The Irish insurance market – where you work

What to expect in this chapter

If you are working or hope to work in the insurance industry, this chapter provides:

• an overview of who’s who and what’s what in insurance
• an idea of the size of the industry, e.g. employment levels, premium and claims volumes
• an introduction to the various professionals who work in this industry, e.g. insurers, advisers, reinsurers and industry bodies.
# Learning outcomes for this chapter

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<th>Section</th>
<th>Title</th>
<th>At the end of each section you should be able to:</th>
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<td>The Irish insurance market</td>
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The Irish insurance market

The insurance market involves four main groups as shown in Figure 1.1:

- **Insurance buyers** – those who purchase insurance products and services, i.e. essentially the customers
- **Insurance providers** – those who sell or provide insurance, e.g. insurers and the State
- **Distribution channels** – the means through which customers purchase insurance from insurers
- **Reinsurers** – those who provide insurance for insurers, i.e. other insurance companies or specialist reinsurance companies.

Figure 1.1: Groups in the insurance market

In this chapter, we will learn about each of these groups as well as other organisations that, while not directly involved in the buying and selling of insurance, play an important role in how the market functions.

First, let’s look at some key facts and figures to give you a feel for the Irish insurance market.
Chapter 1

A1 Key facts and figures

The key facts and statistics in this section are drawn from the Insurance Ireland Factfile 2013 that outlines the performance of the sector during the period up to 31 December 2013. Insurance Ireland is discussed in greater detail in Section G1.

This section is about getting a sense of the size of the market. Don’t worry about memorising the figures.

A1a Premium income

Motor insurance is the largest type of non-life insurance making up 43% of all non-life business (€1,113 million in gross premiums in 2013). Property is the second-largest class making up 33% of all non-life business (€838 million in gross premiums) in 2013. In the same year, net written premiums were €2,149 million.

A1b Claims

During 2013, 441,214 new claims were notified to Insurance Ireland members. Of these, 53% were motor claims, while 23% were made on property policies. Claims costs for that year amounted to €1,693 million. See Figure 1.2 for a comparison of motor and property premiums and claims in 2013.

Figure 1.2: Comparison of motor and property premiums and claims 2013 (€ million)

<table>
<thead>
<tr>
<th></th>
<th>Net incurred claims</th>
<th>Gross premium income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td>345</td>
<td>838</td>
</tr>
<tr>
<td>Motor</td>
<td>986</td>
<td>1113</td>
</tr>
</tbody>
</table>

A1c Employment

In its report ‘Creating the future for Insurance in Ireland 2014’, PwC stated that approximately 27,000 people were employed in the insurance sector in Ireland. Fourteen thousand were employed directly by insurance companies and an additional 13,000 were employed by companies directly related to the industry such as insurance broking, loss adjusting, loss assessing, actuarial consultancy, risk management, captive management and outsource services providers.

This means that in 2014, 1 in every 4 working in financial services in Ireland was employed directly or indirectly by the insurance industry.

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Insurance buyers

These can be divided into four main groups:

1. private individuals
2. commercial concerns
3. public bodies
4. associations and clubs.

B1 Private individuals

Most people take out several types of insurance in their lifetime. As we saw in Section A1a, motor is the largest class of non-life insurance in Ireland. Other types of cover purchased by individuals include household buildings and contents, private health, travel, gadget, mobile phone, caravan and pet insurance. What insurance have you taken out in the past?

B2 Commercial concerns

This is a broad category that can include a large multinational corporation with a multi-billion-euro turnover or a self-employed sole trader working from home. Partnerships and charitable organisations are included in this category.

B3 Public bodies

Public bodies include local authorities and schools. In some cases, they may be large enough to have set up their own insurance fund through which they insure some risks. They may use the insurance market to cover other risks. Public bodies may also purchase specific cover for specialised classes of risk, such as professional indemnity insurance relating to negligent professional advice or medical malpractice.

