ipb insurance

ANNUAL 2023 REPORT

Protecting Ireland since 1926

Contents

Chair's Statement

John Hogan

I am delighted to announce an excellent set of financial results for 2023. We have recorded a surplus before tax of €89.6m for the year. I am also pleased to report that in 2023 we returned a dividend of €18.3m to Members and in 2024, notwithstanding the financial loss recorded in 2022, we will pay a Special Dividend of €10m.

OUR STRONG PERFORMANCE was supported by a favourable underwriting outcome and an excellent investment return, following a challenging year for markets in 2022. Our Solvency Capital Ratio remains strong at 312% reflecting our prudent approach to capital management and ensuring we have the financial strength, capacity, and appetite to take on new and emerging Member risks.

The results are, I believe, a demonstration of the effective governance and management of the mutual and our strategic commitment to deliver modest but profitable growth in a measured, and ultimately, sustainable way. The strong results in 2023 reflect a successful progression of the Board approved strategy to grow new business across both our existing Member customer base as well as acquiring new risks within our Member-related sectors where we already have a strong foothold and have the experience and capabilities to provide the best insurance solutions. We have a very experienced and dedicated Leadership Team and employees whose commitment to the mutual and our Member-centric focus have delivered another very strong operational performance.

A measure of success that I place a lot of importance on is that of customer retention. Again in 2023 we have maintained very high customer retention levels of 98%. Furthermore the independent Member satisfaction research we undertook in 2023 indicates that we have achieved an all-time high overall satisfaction rating of 92%. Our status as a mutual insurer dictates our approach to governance, leadership, and management of the company. We have a clear strategic commitment based on 'Our People and Our Members First', recognising that while our Members are central to all our decisions, it is our people who ensure we deliver on our mutual promise to protect and serve our Members and their insurable interests.

I want to take this opportunity also to express sincere thanks to all our employees. The continued high Member satisfaction levels could not be achieved without committed people who interact with our Members on a daily basis, providing excellent service and an enhanced insurance experience. I am convinced that IPB's proposition is unmatched in the wider marketplace. Our value-added solutions for Members include property valuations, contractor insurance advisory, a dedicated Member Risk Management team as well as an evolving product line, tailored specifically for Members evolving needs.

Additionally, as a 100% Irish-owned mutual, we have no outside shareholder interests and all decision-making rests in Ireland without referral to an international headquartered parent. The provision of a Members Commercial Dividend is another way that we can return value to Members. I am pleased to report that in 2023 we returned a dividend of €18.3m to Members and in 2024, notwithstanding the financial loss recorded in 2022, we will pay a Special Dividend of €10m.

/// I am pleased to note that we continue to have very positive engagements across Government. Of note is the ongoing engagements with the Department of Finance Minister of State with responsibility for insurance reform Jennifer Carroll McNeill T.D and the main insurance companies including IPB. We are committed to working with Government to play our part in ensuring that we as a country have a financially strong and competitive insurance sector ///

/// Global and National Economic Overview

In 2023 investment markets experienced a remarkable turnaround compared to the challenging year of 2022. Inflation remained a concern for most of the year and prompted Central Banks to raise interest rates to their highest level in two decades. Although, a change in tone from the US Federal Reserve towards lower interest rates, prompted bond and equity markets to rise sharply in the final months of 2023. We recouped nearly all the mark to market losses from 2022 with investment profits of €77.5m in 2023 and are well positioned to benefit over the short to medium term during this higher interest rate environment.

2024 will be a record year for elections as 4.2bn people across 76 countries go to the polls. The US election in November will dominate the global headlines as US policy outcomes can reverberate strongly across the world. Closer to home, we have Local and European Elections in 2024 and we expect a General Election later this year or early in 2025. Election issues are similar across the EU with Housing, Health and Immigration at the forefront of voter debates. Electoral support for the European Union and the Sustainability Agenda remains high in the region although domestically focused fiscal and investment policies are increasingly a feature.
Irish GDP growth is expected to rise only 1.5% in 2024. The contraction of 1.9% in 2023 was largely due to specific issues in the multinational export sector that have largely played out and should not repeat in 2024. With Irish inflation falling back and real incomes growing, employment and consumer spending should continue to expand while the continued need for investment in house building should underpin domestic growth.

/// Claims Environment

There continues to be positive progression of the Governments' Insurance Reforms. The Personal Injuries Resolution Board (formerly the Personal Injuries Assessment Board) have reported fewer minor injuries coming before them as the awards levels have reduced following the introduction of the Personal Injury Guidelines (PIGs). Although IPB's profile of injury claims differ somewhat to that of the Personal Injuries Resolution Board (PIRB), we are seeing a reduction in the frequency of personal injury claims, particularly minor injuries.

The introduction of the duty-of-care law change within the amended Occupiers Liability Act 1995 last year should also support the wider claims environment. I believe the amendments have equitably allocated responsibility between businesses, community groups and organisers in fulfilling their duty-of-care responsibilities, while also placing an increased onus of personal responsibility on visitors and guests. As the insurer of local authorities and their communities, this is to be very much welcomed. Access to affordable insurance, particularly for local voluntary and community groups, is essential as these are the life blood of our villages, towns, and cities.

