

Breakfast Briefing

11 JUNE 2025

Agenda

- 9:00 – Introduction
- 9:05 – Regulatory Update – Mike Claffey
- 9:15 – Solvency II Review Update – Aisling Barrett
- 9:35 – Insurance Market Update – Joseph Sloan
- 9:55 – Q&A

Regulatory Update

How People View Regulation

Do you start from the rules, or absorb regulatory requirements into your job?

Regulation as information

“Researcher” topics

- *Solvency II Review (it’s a directive)*
- *Insurance Recovery and Resolution Directive*
- *Any CBI publications on “strategy” and “the future”*
- *Consultations*

Regulation as an experience

“Explorer” topics

- *SEAR / IAF*
- *DORA*
- *CBI day-to-day supervision (thematic reviews, PRISM meetings, talking to peers)*

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Central Bank Outlines a New Approach to Supervision

CBI Transforming Regulation and Supervision

- In February, the CBI published a document outlining a new approach to supervision.
- Triggers are both internal (e.g. merging consumer directorate into insurance supervision) and external (e.g. S2R introducing “Small and non-complex undertaking”)
- Your category sets (1) how the CBI interacts with you (and vice-versa), (2) some regulatory requirements (proportionality measures), and (3) your regulatory fee/levy.
- Here’s what we think is not changing (in the short term):
 - Individual firms will continue to have their prudential impact calculated (PRISM-rating), where relevant, and should continue to adhere to all relevant requirements based on their impact categorisation.
 - Over the course of 2025, the Central Bank will be progressing a strategic review of the levy approach, which will consider any changes necessary for the future.



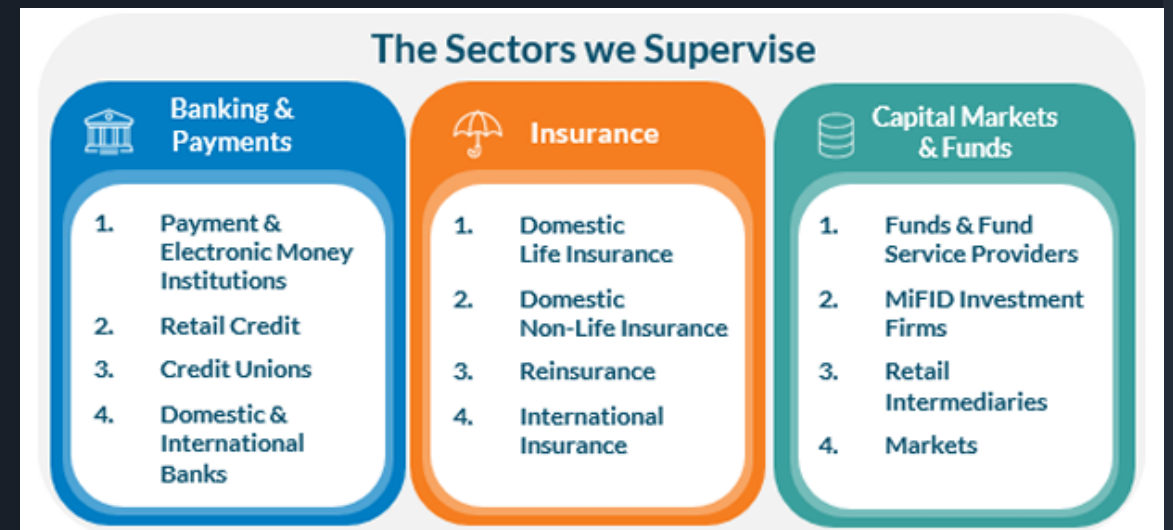
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Central Bank Outlines a New Approach to Supervision

CBI Transforming Regulation and Supervision

Here's what we think is changing:

- “Each sector is supervised in an integrated, holistic way with a multi-year supervisory strategy”
- There will be “significant firms”, and “others”. There might also be “very significant firms”
- “Significant firms” will receive direct supervision with a dedicated CBI supervision team, and “close supervisory engagement”
- Less significant firms will be subject to increasing sectoral and cross-sectoral thematic engagements.
- We note the CBI seems to have 4 groupings within the Insurance Sector.



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Two Other CBI Updates

Consultation on the revision to the CBI's Fitness & Probity Regime

- The consultation addresses recommendations for increased clarity and transparency of supervisory expectation in relation to their F&P standards and includes a review of the list of pre-approved control functions.
- The consultation will remain open until 10 July 2025.

Requirement for External Audit of Solvency II Regulatory Returns / Public Disclosures

- CBI issued an update with regards to the Requirement for External Audit of Solvency II Regulatory Returns / Public Disclosures.
- The main change sees captive insurers removed from the scope of external SII audit along with some other minor changes. These amendments apply with effect for the financial years ending on or after 30 April 2025.

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EIOPA Update

Solvency II Review Consultations

On 3rd April EIOPA launched 3 consultations related to the Solvency II review.

These will remain open until 26th June.



1. Consultation on Guidelines on exclusions from scope of group supervision

- The first consultation discusses proposed guidelines for excluding certain undertakings from the scope of Group Supervision.
- It outlines conditions under which such exclusions might be justified, focusing on exceptional circumstances that would not trigger group supervision.

2. Consultation on revised Guidelines on the treatment of related undertakings

- The second consultation discusses proposed revised guidelines for the treatment of related undertakings excluding certain undertakings, including participations.
- Broadly, the amendments aim to simplify and shorten the current guidelines and improve readability.
- The revisions to these guidelines are not intended to reduce supervisory expectations.

3. Consultation on revised Opinion on Dynamic Volatility Adjustment

- The third consultation relates to the supervisory assessment of internal models, including the use of dynamic volatility adjustment within them.
- While the prudence principle previously guided supervisory expectations in this area, it has now been formalised and made more explicit
- The changes introduced in this revised Opinion aim to align it with the Solvency II directive amendments. The changes do not have a material impact on the regulatory requirements already in force.

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EIOPA Update

IRRD Consultations

In April, EIOPA launched the first set (6 topics) of consultation in preparation for the EU's insurance recovery and resolution framework

The IRRD, which is set to become operational in January 2027, introduces both a recovery and a resolution framework for (re)insurers in Europe.



1. Content of pre-emptive recovery plans (28 pages)

RTS prescribing the content of the pre-emptive recovery plans. It's not a short list.

2. Pre-emptive recovery plan criteria and methods to determine market shares (30 pages)

Six criteria for the identification of undertakings which should establish pre-emptive recovery plans. Supervisors shall use these criteria or combination of these to identify the undertakings in scope.

3. Content of resolution plans (23 pages)

Draft RTS that specifies the minimum elements that have to be included in the resolution plans (created by Supervisors). The specification seems to need information from individual undertakings.

4. Identification of critical functions (26 pages)

Criteria for the identification of critical functions, the disruption of which could have a severe impact on policyholders, beneficiaries and the broader economy, including financial stability. (Re)insurers identified by resolution authorities as performing critical functions have to draw up resolution plans.

5. Assessment of resolvability (33 pages)

Draft Guidelines to specify the criteria for the assessment of the resolvability of undertakings or groups, including the feasibility and credibility of their resolution strategy.

6. Addressing impediments to resolvability (25 pages)

Proposed impediments and the proposed treatments.