B4 Associations and clubs

Whether it is a football club, an active retirement group or a scout troop, all clubs and associations will have some insurance needs, e.g. cover for possible injuries or damage to property owned.

Such associations and clubs often come together in what is known as an affinity group (e.g. the Irish Farmers Association or trade unions) and approach insurance companies to provide group discounts or to discuss scheme arrangements for their members.

Quick question 1

Sarah is a self-employed architect operating as a sole trader. She wants to arrange a policy to cover her business activities.

Is Sarah categorised as a private individual or a commercial concern?

The answer is at the end of this chapter.

affinity group

a group of people with a common interest or connection, who work together to achieve a common goal, e.g. to obtain discounted premium rates or exclusive insurance schemes.
Insurance providers

Any company wanting to sell insurance in Ireland must be authorised by the Central Bank. The Central Bank must be satisfied that the applicant meets the conditions laid down in the Insurance Acts and Regulations 1909–2000.

Insurers can be distinguished from one another in terms of ownership and/or function. These categories include:

1. specialist insurance companies
2. composite insurance companies
3. captive insurance companies

The State, although not an ‘insurer’ in the usual sense of the word, also provides insurance for itself and other bodies and organisations in certain circumstances.

C1 Specialist insurance companies

Specialist insurers must be authorised by the Central Bank to sell specific types of insurance. Few of these companies operate in Ireland. An example is DAS, which offers legal protection insurance and breakdown assistance cover.

C2 Composite insurance companies

Most insurers in the Irish general insurance market are composite insurers. The range of business they accept usually includes:

- accident and health
- motor vehicle
- marine, aviation and transit
- fire and other damage
- liability
- credit.

C3 Captive insurance companies

These companies are usually formed by very large organisations, for example Cadbury and Volkswagen. They only insure the risks of that particular organisation. As these organisations are so large, the formation of a captive is considered a more cost effective and tax efficient approach to managing their risks than using the traditional insurance market.

The use of captives has become more common in recent years among large national and international businesses. These captives may be managed in-house or, in some cases, larger brokers with international customers (e.g. AON and Willis) will provide a range of captive management services.
Many captive companies operate from the International Financial Services Centre (IFSC) in Dublin or similar operations in the Channel Islands, Bermuda and the Isle of Man – all territories that provide a favourable tax regime.

Just think

Many captive insurance companies have chosen Ireland as a location rather than their home country or elsewhere. Why do you think this is?

There are many reasons for this (e.g. an available educated workforce, native English speakers, modern office spaces, international airports). However, the most likely reason is that Ireland provides a more favourable tax treatment of profits than the parent company’s country of origin.

C4 The State

The State acts as an insurer in situations where the insurance market is unable or unwilling to provide cover. These include war and terrorism risks, and export credit guarantee insurance.

The State also acts as its own insurer for many of its risks, e.g., the State self-insures the motor risk of certain State vehicles. The State Claims Agency (SCA) will deal with claims arising from use of those State vehicles. There are different authorities that deal with other State motor claims. For example, Córas Iompair Éireann (CIE) and the Rail Procurement Agency (RPA) are deemed to be exempted persons under the Road Traffic Act 1961.

Irish Public Bodies Mutual Insurances Ltd (IPB Insurances) insures some of the largest local authorities, public and national government bodies for liability, property and motor risks.

The SCA manages personal injury claims (both injuries to employees and to members of the public), property damage and clinical negligence claims brought against certain State authorities. There are currently approximately 117 State authorities within the SCA’s remit. These include, among others, all Government departments and other specified State bodies/authorities, the Attorney General, all Health Service Executive (HSE) facilities, public hospitals and other agencies providing clinical services and healthcare enterprises, An Garda Síochána, the prison services, and community and comprehensive schools.

Government departments and other State agencies, whose claims are managed by the SCA, do not have conventional insurance cover. Instead, these bodies operate under State indemnity, i.e. a self-insurance model whereby the State bears the financial risk associated with the costs of claims.

