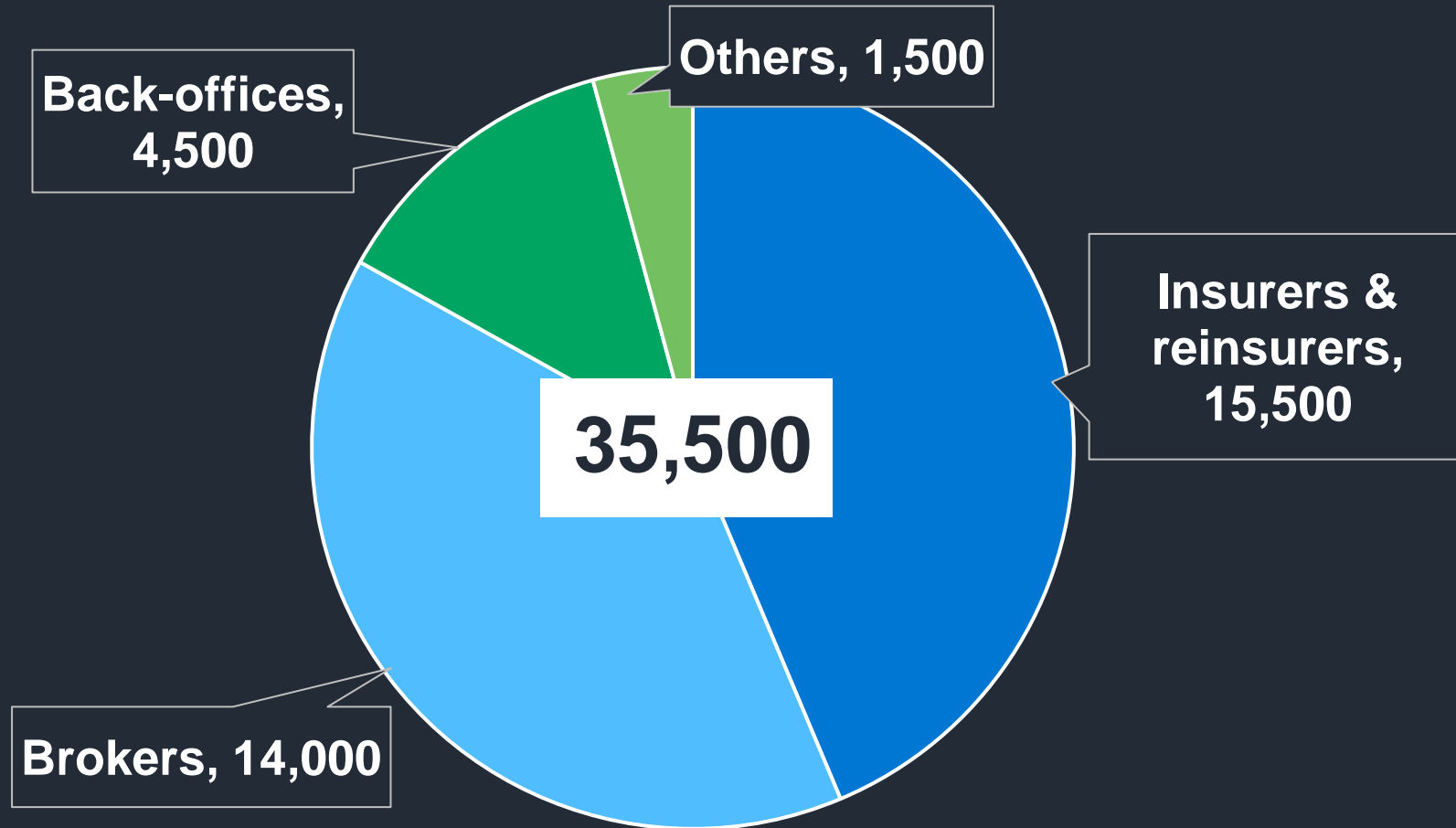
- Particular focus on data analytics

Insurtech

