

Developments in Ireland OSE/INAMI Symposium

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Outline of Presentation

- Background to the Irish market
 - Legislative foundation
 - Development of the market
- Regulation
- Areas of contention
 - Prudential regulation
 - Risk equalisation
- Concluding remarks

Legislative Foundation

- Voluntary Health Insurance Act, 1957
- European Third Non-Life Insurance Directive, 1992
- Health Insurance Act, 1994
 - Formalised community rating
 - Associated Regulations (OE, LC, MB, RE)
- Health Insurance (Amendment) Act, 2001
- Risk Equalisation Scheme, 2003

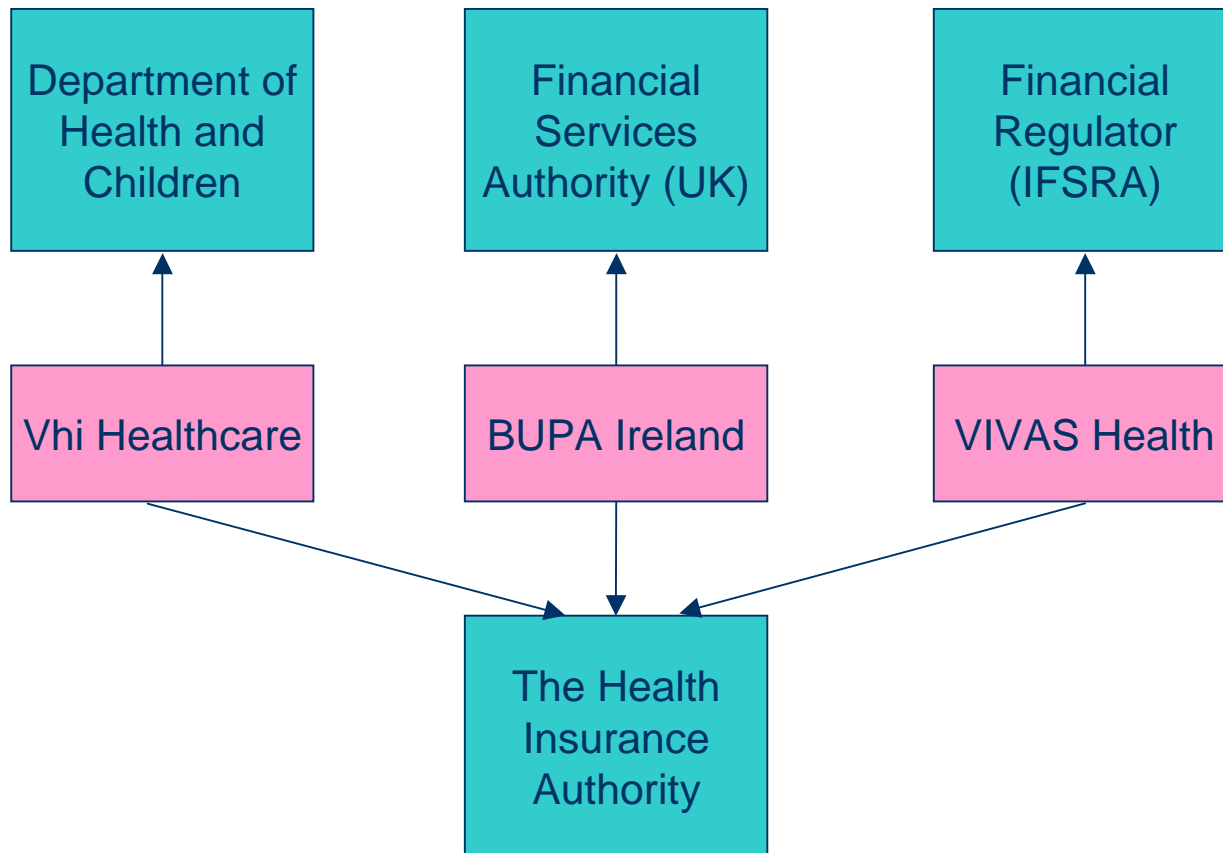
Development of the Market

- Market has grown beyond 15% (initially envisaged) to over 50% of population now
- VHI monopoly for 40 years
 - Restricted membership undertakings
- BUPA Ireland entered in 1996
- VIVAS Health entered in 2004
- BUPA Ireland replaced by Quinn Healthcare in 2007
- Market shares/switching