I also welcome the broadening and strengthening of the role of the PIRB. The broadened remit now sees mediation added to the functions of the PIRB, which should facilitate resolution of a wider range of claims than previously. At IPB, we remain committed to supporting the PIRB in its independent and equitable assessment of injuries and application of the PIGs.

As a mutual whose Members and customers include public bodies, state and semi state agencies and related entities, we recognise the importance of maintaining a strong working relationship with Government. I am pleased to note that we continue to have very positive engagements across Government. Of note is the ongoing engagements with the Department of Finance Minister of State with responsibility for insurance reform Jennifer Carroll McNeill T.D and the main insurance companies including IPB. We are committed to working with Government to play our part in ensuring that we, as a country, have a financially strong and competitive insurance sector that can build on the progress already made in delivering meaningful insurance reform.

/// Board Succession, Culture and Risk

IPB's Directors, in conjunction with the Central Bank of Ireland (Central Bank), are committed to ensuring the optimum composition of the Board to manage delivery of IPB's strategic objectives. In October, I assumed the role of Chair of the Board of IPB, however in addition, there were several other changes to IPB's Board composition.

In retiring as Board Chair, Mr. George Jones also retired as Group Non-Executive Director. We thank George for his invaluable contributions to IPB during his tenure as Chair. His leadership has been instrumental in driving transformative change. Undoubtedly, he leaves our mutual in a significantly improved position compared to when he assumed the role. All of us in IPB wish George the very best in his retirement.

Mr. Eddie Hoare was appointed as a Group Non-Executive Director following successful engagement in the Board Observer Programme and the securing of legal and regulatory approvals. A Chartered Accountant, Eddie presents with extensive commercial and entrepreneurial skills having developed financial and assurance expertise throughout his educational endeavours and career to date in addition to the experience gleaned from involvement in local government activities.

In consideration of the succession plan for the Board Independent Non-Executive Directors, Ms. Mary Cregan was appointed to the Board in October. Mary is a very experienced Insurance professional having held several senior roles in the insurance sector and brings with her a wealth of experience in the areas of underwriting, claims, business development and operations. We welcome Ms. Mary Cregan and Mr. Eddie Hoare to the Board. These appointments see Board composition increase to ten Directors from the previous nine.

We take culture very seriously in IPB and have a clearly established set of values and behaviours that we work to daily. These values include having our Members' interests at the centre of our considerations, and we will not accept risks or behaviours that are contrary to Member and wider stakeholder interests. The Board of Directors is committed to ensuring regular assessments by taking a leadership role in sponsoring all culture-led initiatives and this will continue in 2024.

During 2023, the Board placed particular emphasis on the Central Bank's new Individual Accountability Framework most notably the embedding of conduct standards as well as enhancements to the Fitness and Probity Regime. Looking ahead to 2024, our focus will incorporate the Senior Executive Accountability Regime, which seeks to set out clearly and fully where responsibility and decision-making lie within the company's Senior Management.

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/// Local Government / Members

This year will see significant change in local government with the election of the first ever directly elected Mayor in the history of local government in Ireland. The concept of a directly elected Mayor serves to support the objective of a more decentralised form of government. Limerick will serve as a blueprint for the election of Mayors in other local authorities.

As we look ahead to the new local government cycle with elections in June this year, I am pleased to report that IPB has partnered with the Association of Irish Local Government (AILG) to support their efforts in the roll out of a new Governance training programme for newly elected local representatives. The support of good governance in our core Membership sector aligns with our sustainability ambitions, particularly in the context of Environmental, Social and Governance concerns. We also reaffirmed our support of the Local Authority Members Association (LAMA) Community & Council Awards, which we have supported as main sponsor for over a decade. These awards serve to recognise the collaboration of councils and their communities who work together to achieve their shared objectives.

I am very pleased to report that we commenced a partnership with our three Regional Assembly Members through their representative group the Association of Irish Regions. The assemblies are another important segment of our Membership, and I am very pleased to see this new partnership deliver an excellent and thought-provoking conference. The Regions in Focus conference fosters closer collaboration between local authorities in their respective regions, creating

/// Reflecting our role as the mutual insurer to Ireland's local authorities we have allocated €2.25 million to support further social and community initiatives and discussions are ongoing with various national bodies, state agencies and Government Departments ///

opportunities for broader strategic planning and development for their mutual benefit.

/// Corporate Social Engagement

At IPB, we believe in acting responsibly and sharing our mutual success. In 2023 we launched our corporate social engagement strategy at our annual Members Engagement Forum in October attended by our Member Nominees. The launch featured an announcement of new social initiatives as well as recommitting to established programmes. €2.6 million has been allocated to fund these new CSE activities, bringing the total committed for the period 2024-2026 to €3.175 million.

During the year we recommitted to the ETB Music Generation Musical Instrument Fund, committing a further €200,000 for the purchase of musical instruments across every ETB and local authority area. This programme has proven hugely popular with our ETB Members and supports our commitment to deliver social programmes in two of our five themed areas, namely education and community.

The Music Generation local music partnerships are led by the ETB and local authority, underpinning our CSE objective of being Member-aligned. IPB's combined CSE investment in the programme since 2019 is €500,000. Reflecting our role as the mutual insurer to Ireland's local authorities we have allocated €2.25 million to support further social and community initiatives and discussions are ongoing with various national bodies, state agencies and Government Departments. We continue to partner with local government representative organisations that support elected representatives in areas of governance training, networking, and community recognition events.