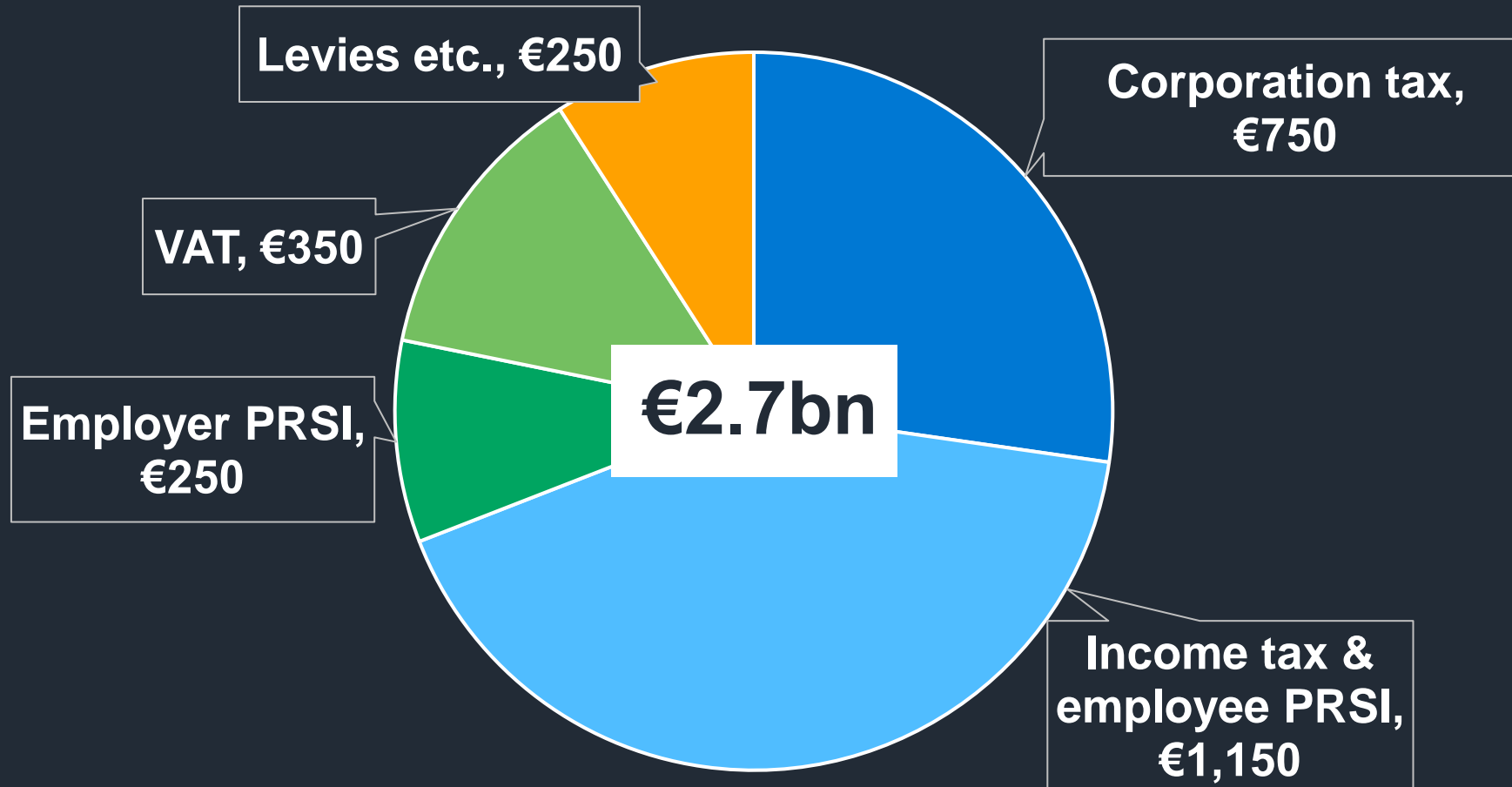
- Burgeoning insurtech sector, which currently numbers some 100 firms