Quick question 2

What is unique about the owner of a captive insurance company?
Chapter 1

Distribution channels

Distribution channels are the means through which insurers sell their products and services to insurance buyers. These can be divided into two main types – insurance purchased directly from the insurer and insurance purchased via an insurance intermediary (more commonly known as an insurance broker).

Direct insurance involves the seller (insurer) dealing directly with the buyer (customer). This distribution channel is greatly helped by technology, which allows the rapid collection, assessment and rating of information necessary for the underwriting function. In general, direct insurance takes place via branch offices, call centres and the internet.

An insurance intermediary (often abbreviated to ‘intermediary’) brings together buyers and sellers of insurance.

The Central Bank has defined the scope of the role of the different types of intermediaries. The main difference between these types of intermediaries is the number of products on which they can give advice. The legal and regulatory aspects of the role of intermediaries are dealt with in detail in PDI-02 (Compliance and Advice).

D1 Other distribution channels

In recent years, there has been a significant growth in the types of distribution channels available to insurance buyers. Examples of these, as well as new, evolving distribution channels include:

- Building societies and banks (or ‘bancassurance’) promote products such as private health insurance, life insurance, serious illness cover, pensions policies, savings plans and household insurance.

- An Post offers a range of insurance products (travel, general and life) underwritten by an insurer but marketed to its customers as an An Post product. This process is known as white labelling and there are regulatory requirements regarding clarity in such situations.

- General insurers develop health plans through a registered private health insurer and promote products to their existing customer base.

- Tour operators and travel agents promote travel insurance (e.g. Ryanair).

- Retailers such as Tesco Ireland sell life insurance and other insurance products.

- Price comparison websites are becoming increasingly popular. They offer a variety of product lines, e.g. mobile phone insurance.

Quick question 3

Price comparison websites are proving popular among insurance customers at the moment. Can you think of any disadvantages to using them?
Reinsurers

Reinsurance is a form of insurance for insurance companies. It is the transfer to a reinsurer of all or part of a risk underwritten by an insurer.

By providing reinsurance and accepting business originally underwritten by insurance companies, reinsurers play an important role in the market. They must be authorised by the Central Bank as reinsurance undertakings and, like insurers, they are subject to regulatory supervision.

The main types of reinsurer are:

- specialist reinsurers that do not sell insurance (only reinsurance)
- Lloyd’s syndicates
- insurance companies that also act as reinsurers.

The last of these may at first seem odd. However, many insurers are prepared to accept shares of risks by means of reinsurance. They treat it as a means of further sharing risks.

Reinsurance is an international business and insurers usually spread their risks across a number of reinsurance companies, at home and abroad. The Irish reinsurance market still transacts most of its business in London. Examples of reinsurers based in London are MunichRe, SwissRe, Lloyds, Tokio Marine and Hiscox.

Reinsurance brokers have specialist knowledge and they play an important role in the reinsurance market. Their primary role is:

- securing business from insurers
- placing business with reinsurers
- servicing and maintaining the business.

We will learn more about reinsurance in Chapter 4E.
The private health insurance market

In this section, we will consider the sellers and **advisers** that operate in the private health insurance market in Ireland.

It is important to note that the legislative framework of private health insurance creates a unique market. We will learn more about the regulatory constraints relevant to private health insurers in Chapter 4D of this textbook and later in PDI-03 (Personal General Insurance).

According to a **Health Insurance Authority** survey carried out in 2014, the main reasons for taking out private health insurance are:

- the high cost of medical treatment
- a perceived lack of access to public health services
- the perceived standard of public health services.

Customers without private health insurance commented that this was either because they were medical card holders (i.e. were entitled to free public healthcare services) or they felt it was unaffordable. Of those interviewed, 56% saw private health insurance as a necessity, not a luxury.

**F1 Private health insurers**

Today there are five **open membership undertakings** operating in the market – Aviva Health, GloHealth, Laya healthcare, Vhi Healthcare and the Hospital Saturday Fund (HSF) Health Plan Ltd.