Solvency II Review

Latest Update

Aisling Barrett

11 June 2025

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Legislation

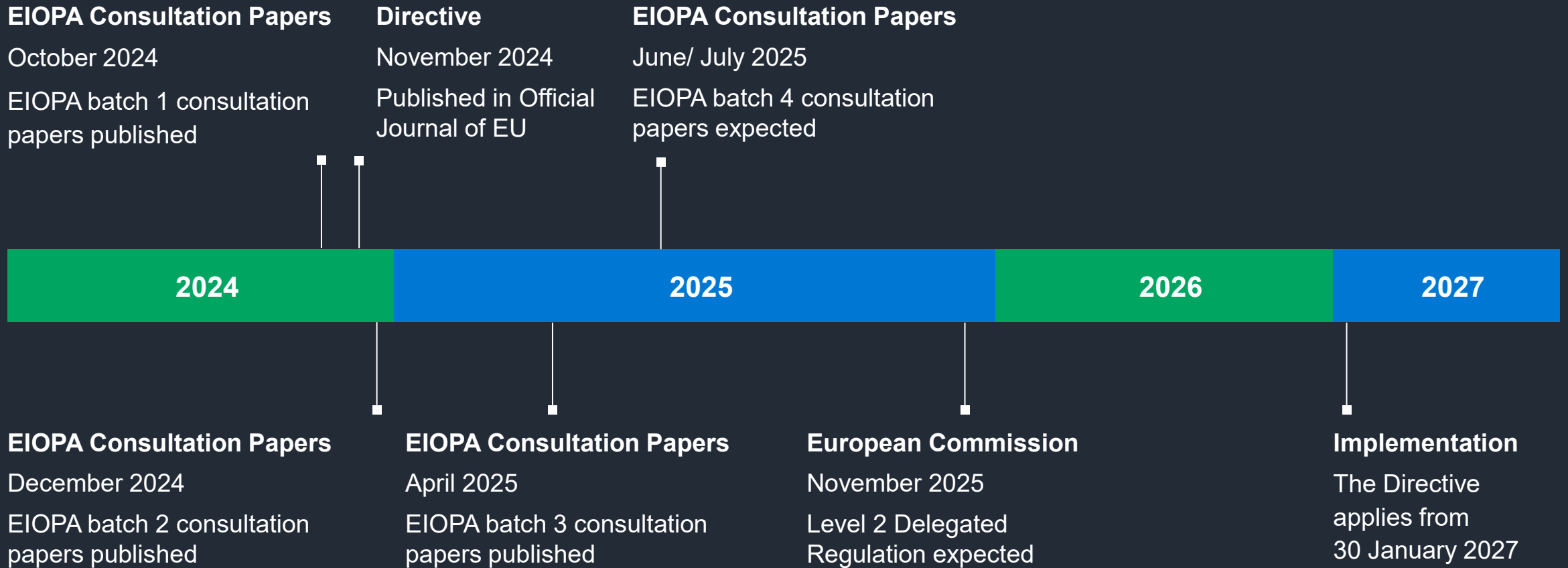


Level	Description	Purpose	Responsibility of
1	Directive	Sets out overall framework	European Council and European Parliament
2	Delegated Regulation	Supplement the Directive (with further details)	European Commission (with advice from EIOPA) European Council and European Parliament scrutinise and have the right to object.
2.5	Technical Standards	Conditions of application of Delegated Regulation	European Commission (Drafted by EIOPA)
3	Guidelines	EU-wide regulatory guidelines to ensure consistency	EIOPA

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Timeline

What's next?



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Areas Impacted

Original EIOPA consultation

<p>LTG measures ✓</p> <ul style="list-style-type: none"> ▪ Extrapolation ▪ Volatility adjustment ▪ Matching adjustment 	<p>Technical Provisions ✓</p> <ul style="list-style-type: none"> ▪ Risk margin ▪ Expenses in BEL ▪ Contract boundaries ▪ EPIFP 	<p>SCR ✓</p> <ul style="list-style-type: none"> ▪ Interest rate risk ▪ Correlations ▪ Symmetric adjustment ▪ Eligibility for LT equities 	<p>Proportionality ✓</p> <ul style="list-style-type: none"> ▪ Thresholds ▪ Low risk profile undertakings ▪ Proportionality Measures
<p>Pillar 2 ✓</p> <ul style="list-style-type: none"> ▪ Macroprudential considerations ▪ Liquidity risk ▪ Sustainability ▪ Systemic Risk Management Plans ✗ 	<p>Pillar 3 ✓</p> <ul style="list-style-type: none"> ▪ SFCR ▪ QRTs 	<p>Recovery & Resolution plans ✓</p>	<p>Insurance Guarantee Schemes ?</p>

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Capital Relief Expected

Figures in €

	EIOPA 2019	EIOPA 2020	Commission ~2021	Parliament ~2022	S&P 2024
Extrapolation	-34bn	-61bn			-
Interest rate risk	-21bn	-20bn			-
Risk margin	+16bn	+18bn			+43bn
Vol Adj	+16bn	+13bn			+16bn
Correlations	+5bn	+5bn			+6bn
LTE criteria					+15bn
Total	-18bn	-45bn	+30bn	+100bn	+80bn

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Small & Non-Complex Undertakings (SNCU)

Proportionality measures

Criteria:

- ✓ GWP in other member states < 10% or < €20m
- ✓ Reinsurance accepted < 50% GWP
- ✓ Don't use a full or partial internal model
- ✓ SCR coverage ratio > 100%
- ✓ Market + CPD + intangible assets < 20% total investments

Life Criteria:

- ✓ Interest rate risk submodule < 5% TPs
- ✓ Gross TPs < €1bn

Non Life Criteria:

- ✓ Average net combined ratio < 100%
- ✓ Annual GWP < €100m & GWP for classes 5 - 7, 11, 12, 14 and 15 < 30%

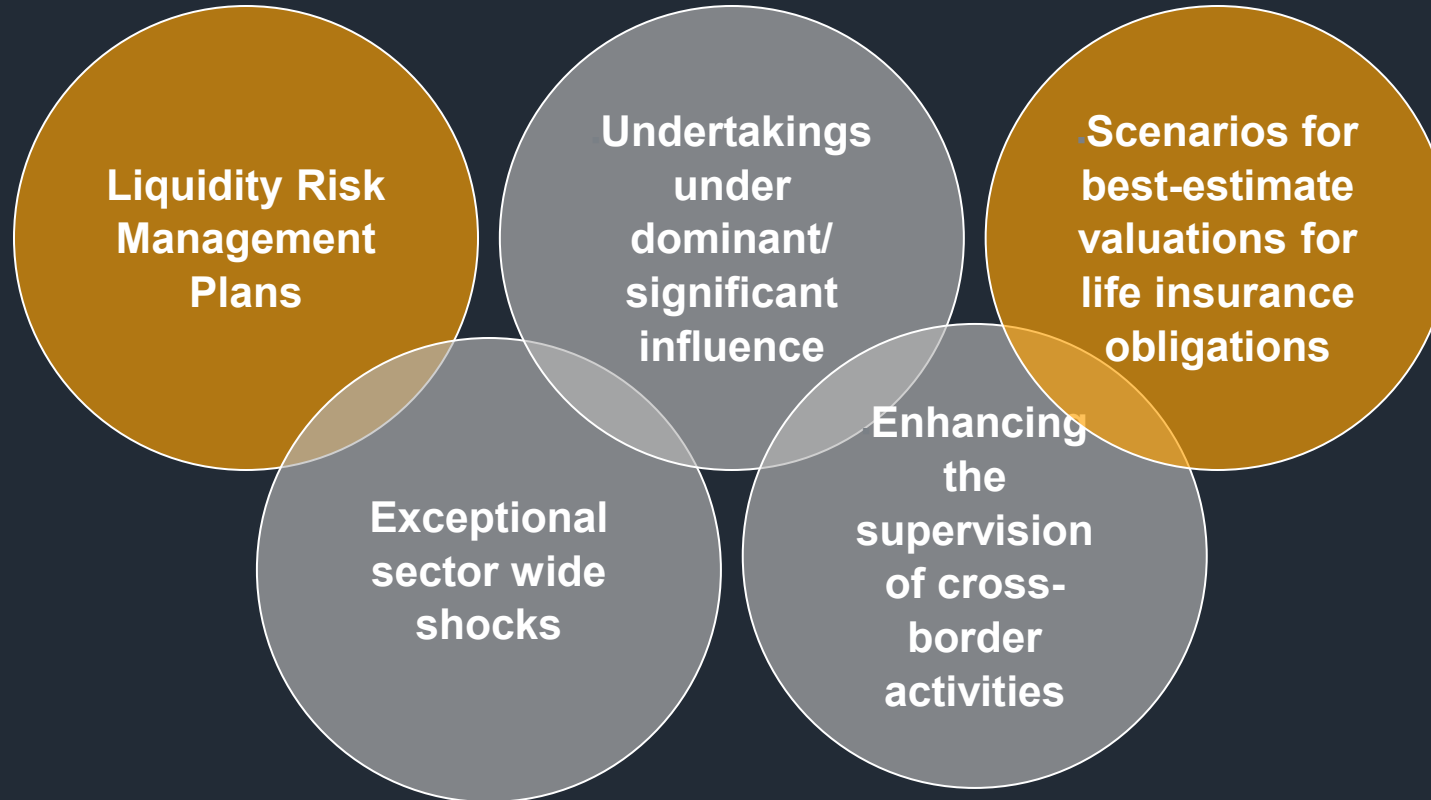
Measures:

- Frequency of RSR
- Frequency of non-quantitative SFCR
- Audit of SFCR
- Key functions
- Review of written policies
- ORSA frequency, macroprudential considerations & climate change scenarios
- Prudent deterministic valuation of non material options and guarantees
- Exempt from liquidity risk management plan
- Simplified SCR calculation for modules < 2% individually & < 10% in aggregate

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EIOPA Consultations

Batch 1 October 2024



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Liquidity Risk Management Plans

EIOPA CP on draft RTS

Scope:

- Undertakings & groups with assets over €12bn
- Supervisor can request other entities based on nature, scale & complexity of risks & exposure to
 - Insurable events
 - Policyholder behaviour
 - Counterparty risk
 - Economic or market developments

Requirements:

- Short-term liquidity risk management plan (0 - 3 months) for all undertakings
- Medium- and long-term liquidity analysis in their liquidity risk management plan (3 months +) for undertakings other than those classified as small & non-complex
- EIOPA may specify further criteria & contents

Contents:

- Overall liquidity assessment
- Assumptions underlying projections
- Cashflow projections
- Liquid assets before & after buffers
- Liquidity risk indicators

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Scenarios For Best-Estimate Valuations

EIOPA CP on draft ITS

Scope (Directive):

- SNCU & prior supervisory approval
- Life obligations with options & guarantees that are not deemed material

Scope (EIOPA CP on proportionality):

- Not using a stochastic valuation and using a stochastic valuation would be overly burdensome in relation to the nature, scale and complexity of the risks
- Range of other measures related to volumes, governance, compliance..

