

Cross Border Market Sales 2011 Estimate

April 2012



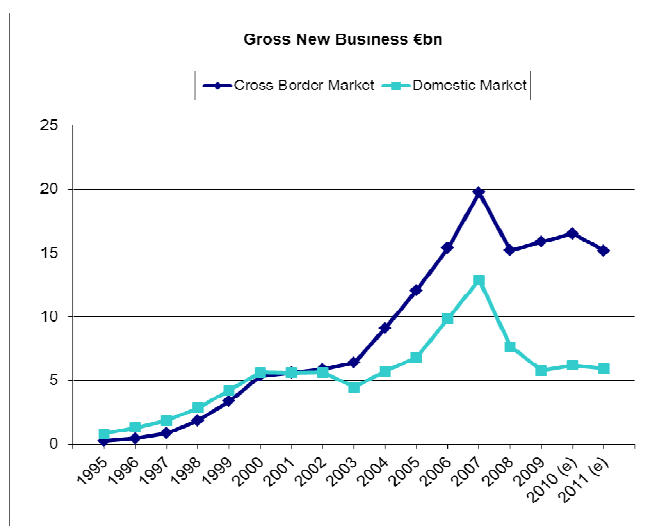
We have estimated the 2011 sales for Ireland's cross-border life & pensions market.

INTRODUCTION

Ireland's cross-border life and pensions sales are down 8% in 2011, having grown gradually since the 20% drop in 2008. Our estimate for 2011 puts total sales at €15.2 billion down 8% from €16.5 billion in 2010.

As a result 2011 sales are now back at levels similar to those for 2006 and 2008.

With sales in the domestic market estimated to have fallen by 4% in 2011, cross-border sales are now almost triple those for the domestic market.



Figures shown are new business premiums gross of reinsurance. Prior to 2010 figures are sourced from the Insurance Statistical Review published by the Central Bank of Ireland (commonly referred to as the 'Blue Book').

This review was not published in 2010 so we have determined the 2010 figure from the publicly available solvency returns.

We have estimated the 2011 figures by conducting an industry survey. We received responses from enough companies to have given 97% of the 2010 sales figure. We have used 2010 figures for the remaining 3%.

HIGHLIGHTS

Points of note about the cross-border market's performance in 2011 are as follows:

- Overall cross-border sales have fallen 8% compared to 2010.
- However sales in companies selling mainly into Italy rose by almost 9%.
- Cross-border companies writing into single countries (other than Italy) saw a fairly flat year with 2011 sales up marginally on the previous year.
- Sales in companies selling into multiple countries fell by 36% and sales in companies selling protection business (mostly PPI) fell by 33%.
- Five cross-border companies are actively writing variable annuity products from Ireland. We estimate that sales of these products increased by 15% since 2010. This excludes any reinsurance of variable annuity business written in these companies.
- Average new business in 2011 was €410m per active company, down from €458m in 2010.
- Milliman estimates show 6 companies breaking the €1bn premium income mark in 2011. This compares with 6 companies also reaching the same milestone in 2010 (with 1 one of the 6 being a different company).

The table below shows the estimated gross new business premiums for 2010 and 2011 split by category:

	END 2011 €M	END 2010 €M	CHANGE %
All companies	15,152	16,503	(8%)
Italian	7,393	6,800	9%
Single Territory	4,205	4,161	1%
Multiple Territory	3,310	5,180	(36%)
Protection Business	244	362	(33%)
Variable Annuity	2,041	1,777	15%

Note that the variable annuity category overlaps with business shown in the other categories above.

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