HSF Health Plan Ltd operates differently from the other commercial private health insurers as it does not offer comprehensive in-patient plans. Therefore, references to the ‘four main health insurers’ include Aviva Health, GloHealth, Laya healthcare and Vhi Healthcare.

**F1a Other providers of health insurance**

Restricted membership undertakings are schemes where membership is restricted to employees (and their dependants) of particular organisations. There are seven of these schemes in Ireland, e.g. the ESB Staff Medical Provident Fund. Although such schemes are subject to their own particular terms and conditions, they are regulated under the Health Insurance Acts 1994–2014.
F2 Employee benefit consultants

Employee benefit consultants normally work on a fee-for-service basis with large businesses that arrange health insurance for their employees as a fully or partially subsidised benefit. Only large corporate intermediaries, that want to provide an all-inclusive consultancy service to their customers, would hire employee benefit consultants.

Just think

Why might a medical card holder also purchase private health insurance?

A medical card holder might purchase private health insurance due to the long waiting lists to undergo a procedure under the public (medical card) healthcare system or to see a consultant. Other medical card holders might purchase private health insurance cover so that they can choose the consultant, the hospital and the type of in-patient care facilities they want, e.g. a private room.

Quick question 5

Which category of intermediary deals mainly with private health insurance?
Industry and professional bodies

Although not directly involved in the buying and selling of insurance, industry and professional bodies play an important role in the Irish insurance market. In general, these bodies do not have a regulatory function. Industry bodies represent the interests of their members, who work in a particular industry or sector. The role of professional bodies normally includes education and maintaining professional standards.

G1 Insurance Ireland

Insurance Ireland is the largest of the industry bodies in the insurance sector in Ireland. It has domestic and international member insurance companies (both life and non-life). Collectively, Insurance Ireland members insure over 95% of all life and non-life insurance business in Ireland. Each year this business (domestic and overseas) generates €25 billion in premium income and contributes €1.6 billion in tax to the Irish exchequer.

As the industry body for insurance companies in Ireland, Insurance Ireland has no statutory powers of regulation. Rather its role, as the voice of insurance companies in Ireland, is to represent and advocate on behalf of its members to Government, state agencies, regulatory bodies, public representatives, other national interest groups, the media and the general public.

Insurance Ireland also represents its members on a European and global level (see Section G3) and keeps them up-to-date on relevant policy and regulatory developments. It provides a forum for member debate and policy formulation on such issues.

The other roles undertaken by Insurance Ireland are as follows.

- **InsuranceLink** – This is a shared database established by Insurance Ireland to assist in the detection and defence of exaggerated injury claims, which may result in prosecutions for fraud. Those accessing and contributing to the database include insurers, third party service providers, intermediaries, large companies (e.g. Dunnes Stores) and public bodies, e.g. Córas Iompair Éireann (CIE) and Dublin City Council.

- **Insurance Information Service (IIS)** – This is a free service to the public, which aims to help those who want independent information about insurance, or need help in resolving a problem with their insurance company.

- **Declined Cases Agreement (DCA)** – Insurance Ireland administers the DCA and assists those who are finding it difficult to obtain insurance quotes for compulsory third party motor insurance.
• Annual Factfile – As demonstrated in Section A1 of this chapter, Insurance Ireland’s annual Factfile provides detailed statistical analysis of the country’s insurance sectors. This provides a breakdown of premiums and claims, identifying trends and market share information to member companies.

• Insurance Confidential – This Insurance Ireland helpline facility is designed to encourage whistle-blowing on those suspected of cheating the insurance system in any way. If a member of the public suspects a person is falsely claiming or exaggerating their claim, they are encouraged to phone the helpline in confidence.

Just think

What do you think has prompted Insurance Ireland to become involved in fraud prevention and detection?