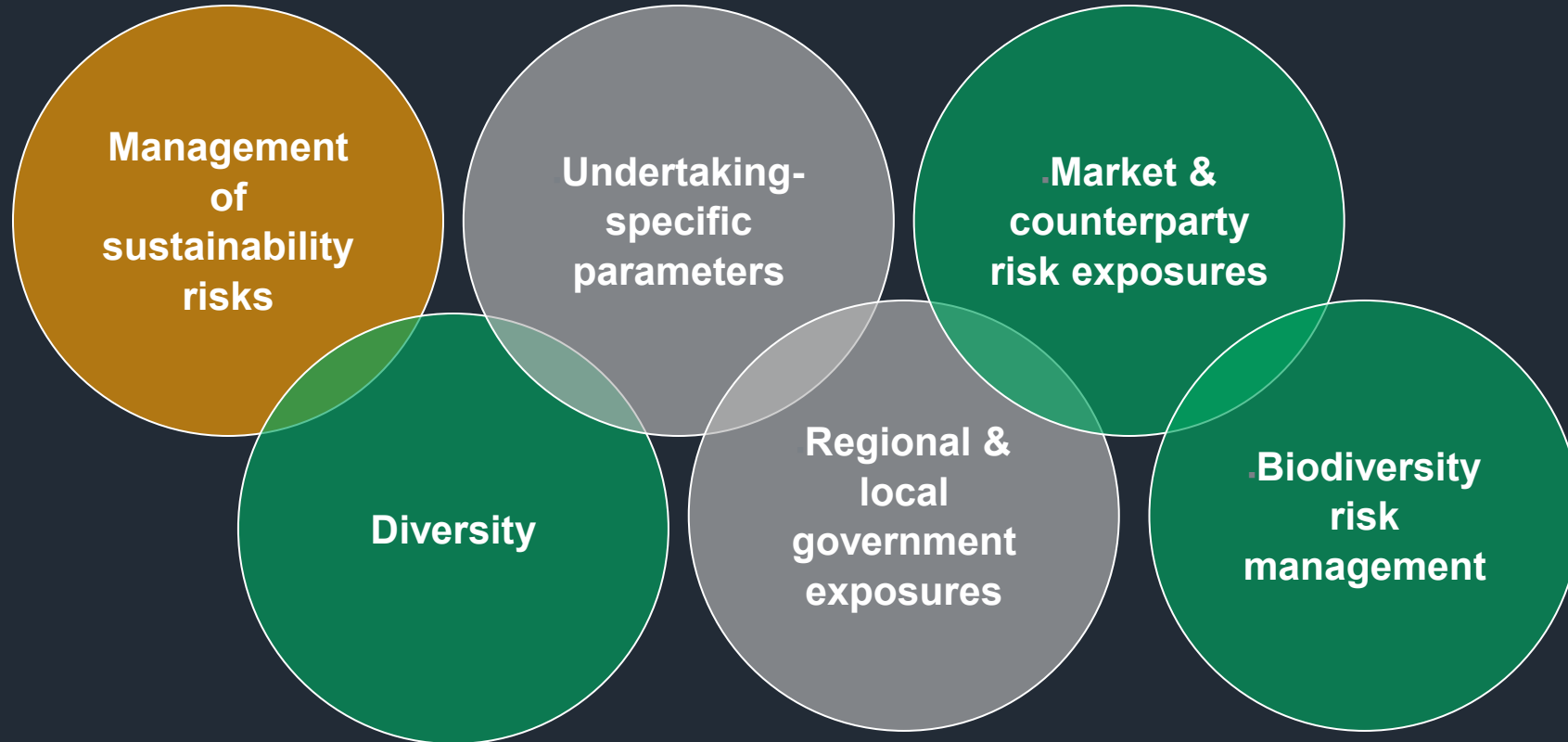
Requirements:

- Proposed ITS specifies methodology for determining scenarios to be used in prudent deterministic valuation
- At most 10 scenarios to be generated by EIOPA quarterly for each currency = Prudent Harmonised Set of Reduced Scenarios PHRSS

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EIOPA Consultations

Batch 2 December 2024



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Management of Sustainability Risks

EIOPA CP on draft RTS

Scope:

- All undertakings (even SNCU)

Proportionality reflected via:

- Principles based
- Proportionality measures for SNCUs:
 - Less regular supervisor reporting & policy review
 - May use qualitative approach to financial risk assessment
 - Limited disclosure required

Requirements:

- Set out minimum standards to support insurers in the identification, measurement, management, and monitoring of sustainability risks
- Supervisory approach
- Elements to be disclosed
- Plan contents:

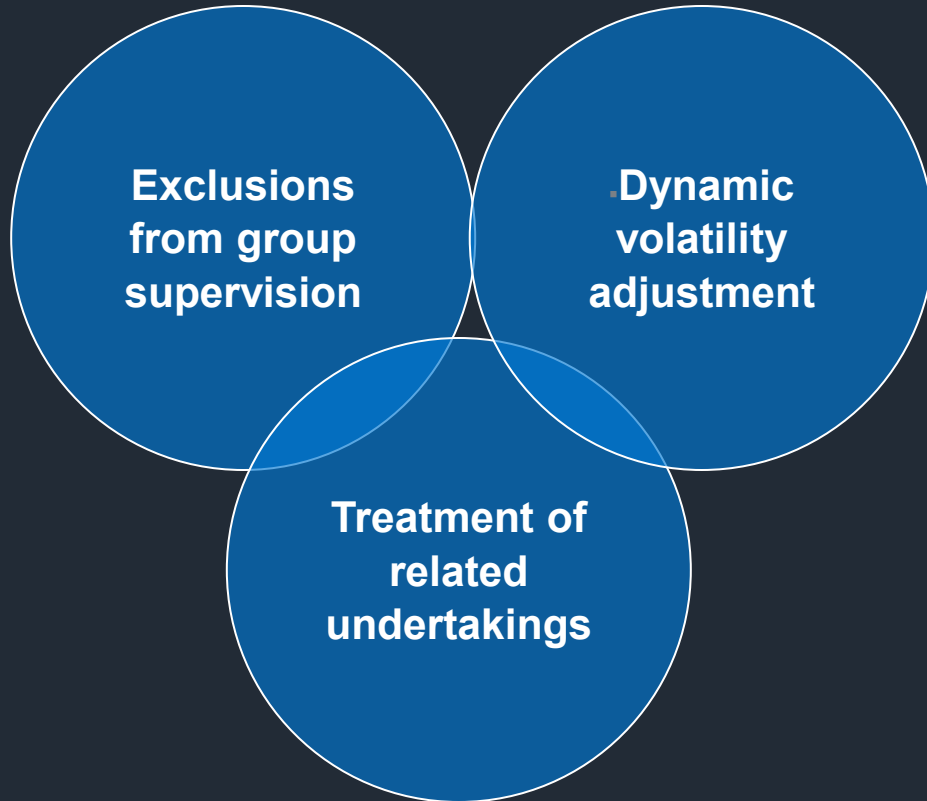
SMRP contents:

- Governance arrangements
- Sustainability risk assessment including:
 - Materiality assessment
 - Financial risk assessment for material risks
- Explanation of results
- Metrics calculated
- Quantifiable targets over short, medium & long term
- Actions to manage risks according to targets

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EIOPA Consultations – Open & Upcoming

Batch 3 April 2025



Upcoming (sample):

- Supervisory review process
- Matching adjustment
- Technical provisions
- Reporting & disclosure
- Internal models

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Reporting & Disclosure Amendments

EIOPA June 2025 pre-consultation event

EIOPA'S APPROACH ON REPORTING BURDEN REDUCTION

EIOPA's proposal for reporting burden reduction is covering the following areas:



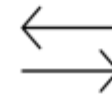
Reduce Frequency



Delete templates



Increase
proportionality



Simplify and clarify



Technical
simplifications



Solvency II Compliance Assessment Tool

Milliman's Solvency II Compliance Assessment Tool (S2CAT) distils the most up-to-date Solvency II requirements into easily digestible self-assessment questions and allows insurers to track and prove their compliance with all the requirements of Solvency II. It also provides a library of the regulations and all amendments, and the current and previous templates for NSTs and QRTs.