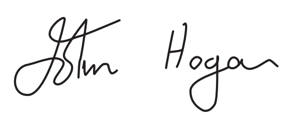
/// Conclusion

Reflecting on the year past, and as we look to our centenary year in 2026, I am very pleased with the progression of our strategic objectives. I am confident that we have the right people, resources and structures in place to deliver on our strategic plan.

Our Members face ongoing largescale challenges in the provision of social and affordable housing, migrant and refugee accommodation and delivering on the ambitious national climate change agenda. Members, however, can rely on us to be with them every step of the way in protecting their insurable interests and assisting them in the management of their risks as they address these major priorities, as well as their wider remit to serving their diverse range of stakeholders.

I would like to thank my colleagues on the Board for their encouragement and invaluable support, particularly following my appointment as Board Chair. We have a Board that has a diverse skillset and wide range of experience across business and local government, reflecting IPB's mutuality and our role as a leading insurer in the State.

Finally, I want to thank all our Member stakeholders, Nominees, Management and staff for their continued loyalty and support, demonstrated by an excellent collaborative working relationship built on long standing engagement and trust.



John Hogan
Chair of the Board

Chief Executive's Review

John Kearns

I am pleased to report that your mutual enjoyed a very strong financial and operational performance for the year. Our core underwriting business and overall operational efficiency have remained robust, with all major indicators meeting or surpassing expectations. We achieved our goal of delivering steady topline growth and achieving exceptionally strong investment performance resulting in a surplus before tax of €89.6m at year end.

OUR MEMBER-PARTNERED forums for Sustainability and Cyber Risk gained further traction during the year. We made significant progress on our shared sustainability agenda with local authority Members through a joint forum on climate action. We also witnessed solid progress in the delivery of cyber risk protection during the year. These collaborative efforts exemplify the valued partnership approach we enjoy with our Members. Our commitment to service excellence continues to be recognised by our Members as the average overall Member satisfaction score reached a new high for 2023, the fifth consecutive year of improvement.

/// Underwriting

In 2023 your mutual generated Gross Written Premium (GWP) of €171.7m, up €10.7m year-on-year and 3.4% ahead of plan. There were two key factors driving this successful growth. Firstly, an outstanding performance on new business was driven by continued product enhancement for our Members in providing optimal insurance programmes to meet their ever-evolving needs. Secondly, we delivered much higher than budgeted growth on our Property portfolio, primarily driven by the impact of building costs inflation, and general inflation, on our existing portfolio and rate correction on some underperforming segments. Additionally, driven by a hardening of the global reinsurance market, capacity constraints in the local market provided us with opportunities to deploy our own strong capacity in core segments at acceptable pricing levels to secure high quality new business risks.

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2023 has delivered another year of strong underwriting performance producing a Net Combined Operating Ratio (NCOR) of 90.5%. Whilst this compares less favourably to an exceptional NCOR of 74% in 2022, it is still well ahead of our strategic target of achieving 95% per annum. This result is primarily driven by lower-than-expected claims frequency across Casualty lines of business, in particular Public Liability which forms a significant part of our overall portfolio. Additionally, strong profitable growth, some significant claims recoveries on prior year claims and better than expected development on prior underwriting years are the main drivers of another year of excellent underwriting performance. Underpinning our core underwriting operations, we have a long-established reinsurance programme in place that further protects our balance sheet from significant volatility.

As a mutual we strive to deliver an optimal level of pricing for our Members to ensure we achieve a moderate, but acceptable, underwriting margin throughout the underwriting cycle. As outlined in last year's report, we committed to passing on savings achieved from improvements in our claims experience. I am pleased to report that we delivered on our commitment by providing material pricing reductions for Members in 2023, reflecting the improving claims environment and trends. The programme of insurance reform undertaken by Government through the Department of Finance, led by Minister of State Jennifer Carroll McNeill T.D. and her team, is contributing significantly to an improving claims environment.

/// Investments

After a tumultuous 2022, characterised by losses in bonds and equities, 2023 brought a welcome change. Investment returns of €77.5 million helped recover nearly all the mark to market investment losses from 2022 and achieved a strong return against benchmark. Our main asset class, bonds, faced headwinds for most of 2023 as the persistent rise in inflation prompted central banks to raise interest rates at the fastest pace in 40 years. However, in the final quarter, a combination of lower inflation and slowing growth allowed central banks to pivot toward promising interest rate cuts in 2024, leading to improved bond market performance. Global equity markets rebounded significantly, rising over 20% in 2023, effectively recovering all the losses incurred in 2022.

Last year we noted that investment losses were primarily due to mark-to-market (MTM) losses on high-quality government and corporate bonds. Encouragingly, bond losses of 2022 were balanced by gains from the bond portfolio in 2023. Notably, the portfolio achieved strong profits through the disposal of legacy perpetual Irish bank bonds which were tendered at very favourable levels. The proceeds from these disposals were strategically allocated to green, social, and sustainably linked bonds. This approach aligns with IPB's responsible investment strategy.

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Throughout 2023, the investment portfolio executed strategic moves to increase its position in bond markets funded by a reduction in cash deposits. These bonds offered historically high interest rates, promising a robust income for the portfolio in the years ahead. Bond markets now offer a strong risk-reward profile at this stage in the cycle, with the potential to offer protection if the economy falters. Within equities, we continued to invest in companies aligned with our sustainability strategy, with strong balance sheets and robust growth potential.