Economic and social contribution

Employment

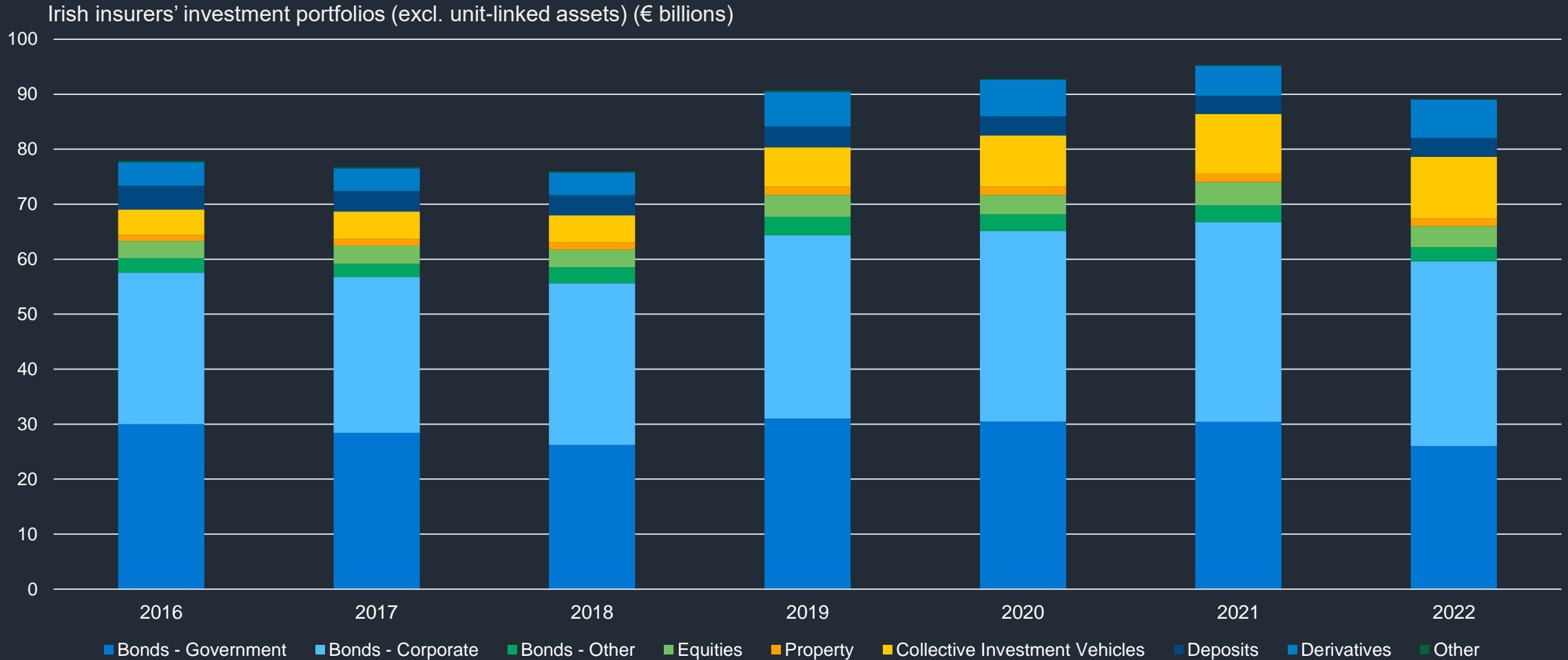


Annual Exchequer contribution



Investments

The insurance sector also plays an important role as an investor



Social contribution



ESG

- Group & local
- Net zero
- Customers
- Regulator

CSR

- Community
- Volunteering
- Charities
- Sponsorships

DEI

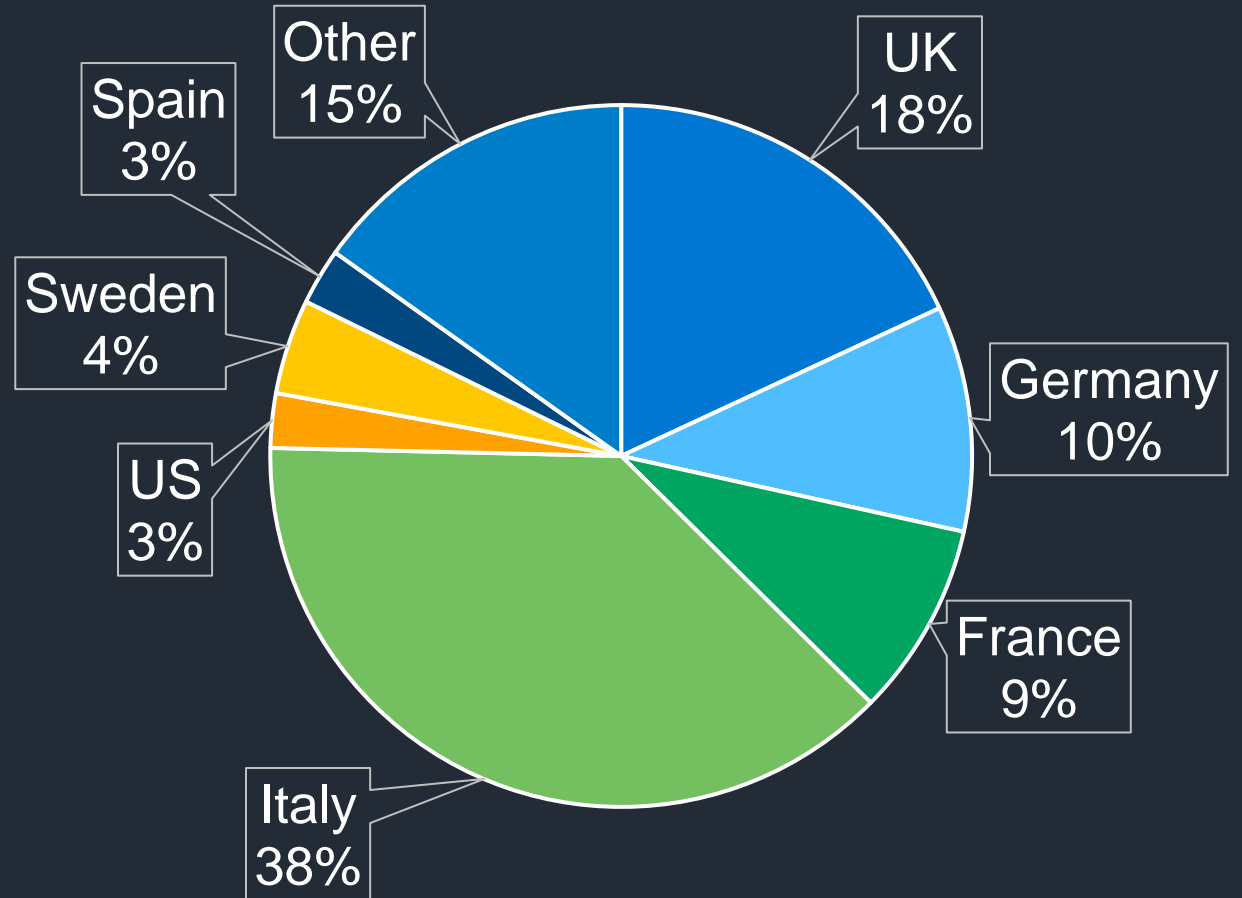
- Recruitment
- Promotion
- Support
- Training