More information available [here](#).

Insurance Market Update

Year-End 2024

Joseph Sloan

11 June 2025

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Agenda

- Companies
- Premiums
- Investments
- Solvency Coverage
- Measures Used
- European comparisons

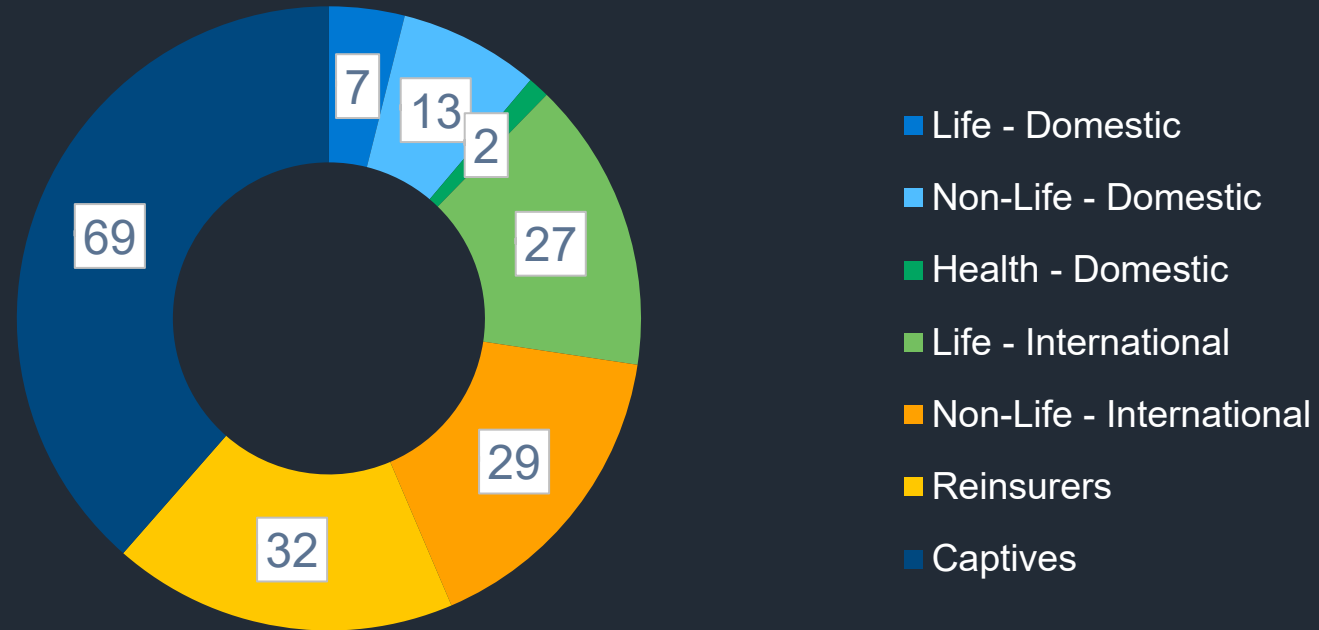
All information sourced from published Solvency and Financial Condition Reports (“SFCRs”) for insurance companies based in Ireland at YE 2024 (information on Life companies is available in our report linked below). Supplemented by EIOPA insurance statistics and Milliman research and analysis

<https://ie.milliman.com/en-GB/insight/sfcr-ireland-life-insurers-ye-2024>

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Irish Insurers by Sector

Number of companies (head office undertakings)



Source: CBI Registers as of May 2025, with authors' analysis. Irish head office undertakings only.

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Non-Life Insurers

Domestic € million	2017	2023	% Change
Companies	9	13	+44%
Premiums	10,360	12,543	+21%
Claims	6,301	6,687	+6%
Assets	30,748	29,186	-5%

Cross-Border € million	2017	2023	% Change
Companies	24	29	21%
Premiums	4,068	12,993	219%
Claims	1,704	6,717	294%
Assets	8,757	32,571	271%

Domestic Insurers by 2024 Gross Written Premium

Non-Life and Health

TOP 5 DOMESTIC NON-LIFE (€ MILLIONS)

Allianz Insurance	784 (+17%)
Axa Insurance	746 (-7%)
Aviva Insurance Ireland	601 (+13%)
FBD Insurance	460 (+11%)
RSA Insurance	345 (+8%)

* Note Zurich non-life business was transferred to Germany in 2024

DOMESTIC HEALTH (€ MILLIONS)

VHI Insurance	1,885 (+12%)
Laya Healthcare*	950 (+10%)
Irish Life Health	718 (+9%)

* Laya's business was on a non-Irish balance sheet at YE24

** Level Health had c. €5.4m GWP on the Aviva Insurance Ireland balance sheet

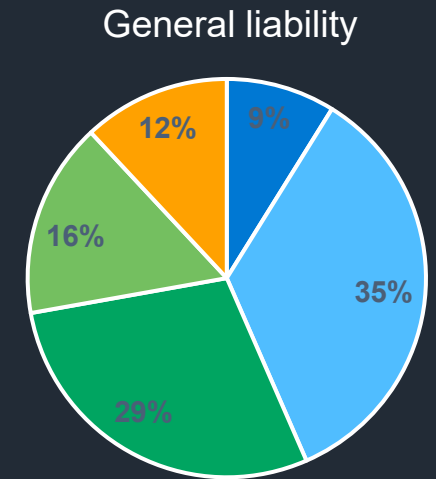
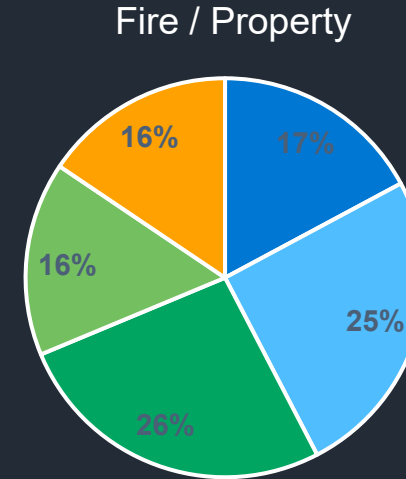
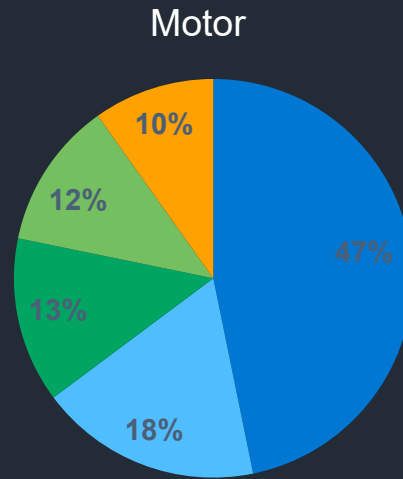
Non-Life by Line of Business – with Caveats!

Company	Motor (liab & property)	Fire / Property	General liability	Other
Axa	79%	16%	4%	0%
Allianz	41%	32%	23%	3%
Aviva	36%	40%	23%	1%
FBD	46%	34%	18%	1%
RSA	44%	39%	16%	1%
Combined	53%	30%	16%	2%

- Split of each insurer’s written premiums by line of business.
- Note figures include some non-Irish premiums.
- Axa figures exclude overseas health business.