Insurance fraud costs insurance companies in Ireland an estimated €200 million annually. Insurance Ireland is committed to reducing overall claims costs to its member companies and its activities in relation to fraud prevention and detection play an important role in this regard. Since its establishment in 2003, over 7,500 cases of suspected fraud have been reported to Insurance Confidential.

G2 Motor Insurers’ Bureau of Ireland

The Motor Insurers’ Bureau of Ireland (MIBI) was formed by an agreement between the Government and the motor insurance industry. It operates a scheme to pay compensation to victims involved in accidents with uninsured vehicles or unidentified drivers. All motor insurers must, by law, be a member of MIBI.

The compensation provided by MIBI is determined according to the following circumstances:

• Uninsured vehicles – If the vehicle is not insured and its driver is liable for an accident, compensation will be paid to the claimant. There is no prescribed limit on the monetary amount paid out for personal injury. Vehicle and property damage claims are subject to a limit of €1.12 million per claim. An excess (deductible) applies to the property damage element of the claim.
Quick question 6
One night John’s parked car was struck by an uninsured car. The impact sent John’s car through the front wall of his house. MIBI settled his property damage claim for €120,000. Had MIBI awarded John their maximum property damage limit, how much more would John have received?

- Untraced or unidentified vehicles – If the vehicle is untraced or unidentified, MIBI will compensate the claimant for personal injury. MIBI is not liable to pay for vehicle or property damage claims unless there are significant personal injuries arising from the same accident (i.e. an in-patient hospital stay for 5 days or more). In these circumstances, an excess of €500 applies to the vehicle or property damage element of the claim.

A ‘no claims discount’ protocol operates between MIBI and the insurers. This protocol guarantees protection of the policyholder’s no claims discount where they are compensated by MIBI. It ensures that vehicles are repaired quickly and claims are resolved speedily.

G3 Other industry and professional bodies

A selection of other industry and professional bodies is shown in Table 1.1.

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Membership and function</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Insurance Institute of Ireland (III)</td>
<td>The professional standards, training and educational body for the general insurance industry in Ireland.</td>
</tr>
<tr>
<td>Life Insurance Association (LIA)</td>
<td>An educational and professional body for people working in the financial services industry.</td>
</tr>
<tr>
<td>Irish Brokers Association (IBA)</td>
<td>An industry body representing insurance brokers in Ireland and a member of BIPAR (see below).</td>
</tr>
<tr>
<td>Professional Insurance Brokers Association (PIBA)</td>
<td>An industry body representing insurance brokers in Ireland.</td>
</tr>
<tr>
<td>Association of Compliance Officers in Ireland (ACOI)</td>
<td>A professional body of compliance officers and those employed by regulatory bodies.</td>
</tr>
<tr>
<td>Dublin International Insurance &amp; Management Association (DIMA)</td>
<td>An industry body representing international insurance, reinsuran ce and captive companies at national and European level.</td>
</tr>
<tr>
<td>Insurance Europe</td>
<td>A European federation of national insurance industry associations (such as Insurance Ireland), providing a forum at EU level for its 34 member associations.</td>
</tr>
<tr>
<td>Bureau International des Producteurs d’Assurances et de Reassurances (BIPAR – European Federation of Insurance Intermediaries)</td>
<td>A European federation for national insurance intermediaries associations (such as the IBA), providing a forum at EU level for its 52 member organisations from 32 countries.</td>
</tr>
<tr>
<td>Global Federation of Insurance Associations</td>
<td>A global federation of national insurance industry associations (such as Insurance Ireland), providing a forum at a global level for its 39 member associations.</td>
</tr>
</tbody>
</table>
Summary

In this chapter we looked at the key facts and figures relating to the Irish insurance market. We also learned about the interaction between the various players in the marketplace and the different distribution channels used for the sale and purchase of insurance.

You should now have a good sense of the structure and operation of the market, as well as the main industry and professional bodies associated with it.

H1 What’s next?