Ireland as a location

International business

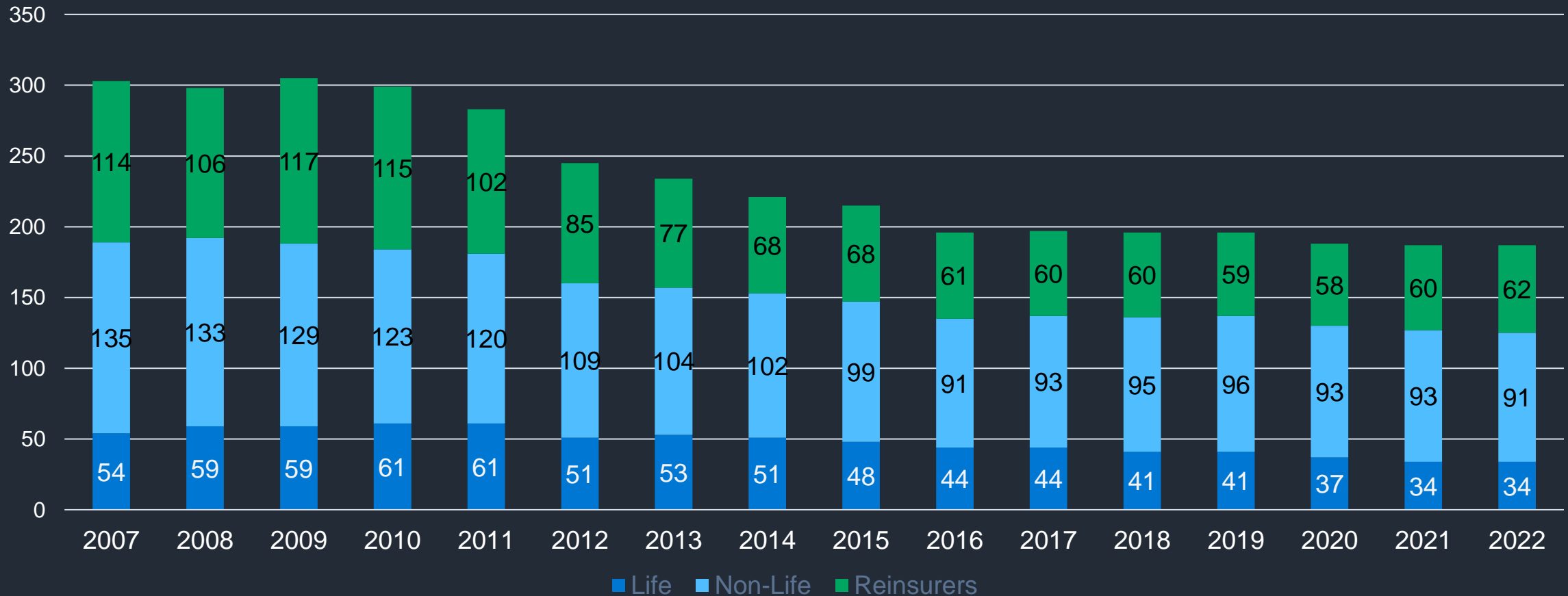
Ireland is home to a very substantial international industry.

With gross written premiums of €33 billion in 2022, Irish insurers are the largest writers of cross-border business in the EU.



Source: CBI data, using gross written premium as the metric.

A downward trend in terms of numbers



Source: For 2007-2015: EIOPA insurance Statistical Time Series; For 2016-2022: CBI Aggregated Statistical Data Template A

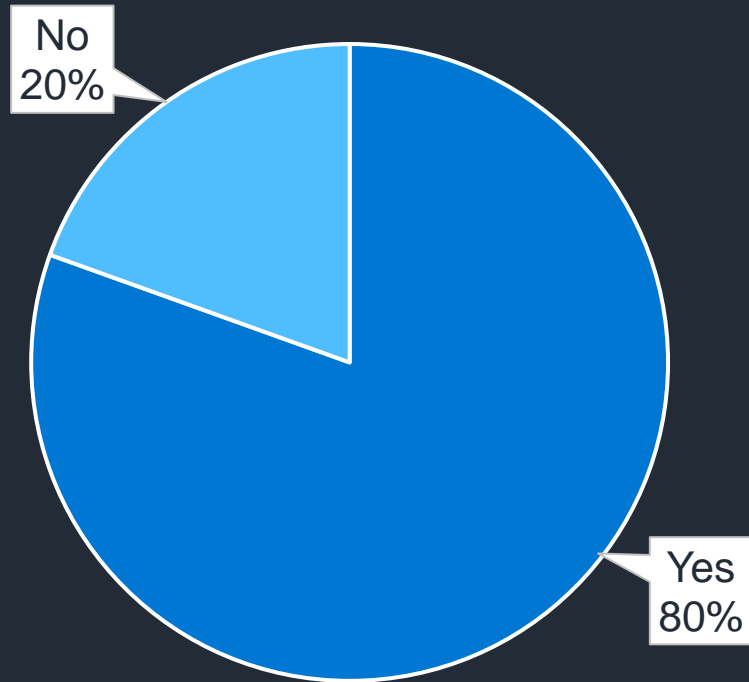
Current attractiveness

	Score	Status
EU membership / market access	4.59	■
Language	4.21	■
Fiscal regime	4.09	■
Political stability	4.09	■
Innovation	3.59	■
Availability of skilled labour	3.38	■
Regulatory regime	2.79	■
Cost of doing business	2.24	■

