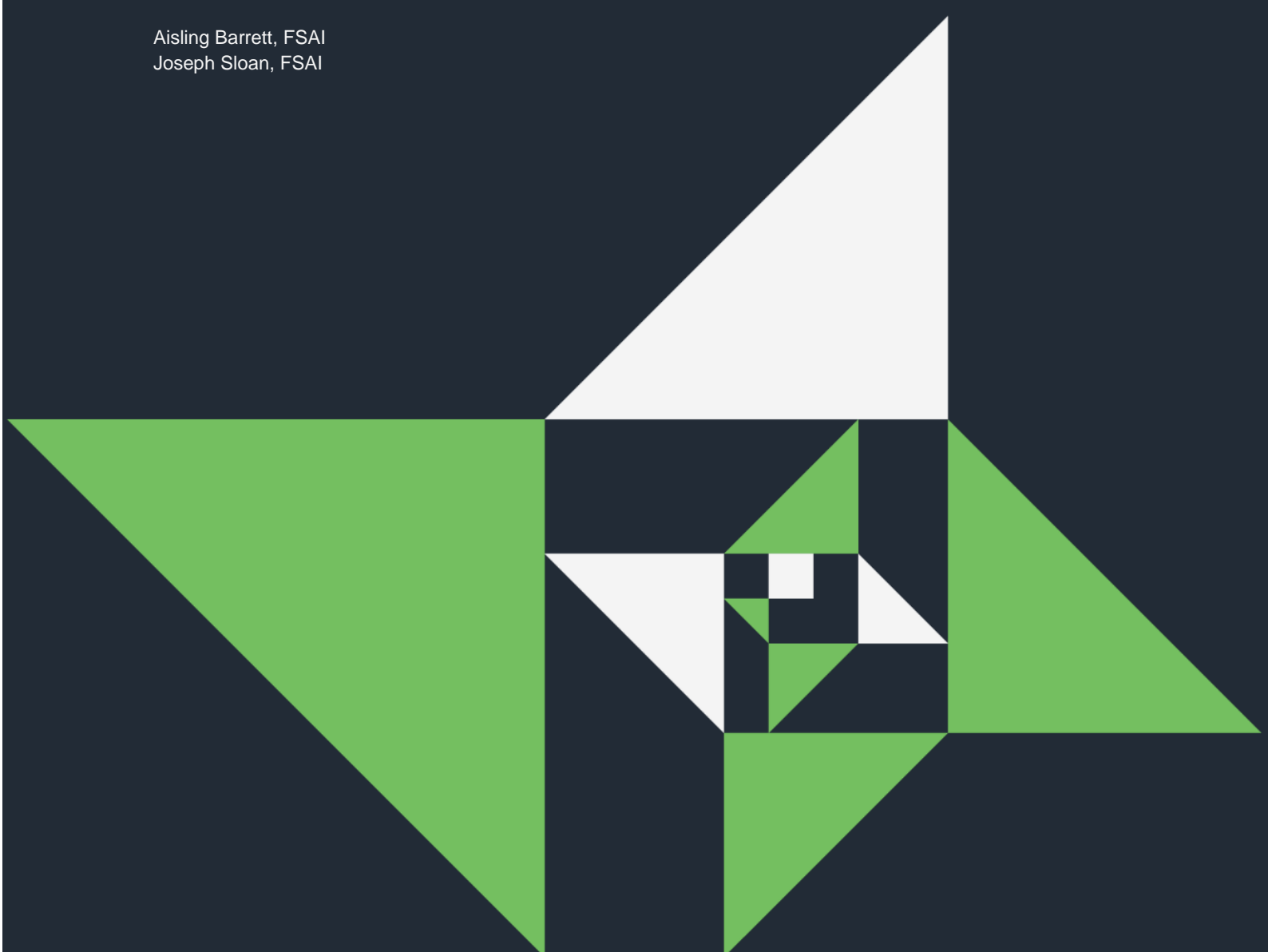


MILLIMAN RESEARCH REPORT

# Analysis of Solvency and Financial Condition Reports (SFCR) for life insurers in Ireland: Year-end 2023

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## Introduction

Under Solvency II, European insurers and reinsurers are required to publish Solvency and Financial Condition Reports (SFCRs). The SFCRs contain a significant amount of information, including details on business performance, risk profile, balance sheet and capital position. Insurers and reinsurers are also required to publish quantitative information in the public Quantitative Reporting Templates (QRTs) included within the SFCRs.

### IRISH MARKET COVERAGE

All SFCRs for Irish insurance companies are available on the website of the Central Bank of Ireland (CBI) for financial year-ends in the 2016 calendar year to financial year-ends in the 2022 calendar year.<sup>1</sup> These reports are not available on the CBI's website for year-ends in 2023 at the date of publication of this briefing note. However, most are available on the website of each life insurance company. We have produced 2023 information using SFCRs that we have sourced for the 35 life insurance companies that were authorised in Ireland as at 31 December 2023. Where SFCRs are produced in other currencies we have used an exchange rate to convert to euro.