The Irish market is influenced and shaped by many factors and practices that we will look at as we move through the textbook. Chapter 2 introduces the concept of risk, which is at the heart of the insurance market.

H2 Study tips

It’s important to remember that this textbook is the primary information source for this module. All the questions in your exam will relate directly to information featured in the textbook.

H3 How to reinforce what you have learned in this chapter

H3a Textbook

Use the ‘End of chapter questions’ and the ‘Sample multiple-choice questions’ sections to quickly test what you’ve learned so far. Make a note of any topics/areas you need to improve in and keep it to hand so you can refer to it when you revise this chapter again before your exam.

H3b Online

The interactive online supports featured on iiiConnect are invaluable in cementing what you have learned so far. The webinars, chapter-by-chapter key points and other online supports will help you to break down the chapter content when revising. Completing online mock exams and reviewing the personalised feedback that follows, is a great way of testing your knowledge and preparing for exam day.

H3c Face-to-face lectures

Our statistics show that attending face-to-face lectures means you are 20% more likely to pass your exam. These lectures focus on chapters that students commonly have difficulty with, and feature helpful advice to ensure you are well prepared on exam day. So don’t forget to use iiiConnect to register for your PDI-01 lecture.
H3d  Study planning and exam preparation

Along with the resources mentioned above, iiiConnect includes a personalised learning plan, an automated study planner, an exam countdown timer, study tips guide and discussion forums.

H4  How to access supports

- Log into the Member Area of www.iii.ie
- Click on the iiiConnect logo
- Select PDI-01: The Nature of Insurance under 'My Examinations’ to access supports.
### End of chapter questions

Use these questions to test your understanding of what we’ve covered in Chapter 1.

1. State the four main groups in the insurance market.

2. List the four main types of insurance buyers.

3. Explain the term ‘affinity group’.

4. State the difference between specialist and composite insurers.

5. Identify the main incentives for creating a captive insurance company.

6. Outline the primary function of the State Claims Agency (SCA).

7. Outline the key advantage, from a customer’s perspective, of placing their business directly with an insurer.

8. State the disadvantages for a customer in using direct insurance.

9. Identify the main types of reinsurer.

10. Explain the role of Insurance Ireland.


12. Explain the main function of MIBI.
Answers to end of chapter questions

Check your answers against those below and make a note of any points you left out. This will highlight the sections you may need to look at more closely during your revision.

1. The four main groups in the insurance market are:
   - buyers (customers)
   - insurers (sellers, i.e. insurance companies)
   - distribution (the channel that brings buyers and sellers together)
   - reinsurers (insurance companies or specialist reinsurance companies).

2. Buyers of insurance can be divided into four main types:
   - private individuals
   - commercial concerns
   - public bodies
   - associations and clubs.

3. Affinity groups are groups of people that have formed due to a common interest or connection, who work together to achieve a common goal, e.g. to obtain discounted premium rates or exclusive insurance schemes. Trade unions are examples of affinity groups.

4. Composite insurers accept several types of insurance business but specialist insurers only accept a specific class of business.

5. The main incentives for creating a captive insurance company are:
   - As an insurer, the captive can access the reinsurance market, which has a range of products not otherwise available.
   - The strategy enables the business to obtain the full benefit of the group’s own risk-control techniques, by paying premiums based on its own claims experience.
   - The strategy avoids paying towards a direct insurer’s overheads.
   - The tax treatment of the captive’s profits is usually more favourable than would be the case in the parent company’s country of origin.

6. The State Claims Agency (SCA) manages personal injury claims (both injuries to employees and to members of the public), property damage and clinical negligence claims brought against certain State authorities.

7. The key advantage from a customer’s perspective of placing their business directly with an insurer is:
   - Cost – competitive premiums may result from no commission being paid to intermediaries
   - Efficiency – ease and speed of obtaining insurance is improved as immediate cover can be obtained over the phone and internet.

