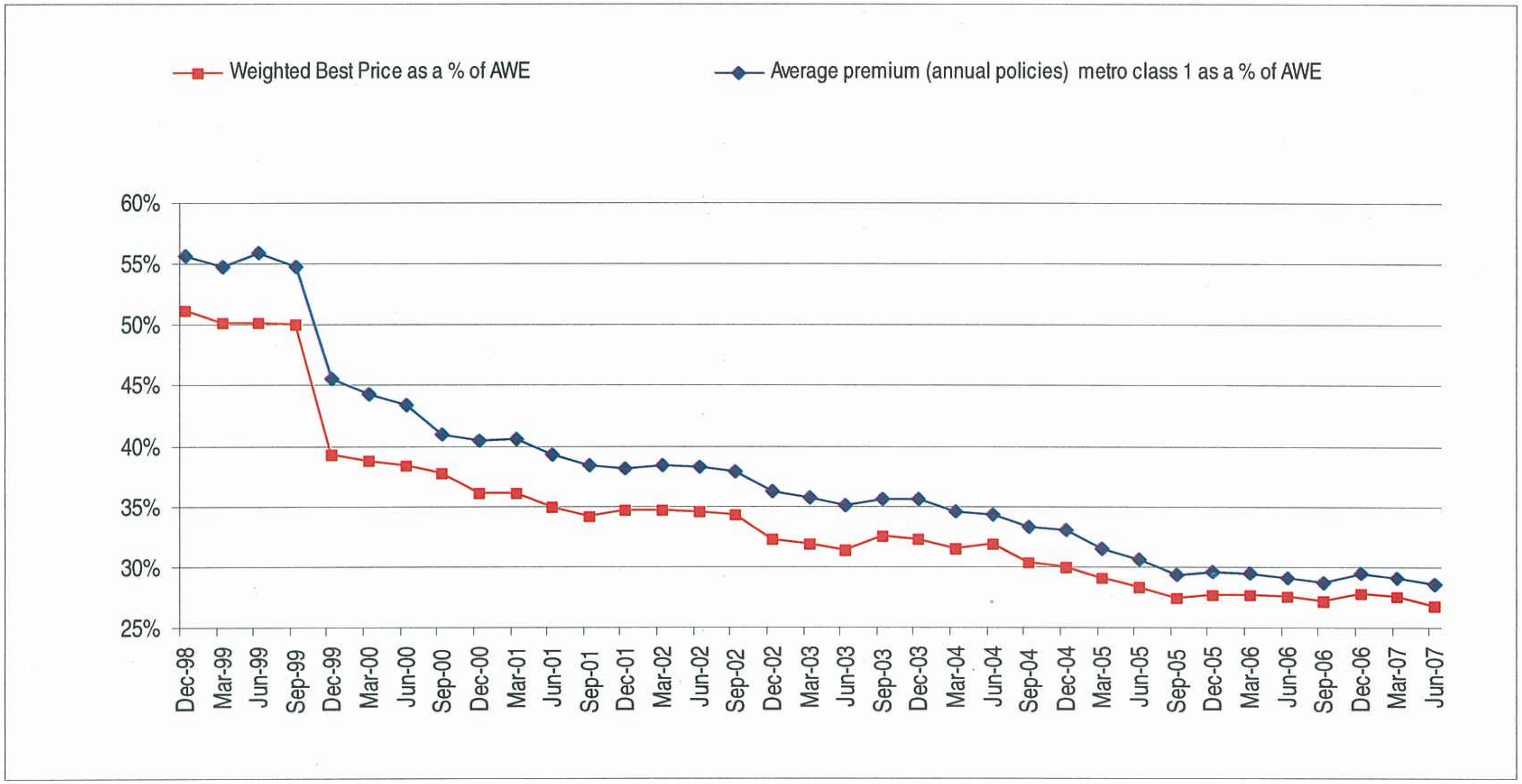
tendered by Carmel Donnelly 27/8/07.