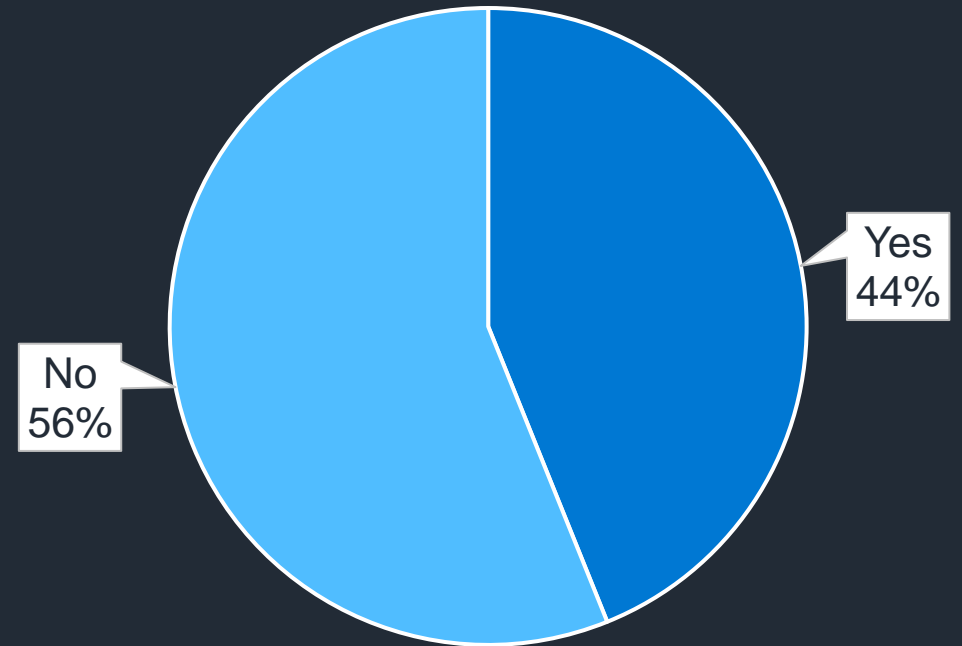
Source: Survey of Insurance Ireland members (September 2023). Responses from international firms only. (n=41)

Intentions for next five years

Expect to still be here?



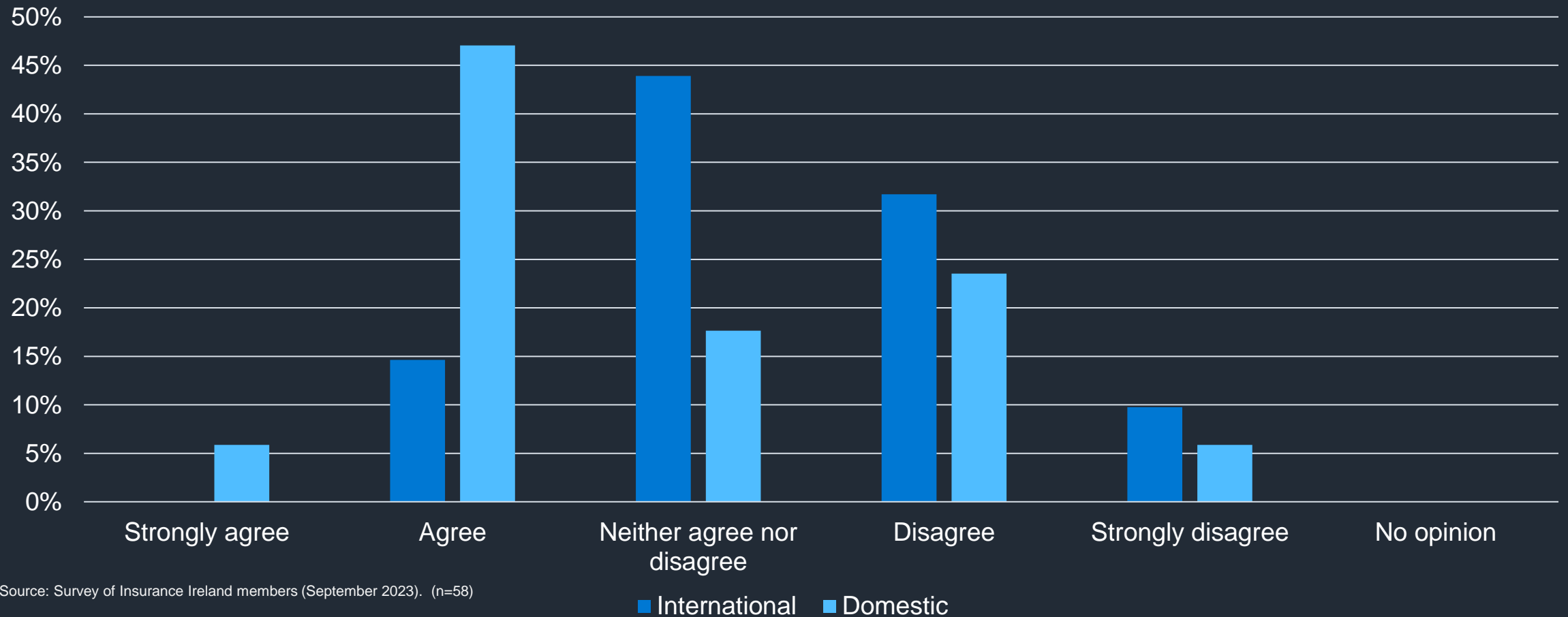
Expect to invest further?