8. The main disadvantages for a customer in using direct insurance are as follows:
   - The customer must individually research the market.
   - No independent advice can be obtained.
   - Other services provided by intermediaries may be forfeited, e.g. claims advice.
9. The main types of reinsurer are:
   • specialist reinsurers that do not transact original (direct) insurance business
   • Lloyd’s syndicates
   • insurance companies that also act as reinsurers.

10. Insurance Ireland is an industry body that represents insurance companies in Ireland and has general, associate and overseas member companies (both life and non-life insurance). The body represents its members on a national, European and global level and keeps them up-to-date on relevant policy and regulatory developments. It provides a forum for member debate and policy formulation on such issues.

11. The purpose of Declined Cases Agreement (DCA) is to ensure that any customer requiring third party motor insurance is entitled to receive a quotation from an authorised motor insurer.

12. The main function of MIBI is to compensate victims of road traffic accidents caused by uninsured vehicles or unidentified drivers.
Answers to quick questions

1. Sarah is categorised as a commercial concern as she is providing a business service and the insurance she is purchasing is for business purposes rather than private purposes.

2. The owner is always a non-insurance parent company.

3. One disadvantage is the tendency to focus on price rather than cover, key product features and wordings; another is the inability to easily obtain answers to questions that may arise in the purchasing process.

4. Reinsurers can be:
   - insurance companies
   - Lloyd’s syndicates
   - specialist reinsurers.

5. Employee benefit consultants deal mainly with private health insurance.

6. If MIBI had awarded John their maximum property damage limit, he would have received €1 million more.
Sample multiple-choice questions

Note: In your exam you will be awarded +3 marks for every question answered correctly, –1 mark for every question answered incorrectly, and 0 marks for every question you choose not to attempt. On the answer form you complete in the exam, you will be required to choose from options A, B, C, D or E. Options A–D correspond with a possible answer to the question, while selecting Option E confirms you are choosing not to attempt the question. When you attempt the mini-mock and full mock exam papers available on iiiConnect, this marking system is applied to allow you to prepare for your exam.

Question 1:
In terms of gross premium income per class of business, which of the following is the **largest** class of non-life business:

A. property  
B. motor  
C. accident and health  
D. liability

Your answer:

[ ]

Question 2:
Which of the following is a private individual **most** likely to approach for a household insurance policy?

A. A captive insurance company.  
B. An insurance intermediary.  
C. An employee benefit consultant.  
D. A reinsurance company.

Your answer:

[ ]

Question 3:
John has submitted a claim to MIBI in respect of damage to his car and home following an uninsured driver slamming into John’s parked car and ramming it through the front wall of his home. John was awarded a sum of €120,000. How much more could John have received, had MIBI awarded him their maximum limit?

A. €30,000  
B. €130,000  
C. €380,000  
D. €1 million

Your answer:

[ ]
Answers to sample multiple-choice questions

Question 1:
In terms of gross premium income per class of business, which of the following is the largest class of non-life business:

A. property
B. motor
C. accident and health
D. liability

Chapter reference: Chapter 1A1a
Question type: K
Correct response: B
Learning outcome: Explain the structure and operation of the general and private health insurance markets.

Question 2:
Which of the following is a private individual most likely to approach for a household insurance policy?

A. A captive insurance company.
B. An insurance intermediary.
C. An employee benefit consultant.
D. A reinsurance company.

Chapter reference: Chapter 1D
Question type: U
Correct response: B
Learning outcome: Explain the structure and operation of the general and private health insurance markets.
Chapter 1

Question 3:

John has submitted a claim to MIBI in respect of damage to his car and home following an uninsured driver slamming into John’s parked car and ramming it through the front wall of his home. John was awarded a sum of €120,000. How much more could John have received, had MIBI awarded him their maximum limit?

A. €30,000
B. €130,000
C. €380,000
D. €1 million

Chapter reference: Chapter 1G2

Question type: A

Correct response: D

Learning outcome: Identify the functions of the main industry and professional bodies in the Irish insurance market.