

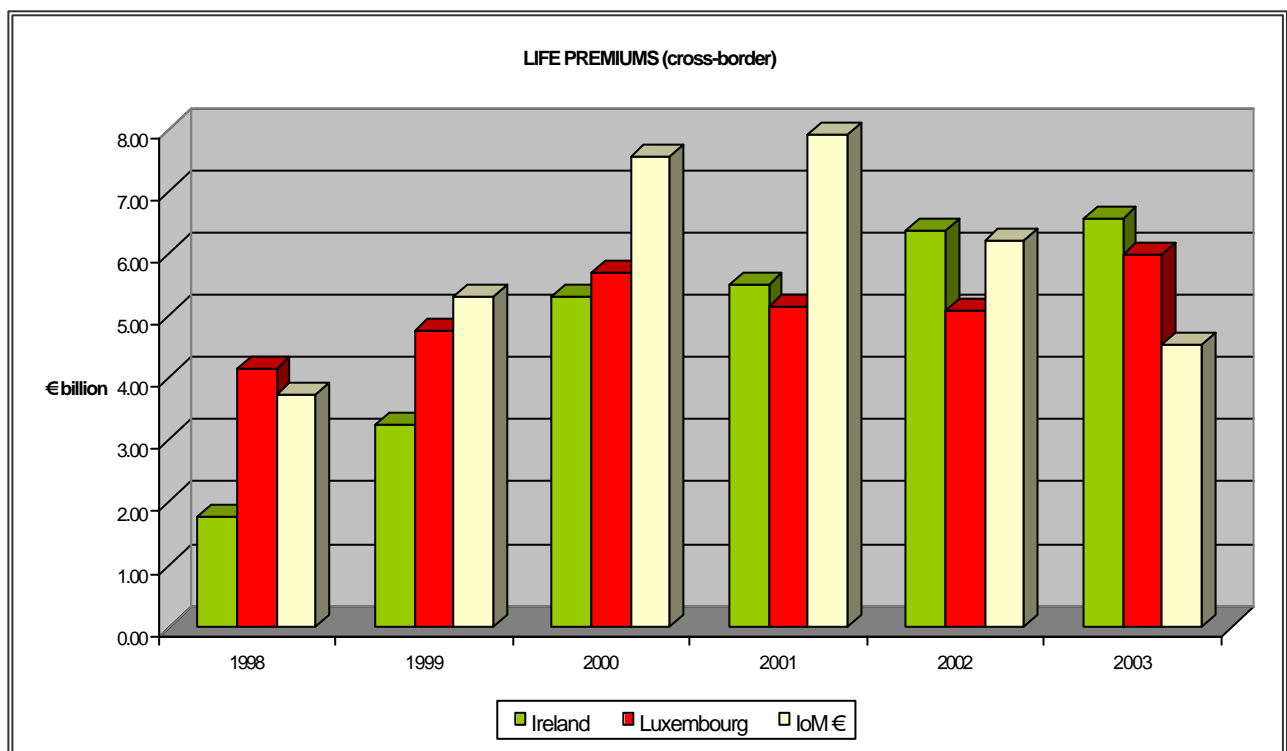


Isle of Man Drops to Third Place for Cross Border Life Assurance Business while Ireland strengthens number one position

In the annual analysis performed by offshore actuaries Boal & Co, Isle of Man has dropped to third place for cross border life assurance business, whilst Ireland has strengthened its position as the number one location.

Duncan Robertson, a Director and Actuary in Boal & Co's Irish office said "our analysis highlights the significant decrease in premium income being written in the Isle of Man both in absolute terms and relative to Ireland and Luxembourg." Boal & Co's analysis has been produced following the recent publication of the Irish Financial Services Regulatory Authority's Insurance Review 2003 – formerly known as the "Blue Book".

The graph below was produced by Boal & Co as part of their analysis.



Source: The above figures are based on the commonly published figures reported by regulators in the three jurisdictions which means that it is limited, for now, to total premium income, a measure which adds new business premiums and renewal premiums, with no differentiation between single premium and regular premium amounts.

Robertson went on to add that "the analysis shows that in 2003 the winners were Ireland and Luxembourg. Ireland remained number one, increasing its premium income and increased the margin by which its premium income exceed the location in 2nd place. However the 2nd place location has changed, with Luxembourg demonstrating a significant 18% growth in premium income in 2003."



“Ireland’s growth in premium income in 2003 will have come as a surprise to many who had expected a decrease in premium volume over the year. These concerns were fuelled by both the impact of Italian tax uncertainty on the business Ireland’s Italian companies, including two of Ireland’s largest cross border providers, San Paolo and Montepaschi Life and the closure to new business of a third major insurer, Scottish Mutual International. However 2003 can be viewed as the year in which Ireland started to diversify away from its reliance on business from one or two sources. In particular the increasing business being written by Pan European writers is to be welcomed. Therefore against a difficult backdrop a growth in premium income of 3% and maintenance of its number one position should be viewed as a good result, and with Italian tax uncertainty now resolved and half year results announced, 2004 looks likely to be an improved year.

“Lack of diversification appears to have been the Isle of Man’s key problem, with business being generated by a relatively small number of insurers. This has left the Isle of Man exposed to problems that have been experience by a couple of its main insurance companies such as CMI’s heavy reliance on increasingly capital intense with profits business. This has seen premium income in the Isle of Man decreasing by 27% in 2003 following a 22% decrease in 2002. However there appears to be a sense in the Isle of Man that the worst is now over with the optimistic outlooks being reported from companies such as Royal Skandia, Canada Life International and Friends Provident International amongst others. It is likely therefore that 2004 will be a year in which premium income will stabilise albeit that dramatic growth might not be achieved.

“Luxembourg meanwhile has shown the largest increase in premium income over the year. The majority of this increase can be attributed to a €0.5bn increase in business being written in Belgium, with significant increases in business also being seen in Germany and Italy. The outlook for 2004 should also be positive for Luxembourg with Lombard International, recently acquired by Friends Provident, posting healthy mid year increases in new business.

“The big questions for 2004 will be whether Luxembourg can replace Ireland as number one and whether Isle of Man can halt its downward spiral. Having visited and talked to the leading Irish insurers my expectations are that 2004 will actually be a very good year for Ireland and therefore it might be a challenge too far for Luxembourg to take the number one slot. And for the Isle of Man I think that the worst is over and that there will be a halt to the two years of decreasing premium income, however don’t expect it to bounce back into 1st place just yet.”

Duncan Robertson
Boal & Co

Dublin, 4th November 2004