Source: Survey of Insurance Ireland members (September 2023). Responses from international firms only. (n=41)

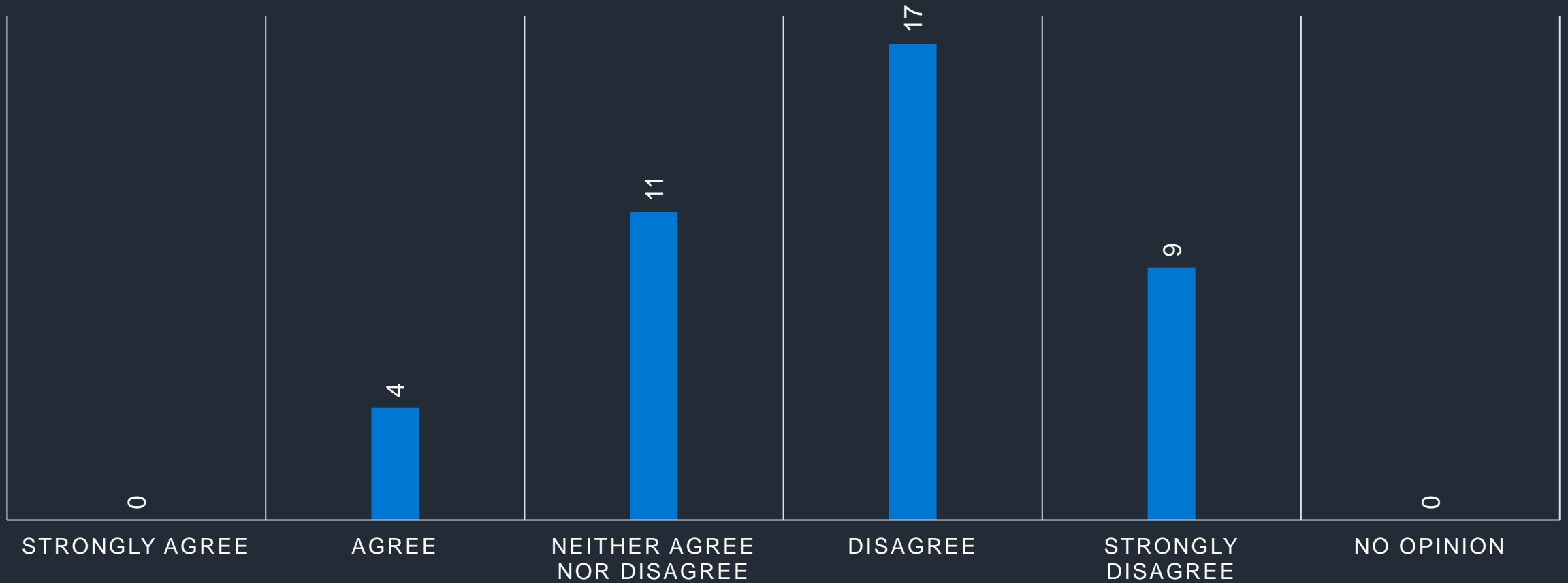
Views on regulatory regime

Question: 'Do you feel that Ireland's regulatory regime has a positive impact on the sector?'



Views on regulatory regime

Question: 'Do you feel that the regulatory regime in Ireland makes it more attractive than other competitor locations?'