made public by the Committee

LJ07/1255
CLJ45

Premium affordability



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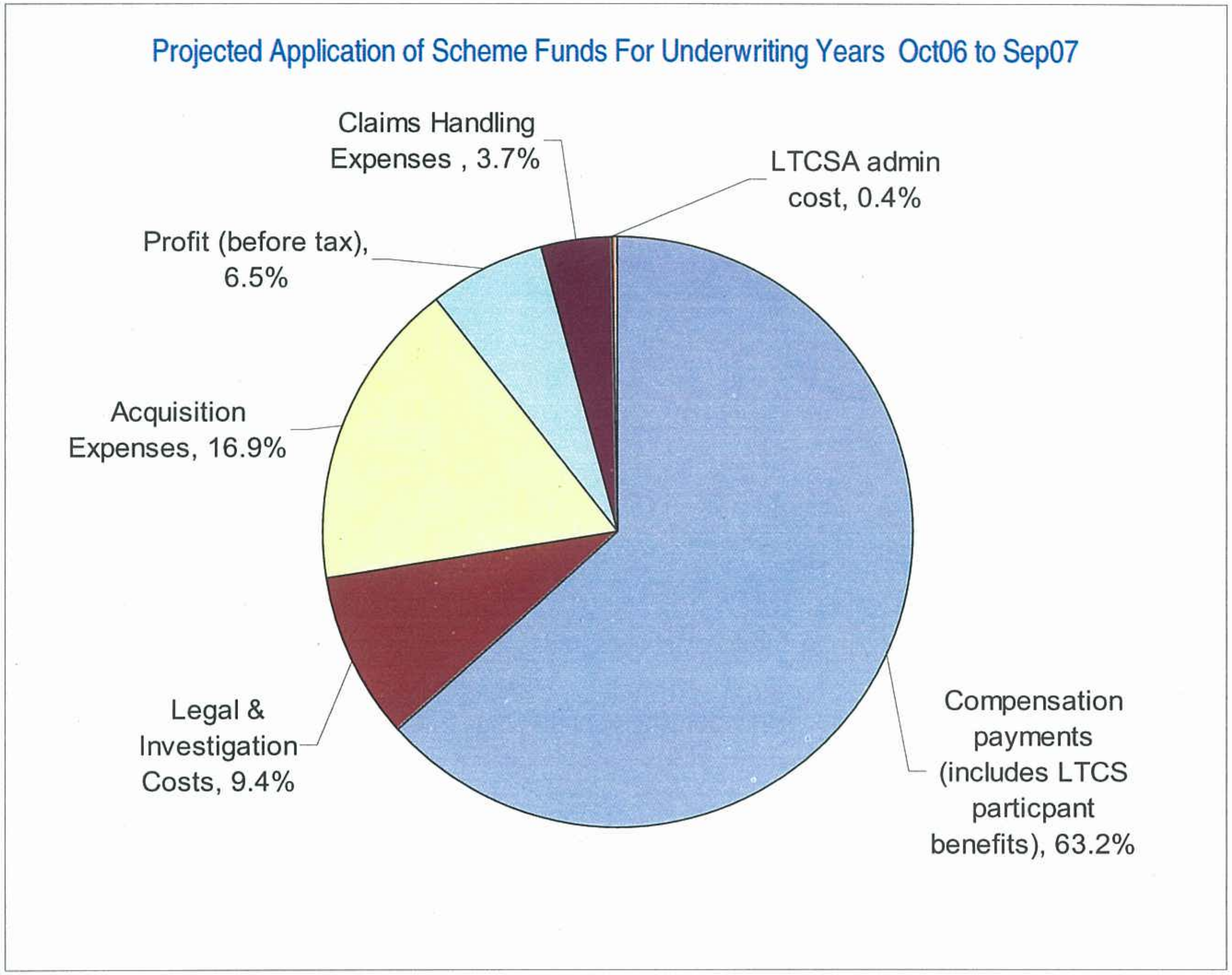
Projected Application of Scheme Funds