Each insurer’s share of the total premiums for that lob for the top five insurers:

- Axa
- Allianz
- Aviva
- FBD
- RSA



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Number of Irish Authorised Life Insurance Companies

Decreasing trend
in companies



	2024	2023	2022	2021	2020	2019
Domestic	7	7	6	7	7	7
Cross-border	27	27	27	29	30	34
Total	34	34	33	36	37	41

Source: Milliman SFCR analysis 2024

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Assets of Authorised Life Insurance Companies

Split into domestic and cross-border

Increasing trend



Life companies	% (2024 v 2023)	2024	% (2023 v 2017)	2023	2017
Total Assets	10%	€377bn	27%	€342bn	€269bn
UL Assets	15%	€311bn	26%	€271bn	€215bn
Cross-border life companies					
Total Assets	7%	€211bn	19%	€198bn	€167bn
UL Assets	12%	€163bn	14%	€147bn	€130bn
Domestic life companies					
Total Assets	15%	€166bn	41%	€144bn	€102bn
UL Assets	18%	€145bn	44%	€123bn	€85bn

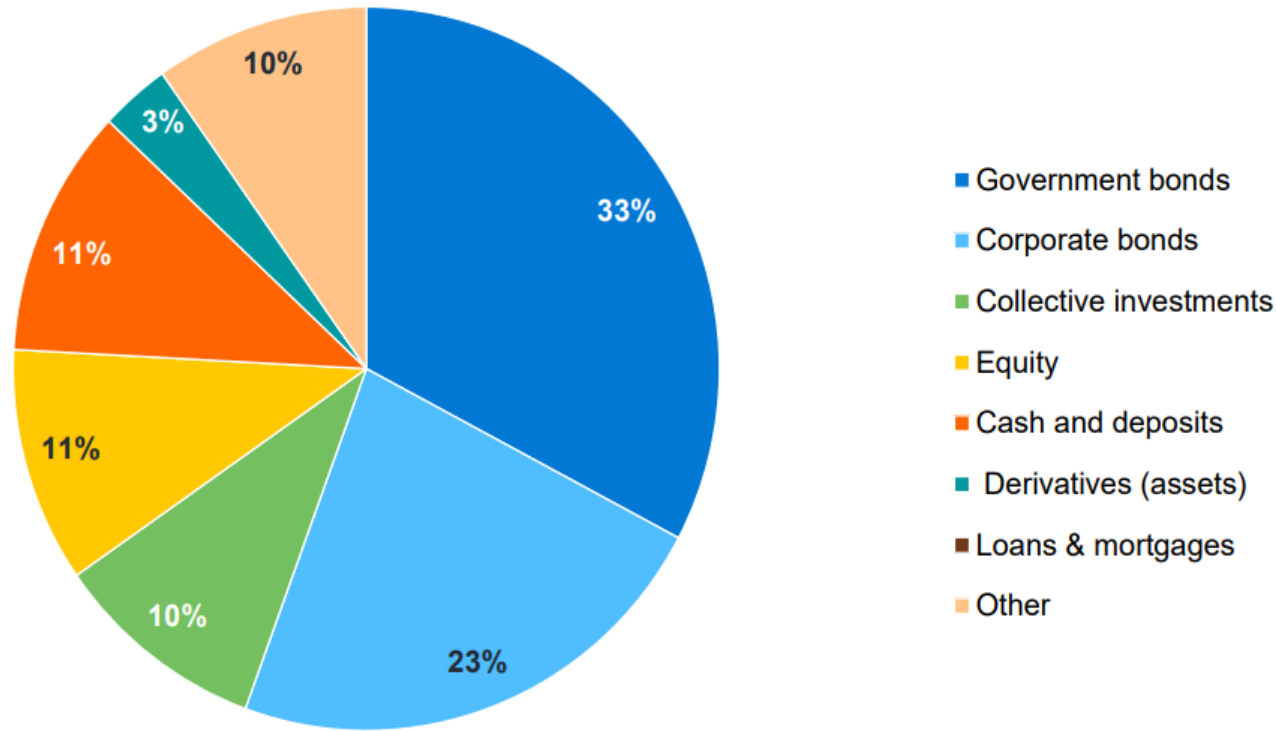
Source: Milliman SFCR analysis 2024

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Analysis of Investments

YE 2024

Split of financial investments by asset class
(Excluding assets held for index-linked and unit-linked contracts)



GOVERNMENT BONDS & CORPORATE BONDS

account for **33%** and **23%** of financial investments, respectively.

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Analysis of Premiums

Top 10 Irish life insurers by 2024 gross written premium

2024 Gross Written Premiums (€ millions)

Irish Life Assurance	7,968 (-12%)
Zurich Life Assurance	6,197 (+16%)
Darta Saving Life Assurance	4,655 (+42%)
New Ireland Assurance Company	4,218 (+7%)
Standard Life International	3,530 (+24%)
Utmost PanEurope	3,275 (+28%)
Aviva Life & Pensions Ireland	2,672 (+39%)
Seb Life International Assurance Company	2,023 (+85%)
Metlife Europe	1,608 (+6%)
AXA MPS Financial	1,291 (+70%)

GROSS WRITTEN PREMIUMS

for life insurance have

increased

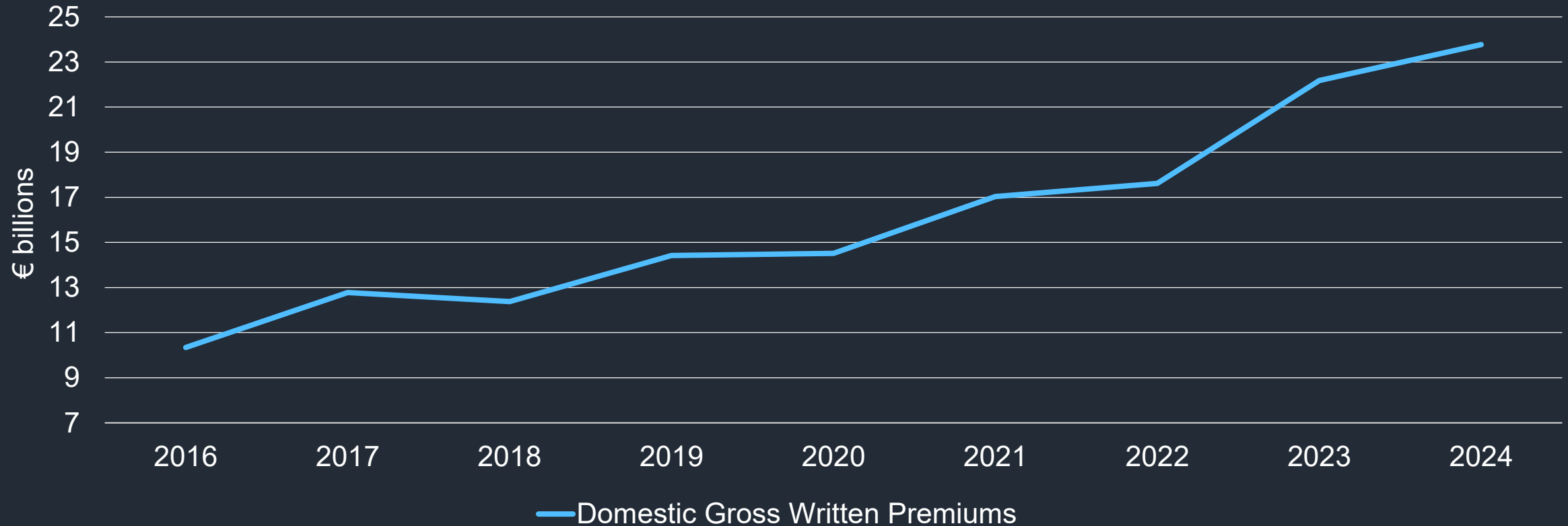
from €41.6 billion in 2023
to €48.1 billion in 2024