Considering recent stock market performance, it is important to remain vigilant to risks. The market's current optimism hinges on a "Goldilocks" scenario for 2024, namely a gradual decline in inflation without a recession, allowing the central banks to cut interest rates smoothly. Such a scenario, while unprecedented, could offer crucial support to financial markets and investor sentiment. Tight labour markets pose another risk. With demand for workers outstripping supply, wages are likely to remain robust in 2024. If inflation remains stubbornly high, the ECB and the Federal Reserve may hold rates steady for longer than the market currently expects, damaging overall economic growth prospects.

Geopolitical issues have returned in the past year with the flaring conflict in the Middle East while the ongoing situation in Ukraine remains a flashpoint. The 2024 US presidential election is anticipated to be acrimonious. Political polarisation, policy differences, and electoral outcomes can reverberate globally. Threats of a tariff war loom between the US, China, and EU. The outcome of elections will shape trade policies, potentially escalating tensions and affecting economic ties.

/// Claims Environment

Throughout the pandemic and its immediate aftermath, we observed a

/// Significant achievements were made in communicating our Sustainability credentials and plans to our Members in 2023. Our Members, as public bodies, have a leading role in the Climate Action transition towards more sustainable communities ///

moderation in claim frequency due to the impact on social mobility. This trend persisted into 2022 and 2023, strongly influenced by the Government's insurance reforms, notably the Personal Injury Guidelines (PIGs), emerging as the primary driver of claim frequency. Evidence from the Personal Injuries Resolution Board (PIRB), the Court Services, and the Central Bank National Claims Information Database aligns with our own data, illustrating a consistent trend of moderation in injury claim frequency. However, despite this moderation, the claims landscape in 2023 was overshadowed by the legal challenge to the PIGs.

We witnessed continued progress in the Governments' Insurance Reform with delivery of a broadened and strengthened role for the Personal Injuries Assessment Board, now renamed the PIRB. The broadened remit sees mediation added to the functions of the PIRB and facilitates resolution of a wider range of claims than heretofore. Mediation offers an additional tool to deal with claims fairly for the claimant and reducing legal costs involved in more lengthy litigation. The success of this new initiative is dependent on participation by all stakeholders to ensure an equitable resolution for the claimant and avoiding unnecessary costs and time-consuming litigation as a default position. We remain committed to supporting the PIRB in its independent and equitable assessment of injuries and application of the PIGs.

/// Insurance Reform

An appeal to the Supreme Court in respect of the PIGs was heard in February 2023. The programme of insurance reform is the primary driver of change, and should the appeal succeed it has the potential to reverse the notable reduction in overall claims costs witnessed by the market in recent times. As a mutual, we have remained committed to promptly passing on the advantages of these reforms to our Members and customers through reduced insurance premiums over the preceding years. However, an adverse ruling could result in adverse implications for future claims costs, undermining our efforts to maintain favourable pricing structures for our stakeholders. We eagerly anticipate the Supreme Court judgment to provide clarity on the framework of the PIGs, thereby offering certainty for the claim's environment moving forward.

/// Sustainability

In April, we unveiled our second Sustainability Strategy for the period 2023-2026. This strategic framework, built upon our six sustainability commitments, is embedded in our company strategy, embodying the core principle of 'Our Members and Our People First – Together Delivering Profitable Growth to Support the Long-Term Sustainability.'

Throughout 2023, we achieved significant milestones, including the establishment of Key Performance Indicators (KPIs) designed to gauge the effectiveness of our Strategy's implementation in the years ahead. These KPIs play a vital role in providing the Board and its subcommittees with invaluable insights to monitor progress and ensure transparency in realising our Sustainability objectives. Oversight of these KPIs falls under the remit of the Board Sustainability Committee. In July, IPB sponsored in-person networking event at the inaugural Local Authority Climate Forum, which was held as a component of the Mary Robinson Climate Conference, a pivotal gathering as part of Ballina 2023, celebrating the 300th anniversary of the establishment of the town.

Significant achievements were made in communicating our Sustainability credentials and plans to our Members in 2023. Our Members, as public bodies, have a leading role in the Climate Action transition towards more sustainable communities. Working with our Members, through the IPB Local Authority Member Sustainability Forum and the Local Authority Climate Action Forum for example, has enabled us to guide and advise on Members' needs in respect of insurance products to ensure they are appropriate especially in respect of climate action and sustainability. This includes more favourable insurance terms for electric vehicles and IPB's 'build back better' initiative for property that rewards energy efficiency enhancements to buildings through lower premiums.

We continue to progress our strategy to achieve long-term sustainable growth leveraging our experience and expertise in our chosen markets centred around our Members public service remit. We will deliver further progress on our sustainability agenda ensuring that tailored sustainable insurance solutions are available to our Members reflecting their key role as agents of change at a regional level in realising Ireland's ambitions in addressing climate change. As we look forward to this year and beyond, I am certain that the strategic steps being taken now will ensure that your mutual is future proofed to address the insurance challenges that lie ahead.