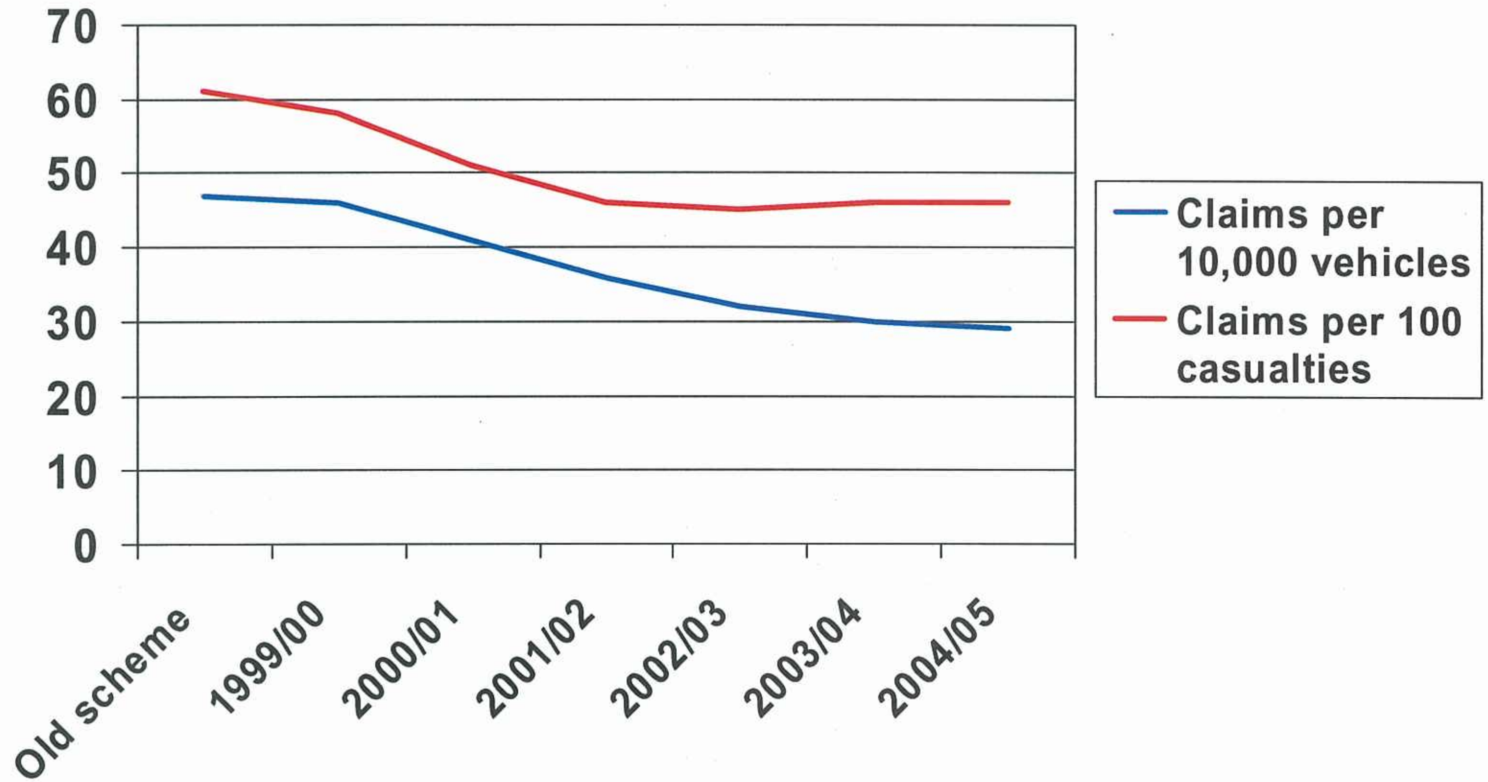
Insurer profit

Year end 30 Sep	Premiums written $M	Acquisition costs $M	Estimated ultimate claim costs $M	Estimated profit $M
2000	1,325	200	765	359 (27%)
2001	1,321	198	833	290 (22%)
2002	1,342	185	881	277 (21%)
2003	1,395	197	1,015	183 (13%)
2004	1,476	222	1,062	192 (13%)
2005	1,451	224	1,214	13 (1%)

Why is the market so competitive ?

- Risk premium assumption
- Investment returns
- AWE assumption
- Impact of LTCS scheme
- Claim frequency
- Superimposed inflation assumption

Claim frequency



Superimposed inflation

PWC study found:

- Average claim cost has increased 6 - 7% per year over recent years.
- This is primarily the result of a more severe injury mix due to decreases in minor claims and has occurred in the context of reduced claim frequency.
- Overall, superimposed inflation is low. Claims with similar injuries are receiving similar benefits over time.

Superimposed inflation cont'd

In addition:

- Some evidence of superimposed inflation in some low to moderate severity claims.
- Some evidence of greater access to future economic loss – although amounts received are low.
- No evidence of superimposed inflation for large claims.