The CBI also publishes a report (the CBI report) giving a consolidated view of the publicly available data for insurance firms under Solvency II. This is available for year-ends in 2017 to year-ends in 2022 accompanied by a data repository spreadsheet with detailed QRT information by company. The CBI report is not yet available for year-ends in 2023. (The CBI report was not produced for year-ends in 2016. Where we show 2016 figures, they are based on our own analysis of the SFCRs of a sample of 39 life insurers authorised in Ireland in 2016. We believe this gives close to 100% of Solvency II balance sheets in 2016.)

There were 34 life insurers authorised in Ireland as of 31 December 2022. During 2023, Intesa Sanpaolo Life dac (ISPL) transferred its business to its Italian parent and is therefore not included in the 2023 figures. Saol Assurance dac, a joint venture between Allied Irish Banks plc and Great-West Lifeco, was authorised in February 2023. Phoenix Life Assurance Europe dac was authorised in September 2022 with insurance business transferred from Phoenix Life Limited and ReAssure Life Limited via a portfolio transfer. The transfer of business was effective from 1 January 2023 and is therefore included in our analysis for the first time this year.

In this report, our analysis of the Irish life insurance market includes direct writers only as per the institution type categorisation in the CBI report. We have not included any reinsurers in this analysis. Appendix 1 contains a list of all Irish life insurers included in our analysis in this report.

### UNDERLYING DATA

In carrying out our analysis and producing this research report, we relied on data published by the CBI and the data provided in the SFCRs and QRTs of Irish life insurers as described above. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and did not find material defects in the data. It should be noted that in some cases we have made minor adjustments to the data to correct known inconsistencies among QRTs in order to better inform our analysis. We have also estimated the country split of premiums for a limited number of companies where this data was not provided in the SFCR. However, we have not made any material changes to the underlying data.

This research report is intended solely for educational purposes and presents information of a general nature. This report is not intended to guide or determine any specific individual situation, and persons should consult qualified professionals before taking specific actions.

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<sup>1</sup> CBI. Solvency and Financial Condition Reports (SFCRs). Retrieved 22 June 2024 from <https://www.centralbank.ie/regulation/industry-market-sectors/insurance-reinsurance/solvency-ii/solvency-and-financial-condition-report-repository>.

# Analysis of Irish life insurers

## Analysis of premiums

The total volume of gross premiums written has increased slightly to €41.6 billion for financial year-ends in the 2023 calendar year. It had decreased significantly to €40.6 billion in 2022, down from €48.1 billion the previous year.

### GROSS WRITTEN PREMIUMS

for life insurance have  
**increased slightly**  
 over the year



The 10 Irish life insurers with the highest total written premiums (gross of reinsurance) in 2023 are shown in the table in Figure 1, along with a comparison to previous years. These figures are provided in the QRT S.05.01, where gross written premiums are defined as all amounts due during the financial year. Therefore, it represents all premium income during the year (not just new business premiums), including recurring premiums on regular premium business.

FIGURE 1: TOP 10 GROSS WRITTEN PREMIUMS

Total Gross Written Premiums (€ millions)	2023	2022	2021
<b>Irish Life Assurance</b>	9,074 (+28%)	7,103 (+1%)	7,005 (+13%)
<b>Zurich Life Assurance</b>	5,358 (+19%)	4,490 (+2%)	4,394 (+35%)
<b>New Ireland Assurance Company</b>	3,959 (+31%)	3,028 (+14%)	2,668 (+16%)
<b>Darta Saving Life Assurance</b>	3,278 (+1%)	3,244 (-37%)	5,166 (+41%)
<b>Standard Life International</b>	2,841 (+6%)	2,678 (-12%)	3,059 (+38%)
<b>Utmost PanEurope</b>	2,554 (+11%)	2,291 (+18%)	1,948 (+57%)
<b>Aviva Life &amp; Pensions Ireland</b>	1,923 (+10%)	1,746 (+3%)	1,689 (+3%)
<b>MetLife Europe</b>	1,512 (+6%)	1,431 (+4%)	1,373 (+12%)
<b>Azimut Life</b>	1,283 (+22%)	1,048 (-7%)	1,127 (+69%)
<b>Prudential International Assurance</b>	1,124 (+7%)	1,052 (+29%)	816 (+7%)

The top 10 companies shown represent 79% of the total gross written premium in 2023. As can be seen, there has been strong premium growth in 2023 compared with 2022, especially evident among the top three companies who all operate in the domestic market. There has been some change in the top 10 companies compared to the previous year, with ISPL notably dropping off the list (2022 premiums: €2,850 million). SEB Life International has also dropped out of the top 10 this year. Azimut Life and Prudential International Assurance are new additions to the top 10 in 2023.

## DOMESTIC BUSINESS

Within the Irish insurance industry, a significant number of companies are selling cross-border life insurance, generally into the EU on a Freedom of Services or Freedom of Establishment basis. Of the €41.6 billion gross written premiums in 2023, we estimate €22.2 billion (c. 53%) was written in the “home country” (i.e., Ireland) compared to an estimate of €17.6 billion (c. 44%) in 2022. This represents a 26% increase in domestic gross written premiums in 2023.