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Domestic Business

Historic Gross Written Premiums

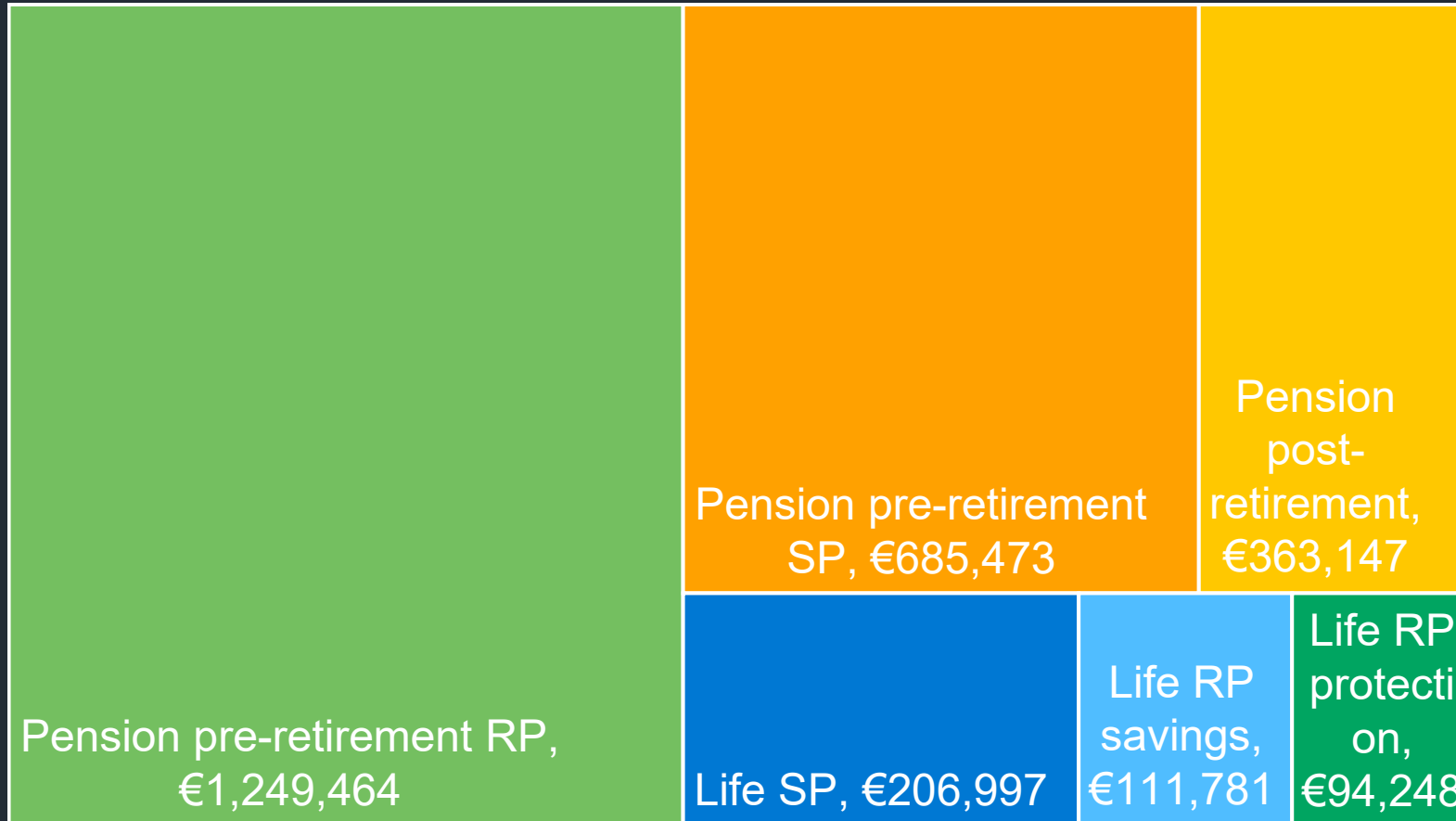


Source: Milliman SFCR analysis 2024

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Domestic Life and Pensions Market – New Business APE

Life Insurance Market Update

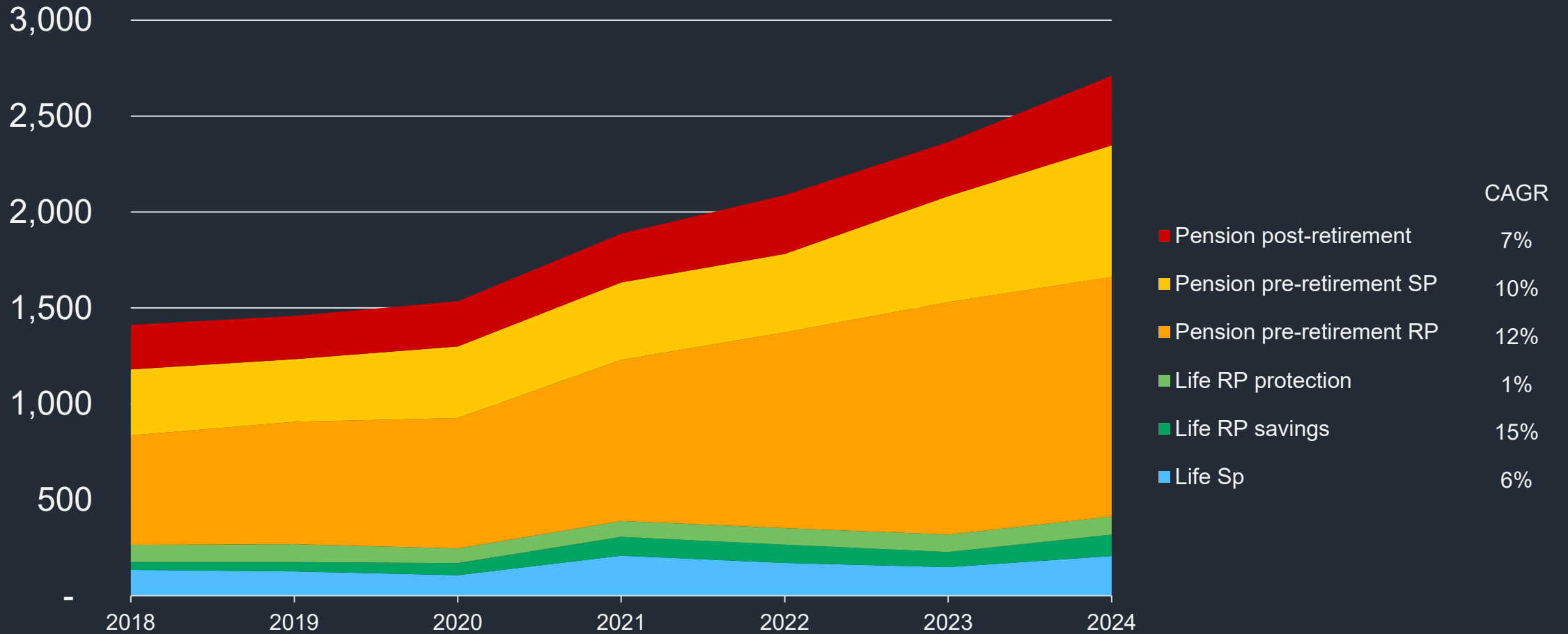


Source: Milliman analysis of life company surveys

- 12 months new business APE (January 2024 - December 2024)
- APE = one year of new business annual premiums plus 10% of single premiums.

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Domestic Life and Pensions Market – Evolution of New Business APE