/// Our People / Workplace

As part of IPB's 'Our People and Members First' principle we continue to invest in the unique workplace culture that we enjoy and value greatly. Providing all employees with the optimal working environment and necessary supports and tools is essential in achieving their full potential. People are at the heart of our organisation and knowing how employees feel and understanding the needs of the workforce is very important to us. I am pleased to report that we have once again achieved the accreditation as a 'Great Place to Work' for the sixth consecutive year. We will continue to invest in employee engagement and feedback, career advancement, work-life balance, recognition, and communication.

As our greatest strength, it's important that we continue to strengthen employee capabilities to future proof the organisation for many years ahead. I believe it is important to support employees in enhancing their skills and place great value in continuous learning. Reflecting this commitment, we developed a professional skills training programme titled the IPB Mutual Academy, developed around our core competencies. Additionally, a new Leadership Development Programme was rolled out for employees assuming new leadership roles.

To build an even stronger and resilient workforce, employees health and wellbeing remains a priority for IPB. Throughout the year we marked several important wellbeing and Diversity & Inclusion calendar events to raise awareness and educate our employees on the importance of topics such as men's health, financial health and unconscious bias and we celebrated Pride, International Women's Day, and International Men's day. We have successfully achieved our goal of a minimum of 35% of female representation at senior management level, achieving 38% at year end. We will maintain our firm focus of advancing our objective for a more diverse and inclusive workplace.

/// Delivering for Members

Throughout the year we have engaged with Members through various forums, including engagement with our local authority and ETB member organisations through representative groups and associations. We were delighted to continue our longstanding partnerships with our local authority Member representative bodies and associations including the City and County Management Association (CCMA), the Heads of Finance Association (HOFA), the Local Government Directors Association (LGDA) and the local authority Heads of Information Systems (HIS) at their annual meetings and conferences. Additionally, we continue to work with our ETB Members at various events. These engagements provide invaluable insights into the evolving risks and insurance challenges our Members face, enabling us to provide enhanced products and value-added solutions designed around their needs.

We take great pride in our mutuality and our founding purpose to protect the insurable interests of our Members. Our mutual ethos guides our strategic and operational decisions underpinned by our partnership approach in working with our Members and listening to their feedback. I am very pleased to report that our Member Satisfaction benchmark survey delivered year-on-year improvement in the overall satisfaction score, the fifth consecutive year of increases. The average overall satisfaction score at 92% is a record for this key metric since the survey was first introduced in 2014. Trust is at the core of our relationship with our Members, and I am pleased to report that Members scored IPB at its highest ever trust rating with an average score of 95%. As always, we will not take these excellent results for granted, trust takes generations to build and can be lost in a moment.

An important value-added offering that our Members greatly value is IPB's Member Risk Management resource. Our specialist risk management team are advocates for a strategic risk-led approach to supporting Members management of the risks they face. IPB's senior risk advisors provide risk management advice to Members senior management to assist them in identifying and addressing the significant risks that may prevent their achievement of objectives. The team undertakes risk registers workshops, direct engagement on specific topics and through participation in working groups and committees. During 2023, we delivered a tailored risk identification programme to more than 60% of IPB's local authority Member organisations. All local authority Members will have completed the process before the end of this year.

Perhaps the most significant risk facing our Members, and indeed all organisations, is information security and cyber risk. Our senior risk advisors have been working closely with Members in developing the best risk advice and risk transfer solutions including the provision of instant cyber risk insights, vulnerability assessments and guidance on how to manage common vulnerabilities. This approach supports, and is in addition to, the tailored insurance products that enables effective transfer of these risks from our Member's balance sheets to ours.

/// Conclusion

In conclusion, 2023 delivered a very strong financial and operational performance, with core underwriting and operational indicators meeting or exceeding forecasts. This is a very welcome outcome driven by robust new business performance, product and coverage enhancement for Members, and

/// The claims environment is showing real signs of positive improvement due largely to insurance reforms. Claim costs and frequency are moderating although legal costs remain a significant component of overall claims costs ///

substantial success in our core non-Member segments.

We witnessed a recovery in bond valuations which restored most of the unrealised losses of the prior year. I am particularly pleased with the underlying performance of our investment portfolio as investment income delivered an excellent return. Our net combined operating ratio (NCOR) reflects our continued strong underwriting discipline and as a mutual serving our public sector Members, we will continue to maintain a prudent approach to pricing risk, considering uncertainties in the changing risk landscape and new exposures emerging from evolving Member services.

The claims environment is showing real signs of positive improvement due largely to insurance reforms. Claim costs and frequency are moderating although legal costs remain a significant component of overall claims costs. For the wider industry and policy holders, we will have to wait a little longer for the judgement of the Supreme Court on the PIGs framework. The outcome will give greater clarity and assurance on injury awards and associated costs. I want to recognise the excellent collaborative engagement that we have enjoyed with the Department of Finance and Minister Carroll McNeill as part of her engagement with the wider insurance industry.

Engagement with Members remains a priority. We have delivered on our aim to broaden our reach and engagement with new segments within our Membership base and we will continue to solidify these relationships in 2024 and beyond. We continue to enjoy excellent relationships with the CCMA, HOFA, LGDA and Education and Training Boards Ireland (ETBI) as well as local authority elected representative organisations in the Association of Irish Local Government (AILG) and the Local Authority Members Association (LAMA). We value the unique and close collaborative relationship we enjoy with our Members.