The five Irish life insurers with the highest gross written premiums in the domestic Irish market in 2023 are shown in the table in Figure 2 along with a comparison to previous years.

FIGURE 2: TOP FIVE GROSS WRITTEN PREMIUMS IN HOME COUNTRY

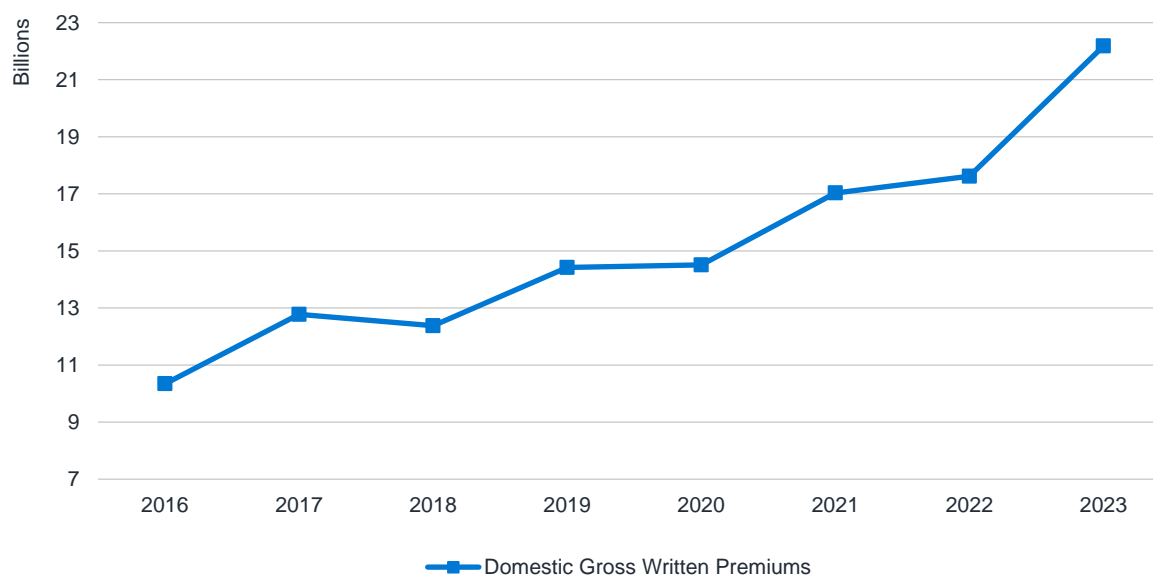
IRELAND GROSS WRITTEN PREMIUMS (€ MILLIONS)	2023	2022	2021	2020	2019	2018
Irish Life Assurance	9,074	7,103	7,005	6,205	6,665	6,132
Zurich Life Assurance	5,303	4,426	4,315	3,158	3,289	3,087
New Ireland Assurance Company	3,959	3,028	2,668	2,301	2,108	2,175
Aviva Life & Pensions Ireland	1,862	1,621	1,689	1,557	1,341	634 <sup>2</sup>
Standard Life International	1,066	838	872	689	492	0 <sup>3</sup>

Note that the figures shown in Figure 1 above for these companies may differ where the company writes business outside Ireland. Standard Life International is the only insurer in Figure 2 with any material premiums written in countries other than Ireland (in Germany and the UK in particular, with some in Austria).

Aviva Life & Pensions Ireland has some premiums in Germany, Belgium, Iceland, Sweden, Italy and France, and Zurich Life Assurance has some premiums in Germany, Sweden and Spain.

Figure 3 shows Irish gross written premiums for domestic life insurers since 2016.