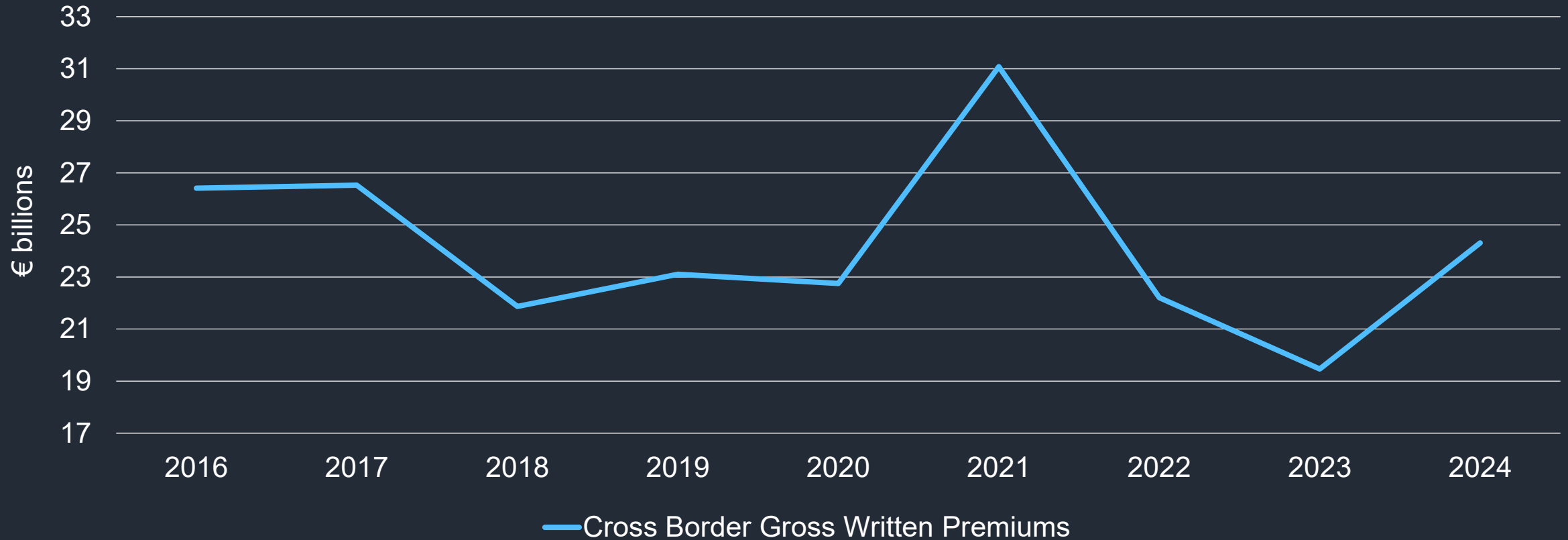


Source: Milliman analysis of life company surveys

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Cross-Border Business

Historic Gross Written Premiums

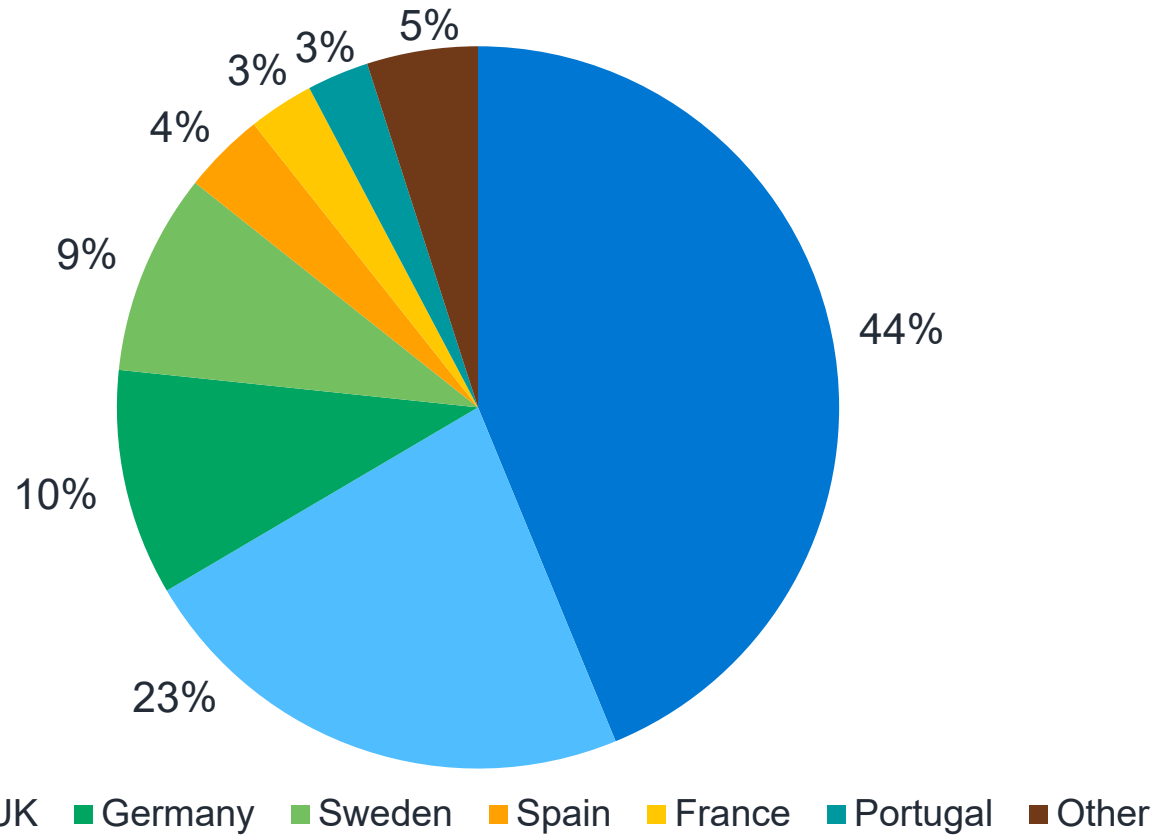


Source: Milliman SFCR analysis 2024

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Cross-Border Business by Country

2024 Gross Written Premiums



Source: Milliman SFCR analysis 2024

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Cross Border Business – Italy & UK

Gross Written Premiums

Italy



€ MILLIONS	2024	2023
Darta Saving Life Assurance	4,655	3,277
AXA MPS Financial	1,291	759
Azimut Life	1,217	1,283
BBPM Life	1,148	635
Utmost PanEurope	661	516

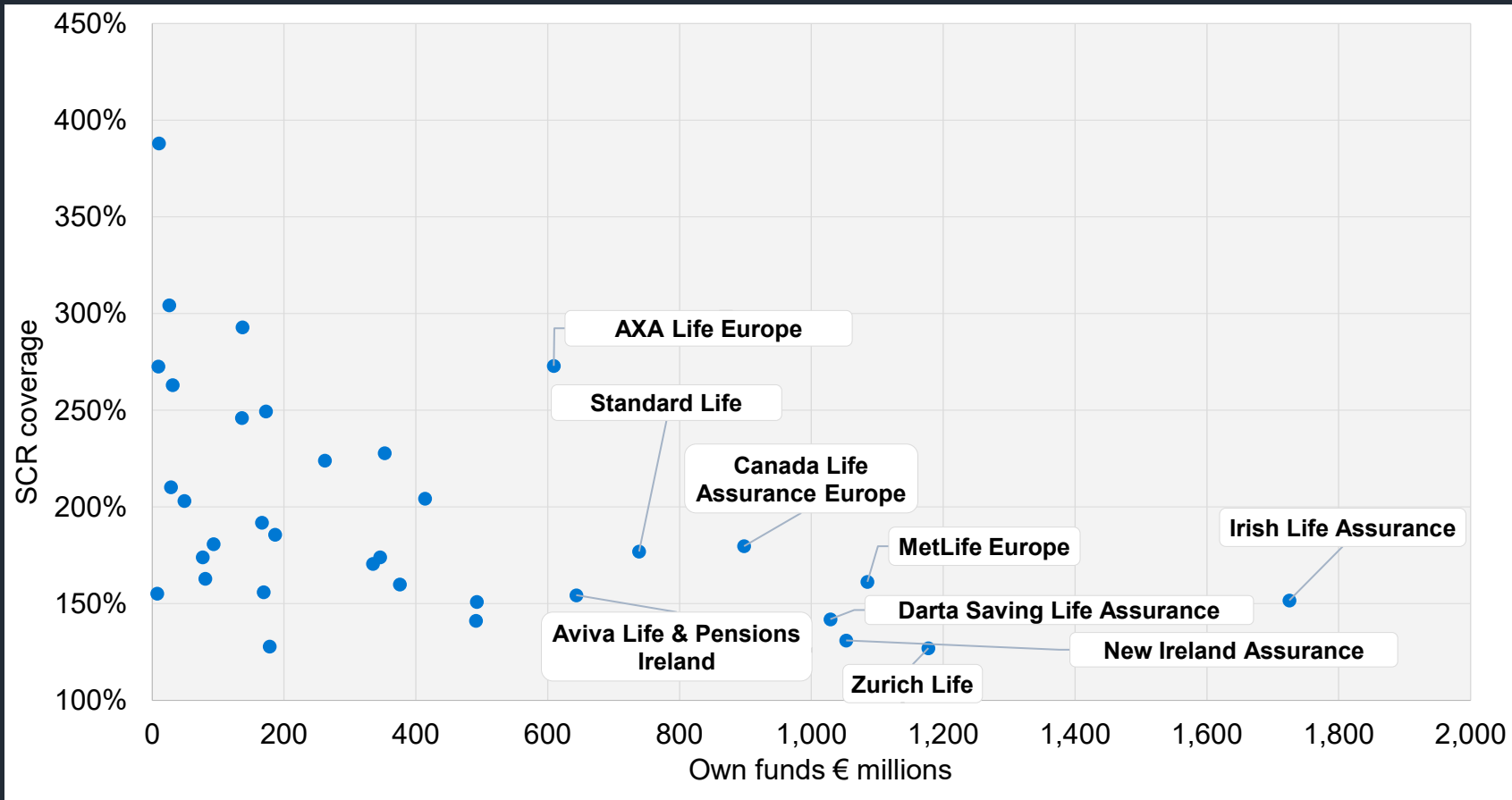
UK



€ MILLIONS	2024	2023
Canada Life International Assurance (Ireland)	1,252	919
Standard Life International	1,127	789
St James's Place International	1,113	909
Utmost Pan Europe	846	660
Prudential International Assurance	479	651

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Analysis of Solvency Coverage Ratios



The solvency coverage ratio

DECREASED from

167% to **161%**

at year-end 2024

EEA average **237%** at year-end 2024

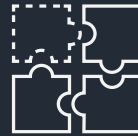
More detail available in our report: <https://ie.milliman.com/en-GB/insight/sfcr-ireland-life-insurers-ye-2024>

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Measures Used

Internal models, 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.