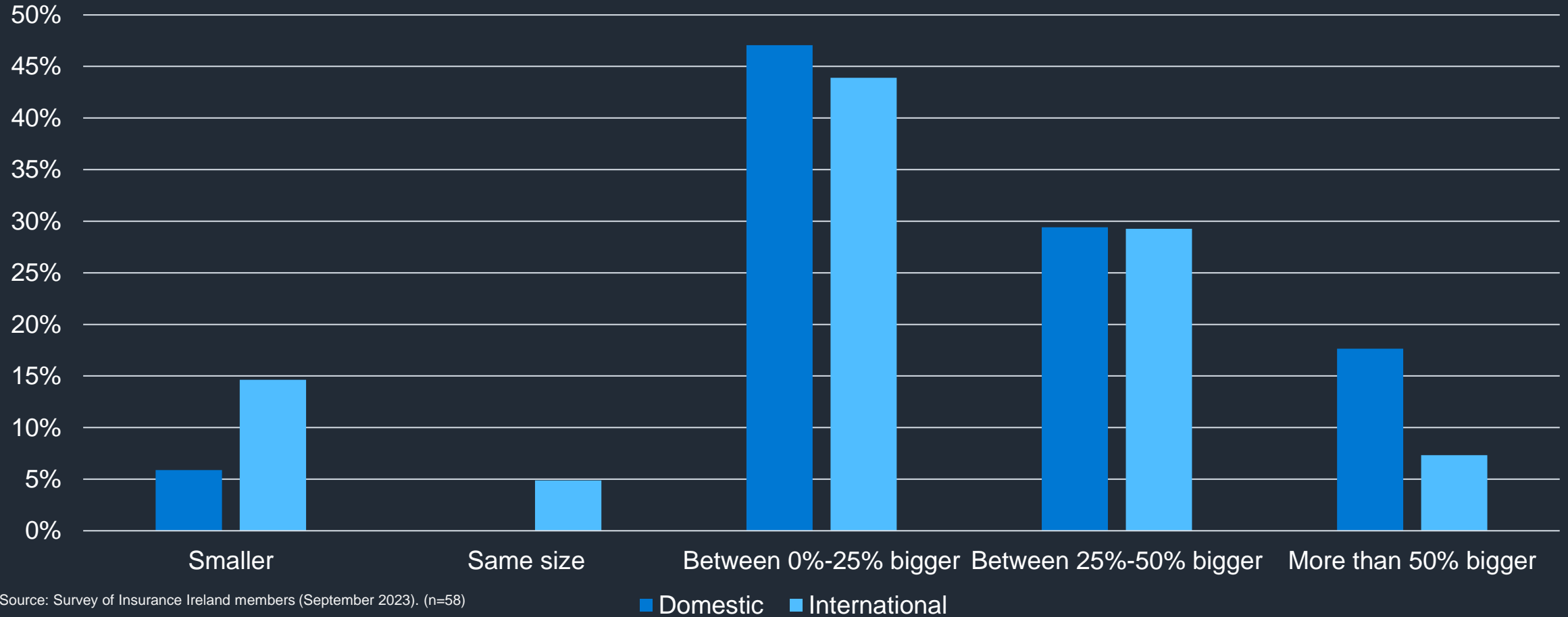


Source: Survey of Insurance Ireland members (September 2023). Responses from international firms only. (n=41)

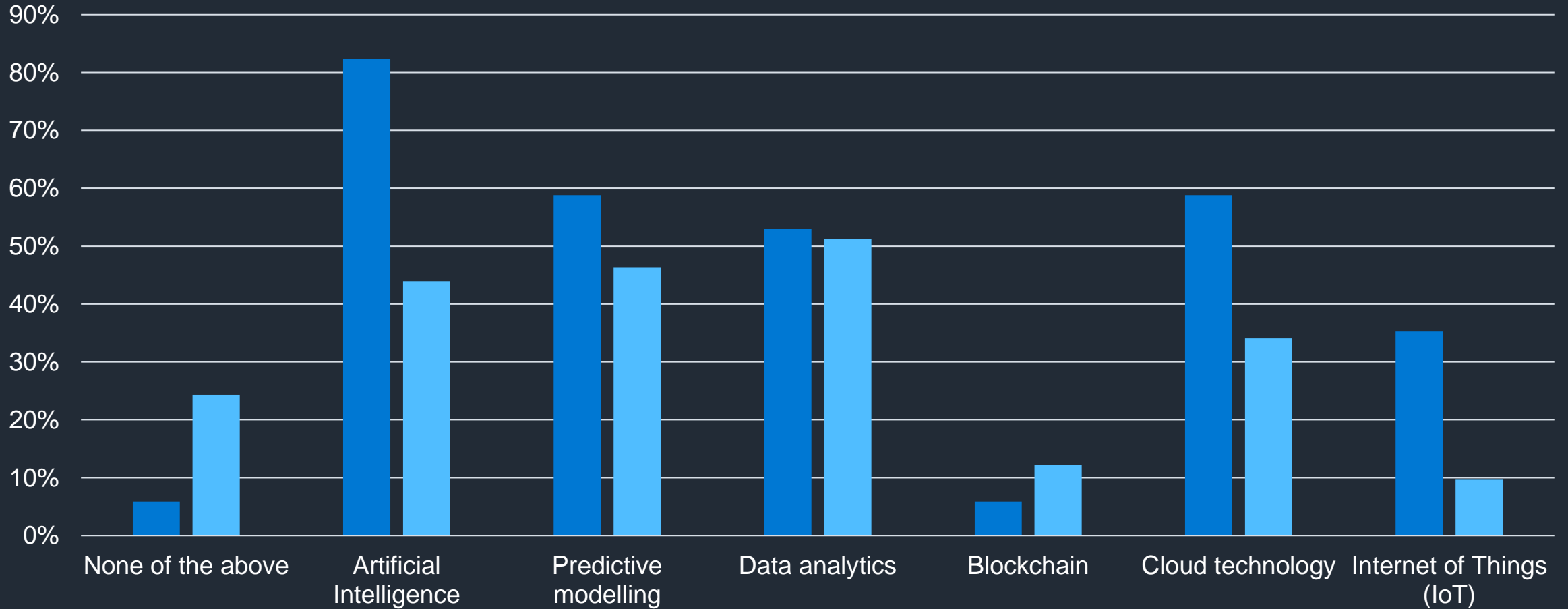
Outlook

Incumbents expect to grow

Responses to survey question on expectations for relative size in five years' time