FIGURE 3: GROSS WRITTEN PREMIUMS IN IRELAND



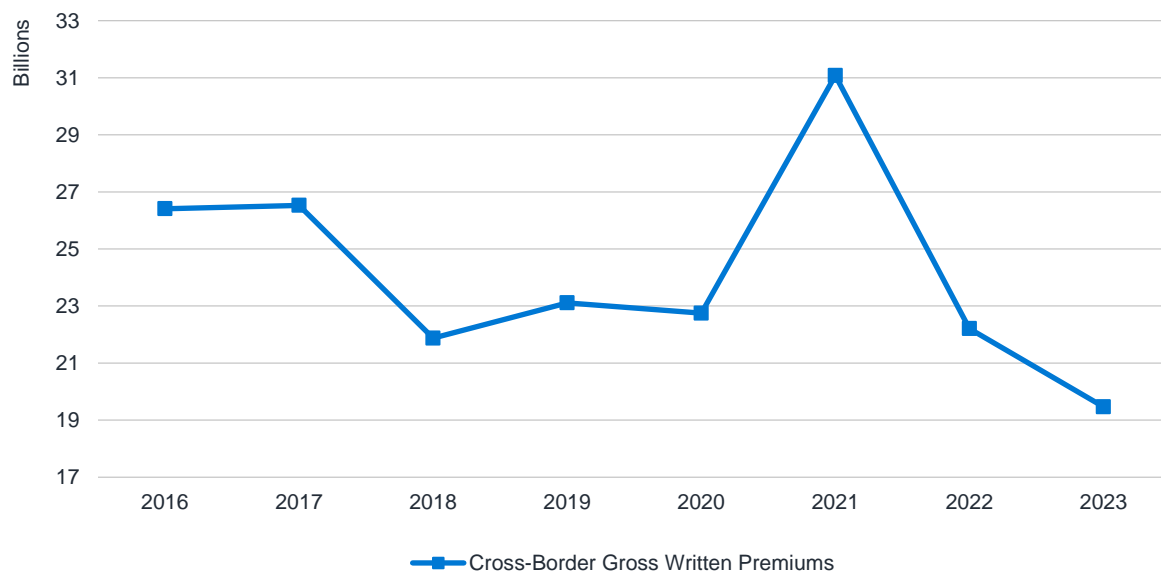
<sup>2</sup> Aviva Life & Pensions Ireland completed the acquisition of Friends First in 2018 but the merger of their balance sheets did not take place until 2019. Due to this acquisition, the 2019 figure shows a substantial increase in Aviva Life & Pensions Ireland’s premiums as the balance sheets have now been amalgamated.

<sup>3</sup> Prior to 2019, Standard Life Assurance wrote business in Ireland via a branch. Standard Life completed the transfer of its Irish branch business to an existing Irish subsidiary, Standard Life International, in 2019 and any new domestic business is now written through this subsidiary.

## CROSS-BORDER BUSINESS

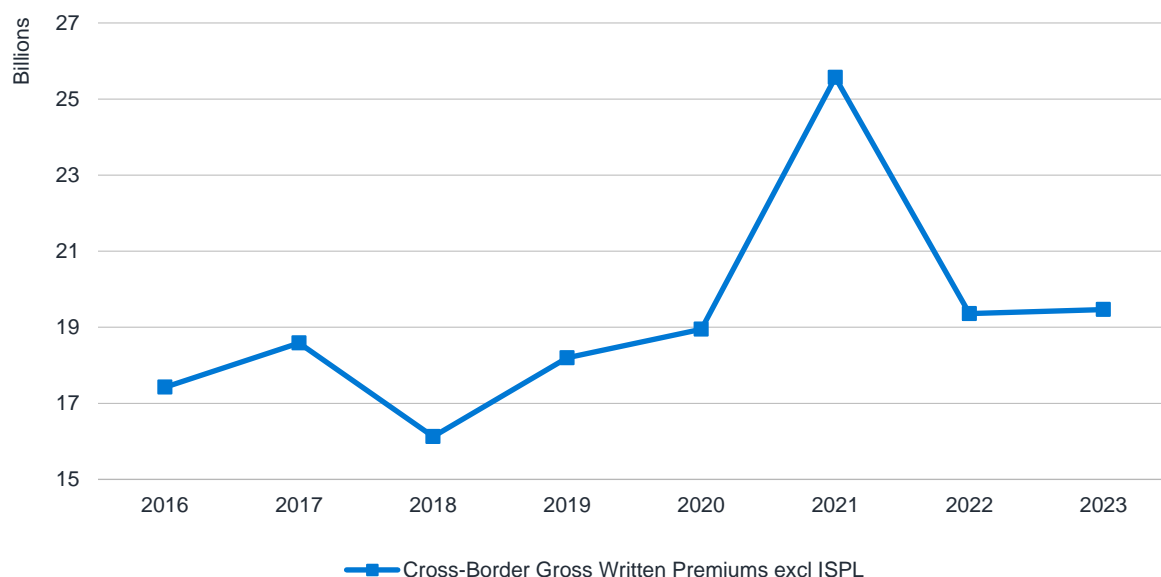
Of the €41.6 billion gross written premiums in 2023, we estimate €19.5 billion (c. 47%) was written 'cross-border' (i.e., outside Ireland) compared to an estimate of €23.0 billion (c. 57%) in 2022. This represents a 15% decrease in cross-border gross written premiums in 2023. Figure 4 shows gross written premiums for cross-border life insurers since 2016.

FIGURE 4: GROSS WRITTEN PREMIUMS CROSS-BORDER



This shows a significant fall in cross-border gross written premiums in 2022 and 2023. A significant factor is the departure of ISPL from Ireland in 2023. If we remove the ISPL gross written premiums from historic cross-border premiums, the chart would be as shown below.