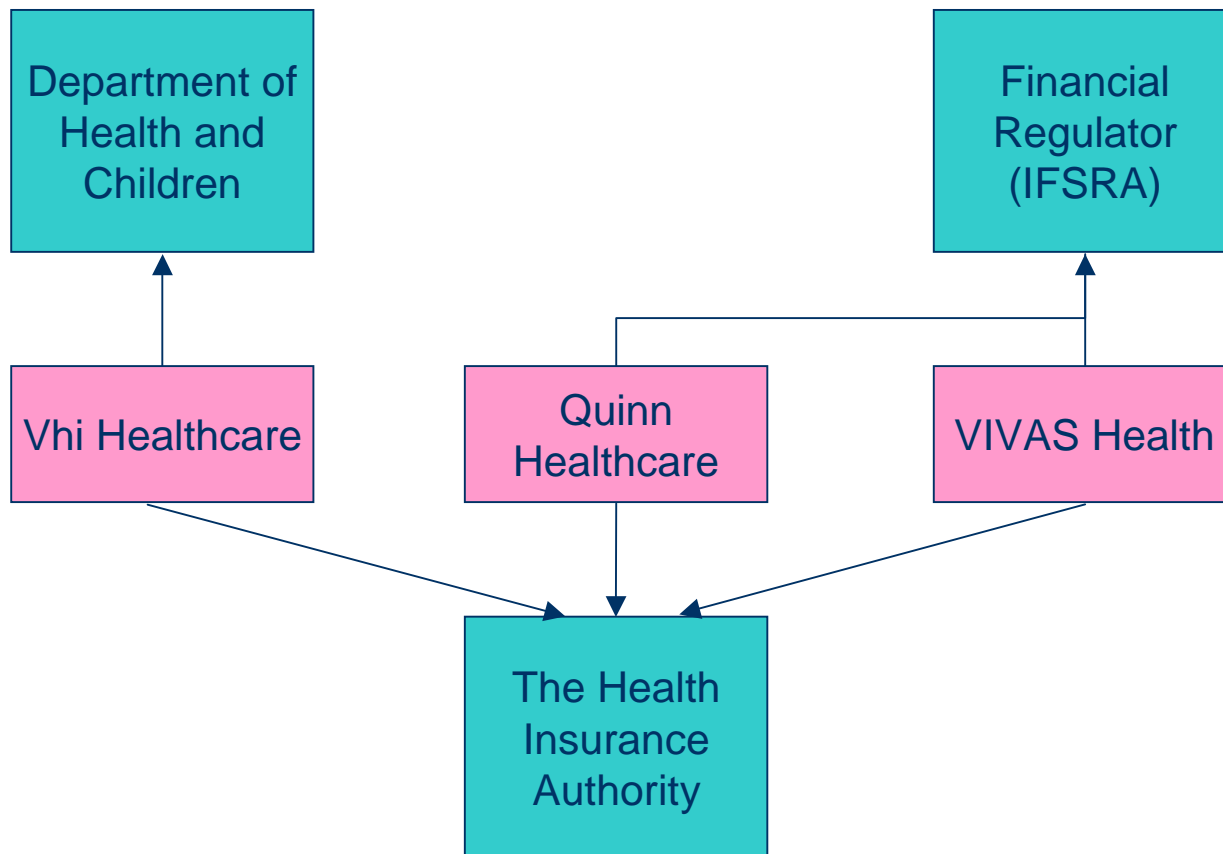
Regulation

- Heavily regulated market
 - The ‘three pillars’
 - Community rating
 - Open enrolment
 - Lifetime cover
 - Minimum benefits
 - Social policy objectives
 - Risk equalisation
- Prudential regulation

Regulation – To 2007



Regulation – Since 2007



Areas of Contention

- Prudential Regulation

- VHI not subject to the same (prudential) regulatory requirements as its competitors
 - Solvency
 - Subsidiaries for other areas of business
 - But need Ministerial approval for new products/premiums
- Has come under scrutiny by Commission
- Legislation currently being drafted to address this issue – but timing is still unclear
- VHI will need injection of funds to meet current solvency requirements

Areas of Contention

- Risk Equalisation
 - BUPA Ireland argued that RES contravenes Irish and EU law
 - Have taken the issue to the Commission, and the Commission to the European Court of First Instance
 - Have also taken the issue to the Irish High Court and currently in the Supreme Court

Concluding Remarks

- Irish market is highly regulated
- Also has a number of unique features
- This has led to much controversy
 - Centres on two issues above
- Supreme Court case ongoing
- Sean Quinn has vowed to continue the fight
- Watch this space...!!