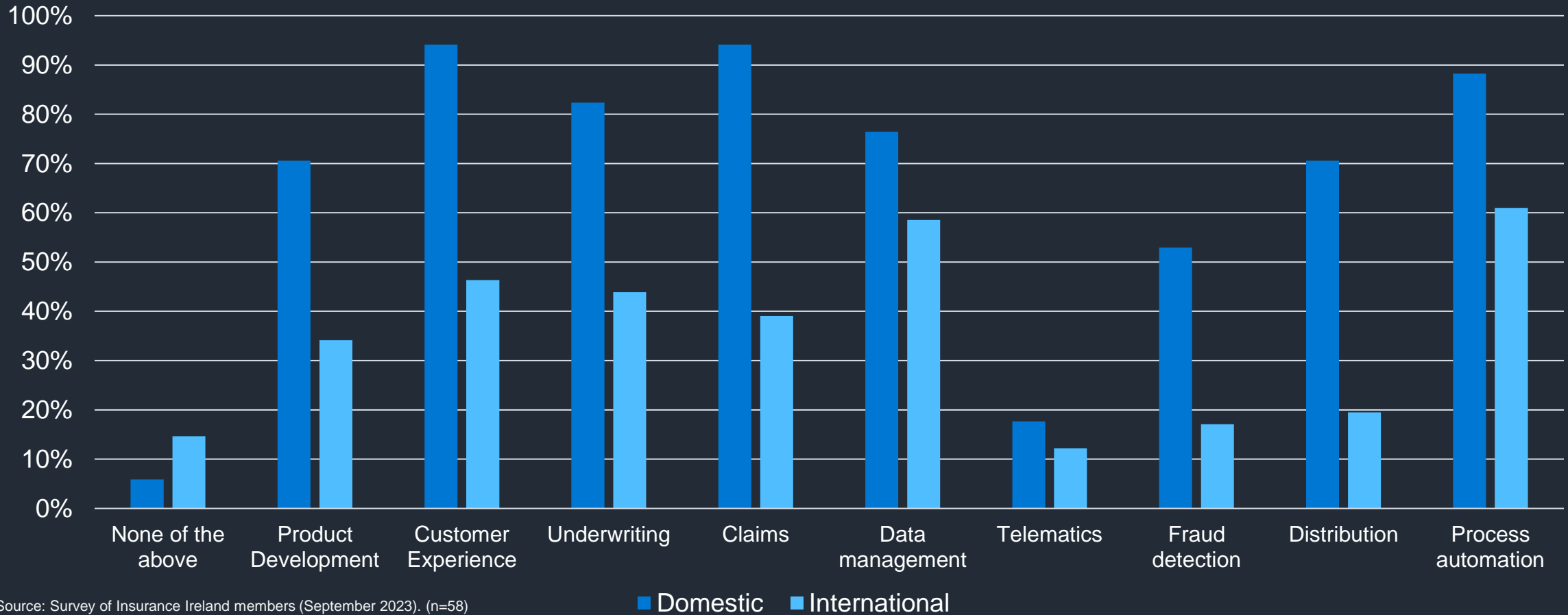
Insurers intend to invest heavily in technology ...



Source: Survey of Insurance Ireland members (September 2023). (n=58)

■ Domestic ■ International

... with applications across the entire value chain



Outlook – Common Themes (1)

Macroeconomic Outlook

- Inflation is a concern for most insurers
 - Claims inflation
 - Salary and cost inflation for employees
 - Cost-of-living pressures for consumers.

Cost of doing business

- Cost-of-living pressures for employees and customers is a key concern to the industry
- Challenging to attract and retain staff (both locals and those coming from abroad)
- Skills shortages, particularly in IT
- Regulatory and compliance cost

Outlook – Common Themes (2)

Technology

- AI, predictive modelling and data analytics were singled out by many insurers as key areas of focus.
- Some are worried about the potential threat from new entrants with digital business models.
- Plans to move away from legacy systems and processes
- Cyber risk/data breaches is a key concern for many insurers.

Regulation

- Concerns about the impact and burden of regulation – more pronounced amongst international respondents.
- Concerns included the application of existing regulation and the potential impact of further planned regulations, particularly the Individual Accountability Framework.

Summary

Summary

Economic and social contribution

- Significant contribution to the Irish economy
- Employs 35,000 people
- €2.7 billion annually to the Irish Exchequer
- €68 billion paid in claims
- Safeguards financial future of customers through €300 billion of life and pensions assets
- ESG, CSR, DEI initiatives

Ireland as an international centre

- Fourth-largest in the EU
- Reinsurance hub
- €33 billion of premiums in international business
- Number of Irish (re)insurers has fallen
- Survey points to need to address cost, skills and regulation concerns to remain competitive internationally

Outlook

- Key factors shaping the future
 - Macroeconomic outlook
 - Cost of doing business
 - Regulatory agenda at Irish and European level
 - Impact of new technologies
- Overall growth expected
- Outlook varies by sector

Q&A



Thank you

Full report:

<https://www.milliman.com/en/insight/protecting-tomorrow-the-future-of-the-irish-insurance-industry>

Michael Culligan

michael.culligan@milliman.com

Joseph Sloan

joseph.sloan@milliman.com