FIGURE 5: GROSS WRITTEN PREMIUMS CROSS-BORDER EXCLUDING ISPL

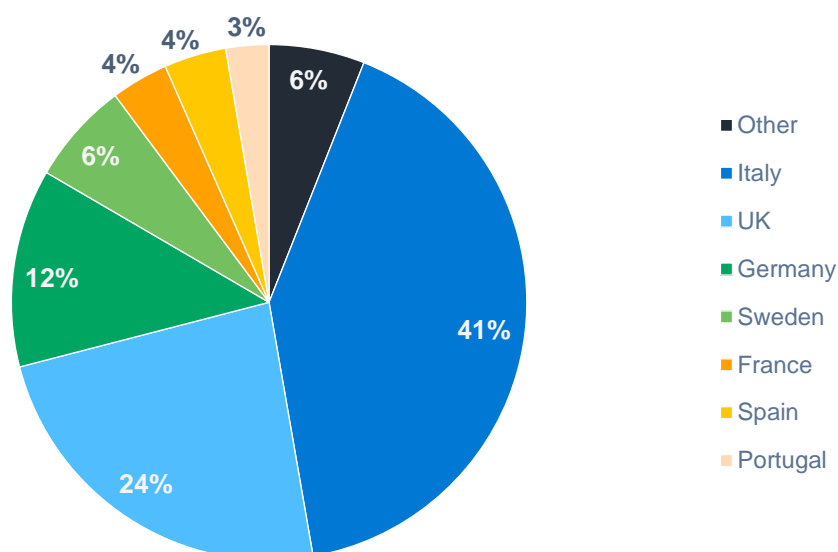


Excluding ISPL, there seems to be a slightly increasing trend in cross-border gross written premiums (with a significant bounce in 2021).

Insurers show a split of gross written premiums between their top five countries in the QRT S.04.05.21.<sup>4</sup> The total top five countries shown by cross-border life insurance companies at year-end 2023 account for €18.7 billion of our estimated €19.5 billion cross-border life insurance business from Ireland. This leaves €0.8 billion sold into countries which are not included in companies' top five markets.

The split by country of Irish life insurers' top five countries, excluding Ireland, in the QRT S.04.05.21 in 2023 is shown in Figure 6 (excluding several countries with 1% or less). A small number of companies did not provide this information in their SFCR—we estimated the country split of premiums based on the previous year. These estimations are not material and do not significantly impact our overall analysis.

**FIGURE 6: 2023 PROPORTION OF IRISH LIFE INSURERS' TOP FIVE CROSS-BORDER GROSS WRITTEN PREMIUMS BY COUNTRY**



As can be seen, cross-border business is dominated by Italy and the UK. The main Irish players in each country are set out in the tables in Figures 7 and 8, respectively. Of the two next-largest markets, business written in Germany is mostly from Canada Life Assurance Europe and Standard Life International, while business written in Sweden is almost entirely from Seb Life International.

Italy accounted for 41% of cross-border gross written premiums in 2023. This is down 8% from 2022, driven by the exit of ISPL (there would be no change from last year if ISPL was excluded). The five Irish life insurers with the highest written premiums (gross of reinsurance) in Italy in 2023 are shown in Figure 7, along with a comparison to previous years.

<sup>4</sup> The 'top 5' countries by gross premiums is now reported in S.04.05.21—previously this was reported in S.05.02.01.

FIGURE 7: TOP FIVE GROSS WRITTEN PREMIUMS IN ITALY

ITALY GROSS WRITTEN PREMIUMS (€ MILLIONS)	2023	2022	2021	2020	2019	2018
Darta Saving Life Assurance	3,277	3,244	5,166	3,667	2,981	2,304
Azimut Life	1,283	1,048	1,126	666	679	631
AXA MPS Financial	759	962	1,732	1,308	1,529	1,353
BBPM Life dac <sup>5</sup>	635	503	330	202	785	67
Utmost PanEurope	516	591	661	412	420	649

Overall total gross written premiums in Italy from Ireland in 2023 were €7.7 billion, a significant fall from the 2022 figure of €10.8 billion. The decrease is largely driven by the exit of ISPL, whose business was transferred to its parent during 2023. Utmost PanEurope and BBPM Life are new entrants to the Italian top 5 in 2023.

Of the top five life insurance companies writing business in Italy, only Utmost PanEurope has any material gross written premiums in countries other than Italy, as shown in the QRT S.04.05.21. The companies writing significant business volumes in Italy therefore tend to have a single country focus.

The UK is the second-most popular market for gross written premiums. The five Irish life insurers with the highest written premiums (gross of reinsurance) in the UK in 2023 are shown in Figure 8.

FIGURE 8: TOP FIVE GROSS WRITTEN PREMIUMS IN UK

UK GROSS WRITTEN PREMIUMS (€ MILLIONS)	2023	2022	2021	2020	2019	2018
Canada Life International Assurance (Ireland)	919	975	664	521	1,037	834
St James's Place International	909	897	1,031	628	712	646
Standard Life International	789	816	928	556	570	694
Utmost PanEurope	660	884	798	456	221	112
Prudential International Assurance	651	552	446	431	832	778

Where SFCRs are produced in other currencies, we have used an exchange rate at 31 December 2023 to convert to euro. Overall total gross written premiums in the UK from Ireland in 2023 were €4.4 billion, compared to the 2022 figure of €4.7 billion.

Of the top five life insurance companies writing business in the UK, all bar Canada Life International Assurance have gross written premiums in countries other than the UK, as shown in the QRT S.04.05.21.