We will continue to listen intently, and anticipate and respond, to our Member's changing insurance needs as the profile of risks that they face continually evolves. IPB exists to serve our Members, to be by their side, protecting them through good times and bad. Afterall, mutuality is about working together for the collective good.

John Kearns
Chief Executive Officer

ESG Highlights

Financial Highlights

Overall, 2023 proved to be very strong both operationally and financially. Prior year global factors which impacted the overall value of corporate and government bonds experienced some reversals in 2023 as yields fell. Our core underwriting business and operational performance remain strong with all key indicators roughly performing in line with expectations. The combination of a solid underwriting performance and excellent investment result delivered a surplus before tax for the year of €89.6m.

€171.7m
Gross Written Premium

Gross written premium **increased by 6.6% year-on-year** due to a variety of factors including increased coverage for Members, particularly in property. New Member and non-member business remained robust with high single-digit growth.

18.9%
Net Expense Ratio

Total operating expenses for the year came in lower than forecasted budget notwithstanding the continuation of inflationary pressures into 2023. **The expense ratio at 18.9% remains the same as prior year.**

€12.1m
Underwriting Performance

The strong underwriting performance for the year is primarily due to growth in gross written premium, **better than expected claims performance,** further development of claims reserves resulting in prior-year releases.

€77.5m
Investment Result

The investment **return of €77.5m is in stark contrast to the prior year result (loss) of -€88.5m.** Following reductions in valuations of high-quality Government & Corporate Bonds in 2022, we saw bond valuations bounce back stronger than anticipated, recapturing much of the value lost in the prior year.

90.5%
Net Combined Operating Ratio

The NCOR for the year at 90.5% has **deteriorated from the 74% reported in 2022** but remains ahead of our strategic target of achieving 95% per annum.

3.1
Solvency Coverage

3.1 times the capital required under Solvency II. We are committed to maintaining our strong capital position to support our strategic objective of maximising Member risk transfer and coverage provision.

Operational Highlights

/// Claims

Injury claim frequency in 2023 remained at moderated levels, consistent with 2022, which is reflective of both the impact of government-led insurance reform, and the maturation of the personal injuries guidelines.

Data from the Personal Injuries Resolution Board (PIRB) and the Court Service indicate similar moderation in injury actions. The acceptance rate of PIRB awards continues to recover further embedding the guidelines, and while claims values have moderated as a result of the guidelines, it is important that value creep is not introduced through varying interpretation and application of these guidelines as increased numbers of claims under the new guidelines reach the Courts.

Challenges remain in managing claim costs with regard to increasing medical care costs and inflation in catastrophic injury claims made, while material damage claims also bear the influence of inflation through 2023.

Fraud savings in 2023 grew by 16% to €9.8m representing a third year of significant growth following augmentation of resources within our special investigations unit (SIU). Indemnities obtained in 2023 increased by 10% to €20.25m.

7,389
Notified

€82m
Claims paid (gross)

€73.5m
Claims paid net of reinsurance

€20.3m
Indemnities

€9.8m
Fraud savings

/// Members

A key strategic priority for IPB is enhanced service delivery and value provision for Members. The payment of Member Commercial Dividends is one of the more tangible benefits that mutuality affords our Members. In Q1 of 2023 €18.3m was paid to Members.

As a mutual, supporting Members' communities is central to our ethos. Funding of €625,000 was made available for social engagement activities in 2023. The Board approved the allocation of €2.6 million across three Corporate Social Engagement (CSE) Fund streams in the areas of Education, Sport and Health and Wellbeing for the period 2024-2026.

Listening to our Members is fundamental to ensuring that we meet their needs. This year's annual Member Satisfaction Survey recorded the highest ever rating average for overall satisfaction with a score of 92% (2022: 90%). In progression of our strategic approach to reach out to a wider cross section of senior Member representatives, the first annual survey of local authority Directors of Service was undertaken. The purpose of this research is to identify and understand challenges and risks of concern across the wider Senior Management as well as ensuring that we are in a position to provide appropriate support to our Members in responding to those challenges and concerns.

/// Our People

We continue to develop our people agenda through various workplace initiatives underpinned by our unique culture and values. In 2023, 90% of respondent employees assessed IPB to be that Great Place to Work (2022: 86%). The All-Question Average slipped by one point to 81% but importantly remains above the key benchmark of 80% indicating continued strong employee trust in the management of the mutual. IPB has received certification as a Great Place to Work for 2023/2024 for the sixth consecutive year.

€18.3m
Members' Commercial Dividend Paid in 2023

€0.63m
Corporate Social Engagement

92%
Member Survey Overall Satisfaction Average Rating

90%
Employees rating IPB a Great Place to Work

Our Strategic Commitments

Our founding purpose is to safeguard and protect the interests of our Members. Our purpose underpins our focus on sustainability and our environmental, social and governance commitments.

This year we launched our second Sustainability Strategy for the period 2023-2026. The Sustainability Strategy aligns with our overall company strategy – reflecting the key principle of 'Our Members and Our People First – Together Delivering Profitable Growth to Support Long Term Sustainability'. The strategy has also aligned its six sustainability commitments to the United Nations Environment Programme (UNEP).

In support of the UNEP Finance Initiative (FI) Principles for Sustainable Insurance, IPB is committed to 'work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions' (Principle 2).