- 6 Irish life insurers were using the volatility adjustment as at YE24
- Solvency coverage benefit ranges from 3%-9%



- No Irish life insurer is using the matching adjustment or any transitional measures



- At YE24, 3 Irish life insurers used full internal models: Allianz Global Life dac, AXA Life Europe dac and AXA MPS Financial dac

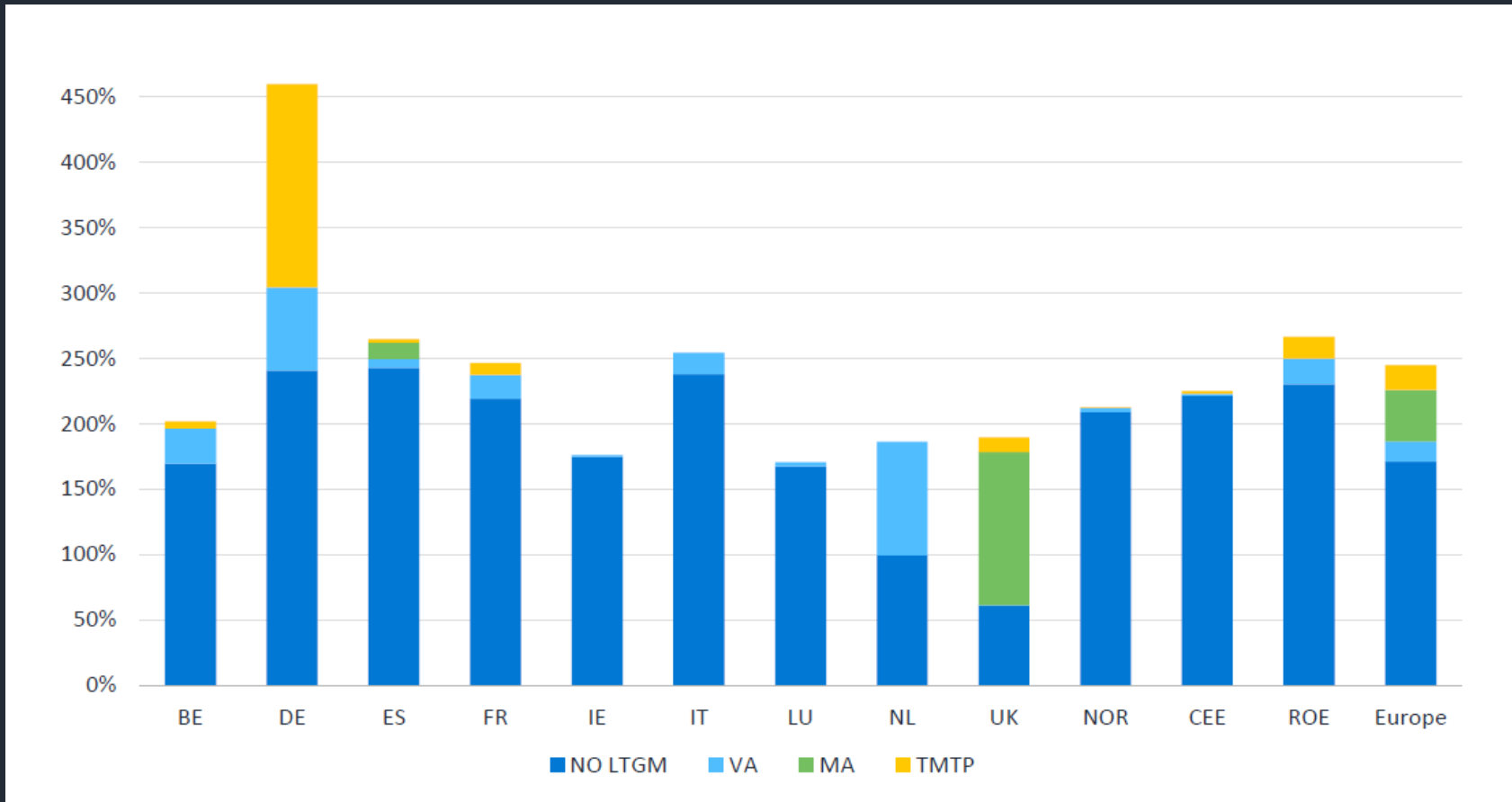


- Standard Life International is the only life insurer using a partial internal model (used to calculate the counterparty default risk and operational risk modules of the SCR)

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Impact on Solvency Coverage Ratio of Measures Used Across Europe

YE2023 (includes life reinsurers)



53% of life

(re)insurers apply the volatility adjustment with the benefit arising

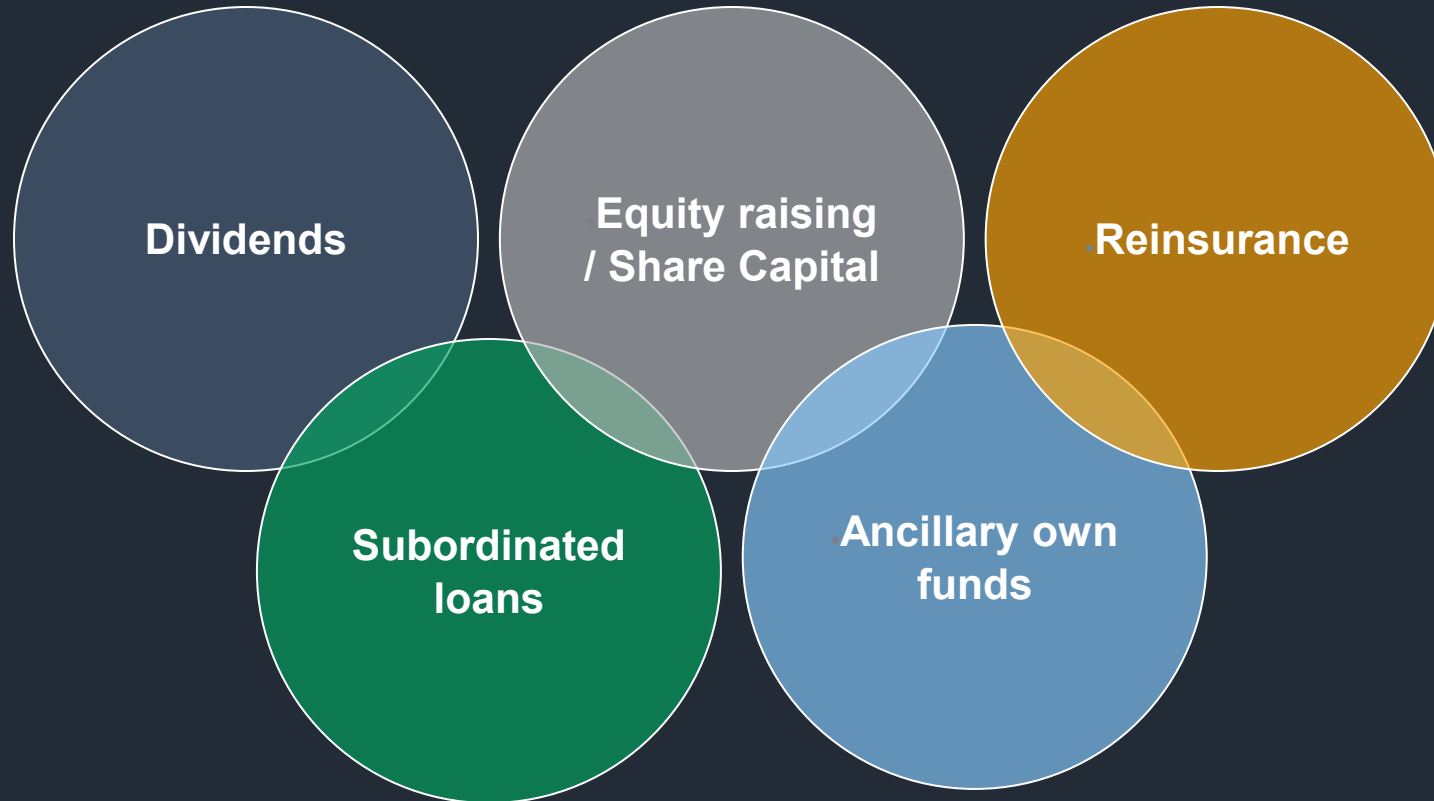
averaging at **15%**

improvement in solvency coverage ratio

Source: MILLIMAN RESEARCH REPORT Analysis of life insurers' solvency and financial condition reports year-end 2023 European and UK life insurers September 2024

These slides are for general information / education purposes only. Action should not be taken solely on the basis of the information set out herein without obtaining specific advice from a qualified adviser.

Other Capital Management Activities



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Questions





Thank you

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