<sup>5</sup> Formerly Vera Financial dac.

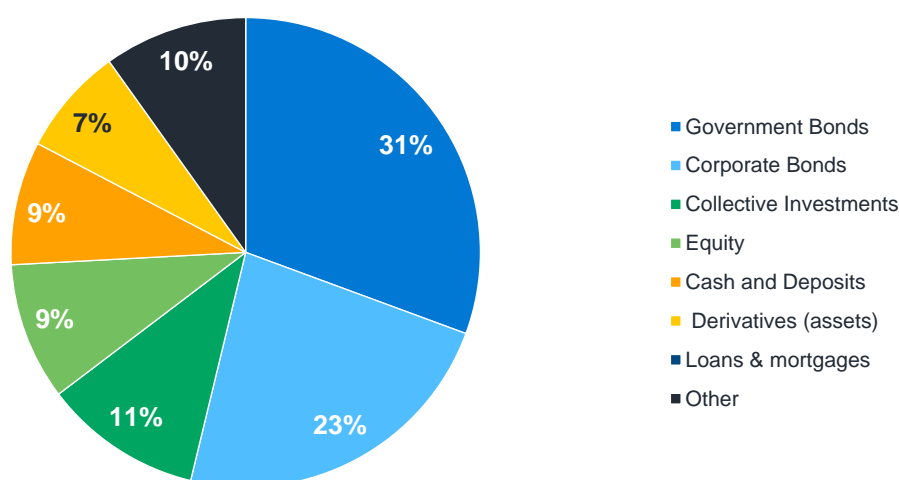


## Analysis of investments

We estimate total balance sheet assets at financial year-ends in 2023 of €342 billion (in 2022, €344 billion). Most of the Irish life insurance companies' balance sheet assets are assets held for index-linked and unit-linked contracts. We estimate unit-linked assets at year-end 2023 to have been €271 billion (in 2022, €275 billion).

Most of the remaining assets relate to €33 billion in financial investments (in 2022, €33 billion) and €33 billion in reinsurance recoverables (in 2022, €31 billion). Figure 9 provides a detailed breakdown of the €33 billion in financial investments, which has remained largely consistent with last year's allocation.

**FIGURE 9: SPLIT OF FINANCIAL INVESTMENTS BY ASSET CLASS (EXCLUDING ASSETS HELD FOR INDEX-LINKED AND UNIT-LINKED CONTRACTS)**



## GOVERNMENT AND CORPORATE BONDS

account for **31% AND 23%**  
of financial investments, respectively

The majority of Irish life insurers are heavily invested in bonds, with 31% of total investments in government bonds and 23% of investments in corporate bonds. The remainder of investments are split as shown in the table in Figure 10.

**FIGURE 10: SPLIT OF FINANCIAL INVESTMENTS BY ASSET CLASS (EXCLUDING ASSETS HELD FOR INDEX-LINKED AND UNIT-LINKED CONTRACTS)**

	2023	2022	2021
<b>Government Bonds</b>	31%	31%	36%
<b>Corporate Bonds</b>	23%	22%	23%
<b>Collective Investments</b>	11%	10%	12%
<b>Equity</b>	9%	10%	9%
<b>Cash and Deposits</b>	9%	10%	8%
<b>Derivatives (assets only)</b>	7%	11%	7%
<b>Other</b>	10%	7%	6%

# Analysis of solvency coverage

## SOLVENCY COVERAGE RATIOS

The aggregate solvency coverage ratio for Irish life insurers was 167% for financial year-ends in 2023 (in 2022, 188%). This is calculated as total eligible own funds divided by solvency capital requirement (SCR) for all entities included in our analysis, based on the figures reported in SFCRs. Solvency coverage is significantly in excess of the required 100% coverage level, indicating that, in aggregate, Irish life insurers were in a healthy solvency position at year-end 2023.