Our Members, as public bodies, have a pivotal role to play in the decarbonisation transition. Working with our Members, though the IPB Local Authority Member Sustainability Forum and the Local Authority Climate Action Forum, Active Travel Infrastructure (ATI) Workgroup and Active Travel infrastructure queries, we will continue to support our Members and their communities as they navigate the decarbonisation transition.

/// UNEP FI, four Principles for Sustainable Insurance (PSI):

1. We will **embed in our decision-making** environmental, social and governance issues relevant to our insurance business.

2. We will work together with our **Members, clients and business partners** to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

3. We will work together with **governments, regulators and other key stakeholders** to promote widespread action across society on environmental, social and governance issues.

4. We will demonstrate **accountability and transparency** in regularly disclosing publicly our progress in implementing the Principles.


Sustainability Commitments
6
Our commitment to develop and embed a sustainability strategy
PSI 1
PSI 4
Our commitment to be a responsible and sustainable insurer
PSI 1
PSI 3
Our commitment to people and culture
PSI 2
PSI 3
Our commitment to responsible investment
PSI 1
Our commitment to provide responsible operations
PSI 2
Our commitment to Members
PSI 2

Governance, Social, Environment

/// Our Commitment

During 2023, we achieved many of our Sustainability Strategy objectives and significant progress was made in embedding the strategy, supported by our sustainability workstreams.

Our commitment to develop and embed a sustainability strategy

Our commitment to be a responsible and sustainable insurer

Our commitment to people and culture

Our commitment to responsible investment

Our commitment to provide responsible operations

Our commitment to members

Our commitment to develop and embed a sustainability strategy

- During 2023, we worked with our sustainability workstreams to understand how all departments can have a role in implementing sustainability initiatives.
- In 2023, IPB had intended to apply once again for an ESG Evaluation Score, however, S&P Global advised they were streamlining their ESG product and process and were therefore discontinuing the ESG Evaluation Score. IPB will, during 2024 review what other options are suitable going forward.
- Our Board Sustainability Committee is responsible for overseeing and driving sustainability initiatives and met on four occasions in 2023. Key to the embedding of our Sustainability Strategy was the development of key performance indicators (KPIs). KPIs, which cross all six of our sustainability commitments, were developed, overseen by our new Sustainability Steering Committee and approved by the Board Sustainability Committee.
- We continued to identify and implement opportunities to drive sustainable process efficiency across the organisation. One of these was to develop a sustainability communications plan that focused on both internal and external communications. As part of this, a sustainability training course was identified and will be rolled out to all employees in 2024.
- IPB shared proactive sustainability-related initiatives on our website, examples of which included our LED light replacement programme and Keep Cup campaign.
- We continued to participate in relevant sustainability-related disclosure and reporting frameworks as appropriate.

Fundamental to all of this is the ongoing and continued collaboration with our Members, clients, regulators, and other stakeholders to ensure we have a mutual understanding of how we can develop and embed our Sustainability Strategy while also allowing for disclosure through the UNEP FI PSI.

Our commitment to be a responsible and sustainable insurer

- In 2023, we continued to integrate our Sustainability Strategy through our four strategic pillar areas: Financial, Member & Customer, Internal Process and People & Culture, which together inform our 2023 company objectives.
- We have integrated the UNEP FI Principles for Sustainable Insurance into our operations. We published our first annual disclosure report since becoming a signatory of the Principles for Sustainable Insurance FI in April 2022.
- We continued to provide enhancements/innovations to policies that align with IPB Members and IPB's

/// We continued to identify and implement opportunities to drive sustainable process efficiency across the organisation. One of these was to develop a sustainability communications plan that focused on both internal and external communications ///

company goals on environmental, social and governance matters.

- We continued to embed sustainability and associated risks captured within the overall risk framework and in accordance with Central Bank requirements. As a mutual insurer, our purpose is to safeguard and protect the insurable interests of our Members. IPB understands that it has a responsibility to ensure the long-term sustainability of our business a nd operational activities – thus, sustainability permeates all attributes, disciplines and focus areas of risk management.
- Internal collaboration is key, especially in respect of sustainability regulatory reporting requirements. During 2023, we carried out a horizon-scanning exercise to identify both voluntary and mandatory reporting frameworks. Compliance with the Corporate Sustainability Reporting Directive (CSRD) will be a key focus for IPB during 2024. This will bring enhanced reporting requirements into effect for the 2025 financial year, reporting in 2026.

Our commitment to people and culture

- IPB and its Diversity and Inclusion (D&I) Working Group progressed several initiatives in 2023 in order to ensure we are a diverse, equal and inclusive employer, some of which included:
  - Gender balance and representation in Senior Management
  - Gender pay gap (GPG) reporting
  - Delivering employee development programmes
  - Promoting our Speak Up culture
  - Utilising our inclusio and D&I culture assessments to enable us to continually evolve our thinking and focus areas
  - Participated in Valuing Openness, inclusive Culture and Equity (VOiCE) for Insurance to support the development of perspectives on "what good looks like" in D&I and culture in the insurance sector in Ireland (further information available on page 46).
- We continued to ensure we maintain strong relationships with our key stakeholders to ensure we promote and embed good social sustainability practices. This included engaging with our top vendors as well as introducing new criteria for new vendors.
- We continued our employee volunteering initiative whereby employees assisted Ringsend and Irishtown TidyTowns in a community clean-up as well as joining the Dockland Business Forum and supporting their annual clean-up day in May.
- In February, IPB hosted students as part of its our first inaugural Transition Year programme. This programme was developed in partnership with the City of Dublin Education and Training Board (CDETB). The programme was facilitated by volunteers from across the business and aimed to give the students an insight into the office environment and a career in insurance.
- External collaboration and networking is important to IPB to ensure best practice is implemented. During 2023, IPB collaborated with Insurance Ireland, the Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE), the Central Bank, the Association of Financial Mutuals (AMF), International Cooperative and Mutual Insurance Federation (ICMIF), and others.
- IPB also set out to maintain or improve our Great Place to Work (GPTW) score from 2022 (86%) and we scored 90% in 2023.