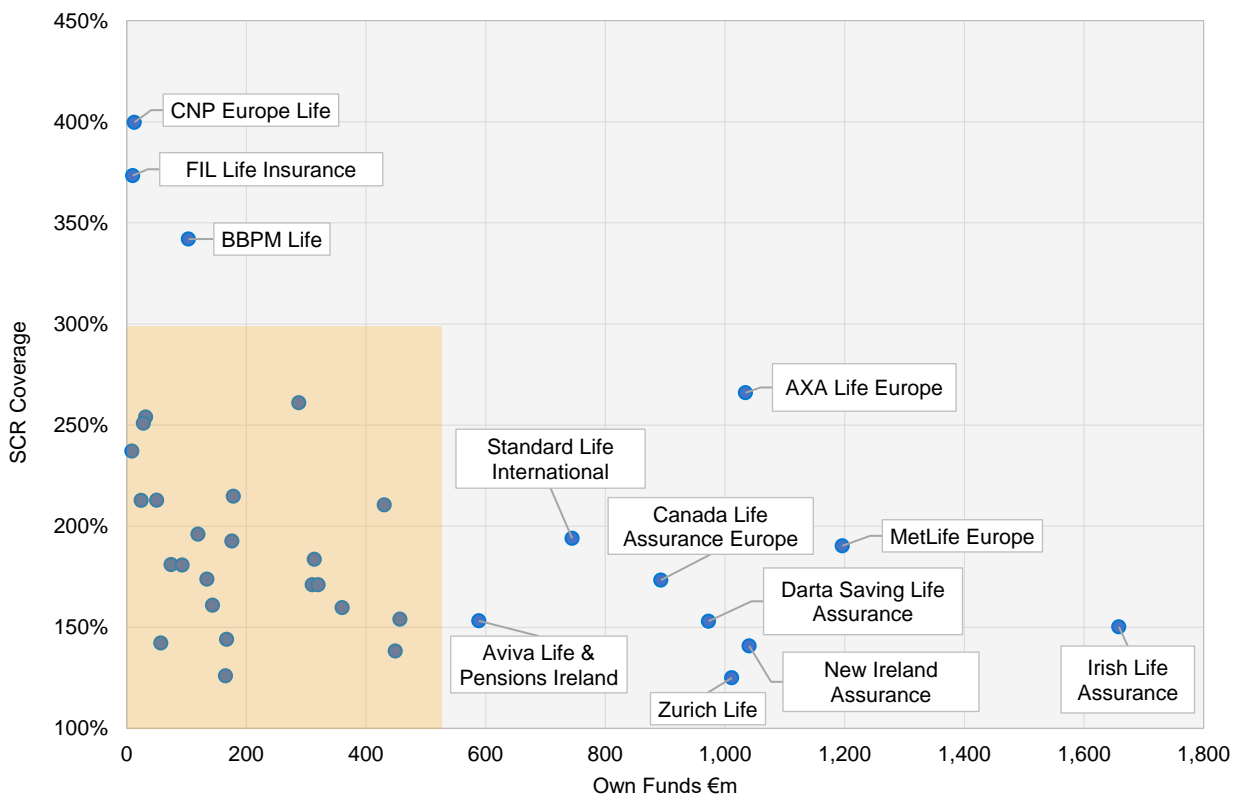
The solvency coverage ratio  
**DECREASED** from  
**188% to 167%**  
 at year-end 2023



The exit of ISPL is again a factor here as its solvency coverage ratio at year-end 2022 was quite high at 299%. In addition many companies have reported a decrease in solvency coverage at year-end 2023, with only 9 out of 35 reporting a positive movement. The decrease from 188% to 167% for the overall sector is mainly attributed to decreases in solvency coverage ratios for some of the larger entities, in particular Irish Life Assurance, New Ireland Assurance, AXA Life Europe dac (ALE), Darta Saving Life Assurance and Standard Life International dac (SLIL). Many companies noted an increase in the SCR due to new business sales, strong market performance and a decrease in interest rates over the year which has had an adverse impact on the solvency coverage ratio.

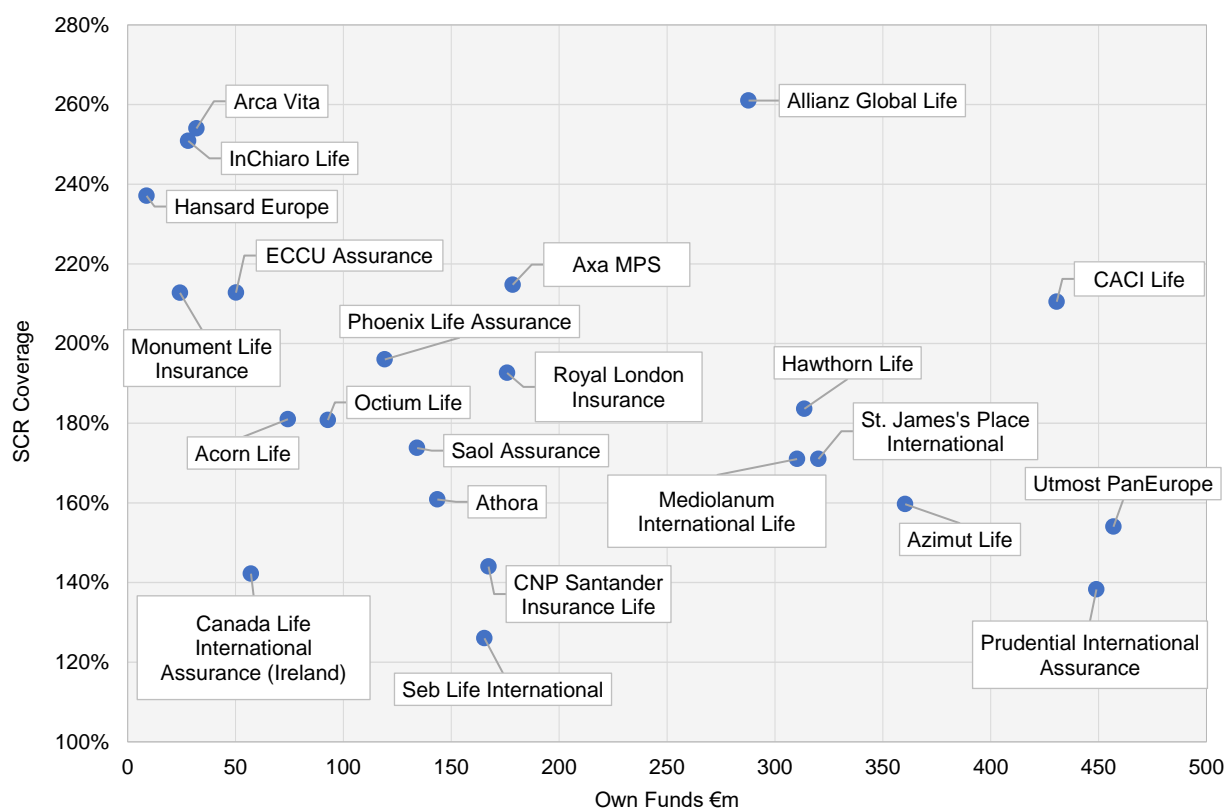
Figure 11 shows the individual solvency coverage ratios by company for Irish life insurers at year-end 2023. The horizontal axis shows the corresponding own funds by company.

FIGURE 11: 2023 DISTRIBUTION OF SOLVENCY COVERAGE RATIOS



Magnifying the lower-left quadrant makes the remaining cluster of companies clearer, as shown in the chart in Figure 12.

**FIGURE 12: 2023 DISTRIBUTION OF SOLVENCY COVERAGE RATIOS, LOWER-LEFT QUADRANT ONLY**



Smaller firms tend to have higher solvency coverage ratios. In contrast, larger firms typically have lower solvency ratios. Of the 25 life insurers with own funds in excess of €100 million at financial year-ends in 2023, 17 had solvency coverage ratios in the range of 150% to 250%. Three had solvency coverage ratios greater than 250% (Allianz Global Life, AXA Life Europe and BBPM Life, shown in Figure 11), and five were less than 150% (with the lowest being Zurich Life at 125%, shown in Figure 11).

### SCR: INTERNAL MODEL COMPANIES

There is no change in the use of internal models for Irish life insurers from last year. Three Irish life insurers used full internal models: Allianz Global Life dac, AXA Life Europe dac and AXA MPS Financial dac. Standard Life International is using a partial internal model to calculate the counterparty default risk and operational risk modules of the SCR.

## Long-term guarantee and transitional measures

A number of measures are available to insurers both in terms of transitioning to the Solvency II regime and in terms of allowing for the impact of long-term guarantees. The measures include the use of the volatility adjustment or the matching adjustment (long-term guarantee measures), transitional measures on technical provisions or the risk-free interest rate term structure and transitional measures relating to the SCR.

The following seven Irish life insurers were using the volatility adjustment as at year-end 2023 (unchanged from last year):

- Athora Ireland plc
- Aviva Life & Pensions Ireland dac
- Irish Life Assurance plc
- MetLife Europe dac
- Monument Life Insurance dac
- New Ireland Assurance Company plc
- Standard Life International

No Irish life insurer is using the matching adjustment or the other transitional measures.

## Summary

In summary, the key points noted in our analysis of Irish life insurers' SFCRs are:

- Overall, premiums in 2023 remain stable compared to 2022. However, domestic life insurers have seen a substantial increase in premiums, while those for cross-border companies have declined. This change has been significantly impacted by the exit of ISPL.
- Total balance sheet assets are broadly consistent with previous years.
- There has been a relatively material reduction in solvency coverage ratios for the many life insurers, again driven by the exit of ISPL.
- There continues to be limited use of internal models and moderate use of the volatility adjustment.

## Appendix 1: Life insurers included in the analysis

The following table sets out the 35 life insurers based in Ireland included in our year-end 2023 analysis.

- Acorn Life dac
- Allianz Global Life dac
- Arca Vita International dac
- Athora Ireland Plc
- Aviva Life & Pensions Ireland
- AXA Life Europe dac
- AXA MPS Financial dac
- Azimut Life dac
- BBPM Life dac
- CACI Life dac
- Canada Life Assurance Europe PLC
- Canada Life International Assurance (Ireland) dac
- CNP Europe Life dac
- CNP Santander Insurance Life dac
- Darta Saving Life Assurance dac
- ECCU Assurance dac
- FIL Life Insurance (Ireland) dac
- Hansard Europe dac
- Hawthorn Life dac
- InChiaro Life dac
- Irish Life Assurance plc
- Mediolanum International Life dac
- MetLife Europe dac
- Monument Life Insurance dac
- New Ireland Assurance Company plc
- Octium Life dac
- Phoenix Life Assurance Europe dac
- Prudential International Assurance plc
- Royal London Insurance dac
- Saol Assurance Designated Activity Company
- Seb Life International Assurance Company dac
- Standard Life International dac
- St James's Place International plc
- Utmost PanEurope dac
- Zurich Life Assurance plc



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