/// We continued our employee volunteering initiative whereby employees assisted Ringsend and Irishtown TidyTowns in a community clean-up as well as joining the Dockland Business Forum and supporting their annual clean-up day in May ///

Our commitment to responsible investment

- We developed and published a Responsible Investment Policy.
- IPB has increased its holdings of Green, Social and Sustainable bonds as a proportion of fixed income assets from 23% at year-end 2022 to 36% at year-end 2023. This compares well to the European bond benchmark where 10% of its holdings are in Green, Social and Sustainable bonds.
- In our corporate bond portfolio, we have significantly increased the proportion of Green, Social and Sustainable bonds from 25% at year-end 2022 to 39% at year-end 2023.
- The process of measuring carbon emissions for all asset classes has commenced with good progress for office properties and listed investments in particular.
- IPB has produced a WACI (Weighted Average Carbon Intensity) for corporate bonds and equities for the base year of 2021. WACI is an industry standard measurement for tracking and comparing the emissions intensity of an investment portfolio.

Our commitment to provide responsible operations

- In 2023 we engaged with some of our supply chain and our chosen business partners to ensure that sustainability is a key consideration and collected data on their GHG emissions. This included our top vendors based on operational expenditure. This will be broadened further in 2024.
- We also worked with our landlord to lower our Scope 1 and 2 GHG

emissions as well as other key sustainability-related initiatives, e.g., reducing water consumption. In 2023 we also undertook a LED light replacement programme whereby almost 400 lights in our office were replaced with LEDs.
- We are working to understand the terms of our Scope 3 greenhouse gas emissions, and we have been gathering better primary data and working to reduce our emissions across all seven categories that are applicable to our business.
- We ran our second sustainability awareness week to assist with embedding our Sustainability Strategy and to provide education to our employees.
- IPB explored how biodiversity can be included as part of our sustainability programme. The Local Authority Biodiversity Officer network is now represented on our IPB/Local Authority Member Sustainability Forum.
- IPB also explored how we can encourage improved circularity in the economy in terms of claims management. We are working with our windscreen repair companies to focus on repair over replacement where practical.
- During 2023, IPB rolled out a new employee mileage initiative to incentivise the transition to electric vehicles when driving for IPB business.

Our commitment to Members

- In 2023 we continued to collaborate with our IPB Local Authority Member Sustainability Forum in order to provide the best supports and products.
- IPB sponsored the inaugural Mary Robinson Climate Conference in Ballina from 5-7 July 2023, as well as hosting a Local Authority Climate Action staff networking event in Ballina.
- IPB also engaged with the ETBI regarding the development of their ETB Climate Action and Sustainability Toolkit and attended the second ETB/SEAI Annual Climate Action Conference in October.
- We continued to measure and improve our Member satisfaction rates and review how we can improve our Members' experiences through product oversight and governance and through promoting best practice. We scored 92% in 2023.
- A new Corporate Social Engagement (CSE) Fund was launched in October and included a new active travel element for schools (see page 52 for further information).
- IPB also explored how sustainability can be included in other CSE initiatives, such as a new sustainability category on sponsored awards – for example, the All Ireland Community and Council Awards for 2024.

/// IPB is guided and led by the United Nations' Sustainable Development Goals (SDGs). The SDGs provide a shared blueprint for addressing global challenges, promoting sustainable development, and creating a better future for people and the planet ///

/// Sustainable Development Goals

IPB is guided and led by the United Nations' Sustainable Development Goals (SDGs). The SDGs provide a shared blueprint for addressing global challenges, promoting sustainable development, and creating a better future for people and the planet. IPB has prioritised 12 of the 17 SDGs that align closely with our core business activities and support our Members.

Measuring the impact of the SDGs is important and it involves assessing progress toward achieving specific targets and indicators outlined within each goal. In 2024, IPB will examine this in more depth to determine how we are creating an impact through the improvements we have implemented.

/// ESG Evaluation Score

In 2023, IPB had intended to apply once again for an ESG Evaluation Score, however, S&P Global advised they were streamlining their ESG product and process and were therefore discontinuing the ESG Evaluation Score. IPB will, during 2024 review what other options are suitable for IPB going forward.

/// IPB also explored how sustainability can be included in other CSE initiatives, such as a new sustainability category on sponsored awards – for example, the All Ireland Community and Council Awards for 2024 ///

We currently support and advise our Members on SDGs 3, 4, 5, 6, 8, 9, 11, 12, 13, 15, 16 and 17 as follows:

Governance

Making responsible and sustainable decisions is part of our daily business and decision-making, and this is a priority at the highest level of our organisation.

Our strong governance structures and frameworks are key to delivering our strategy. IPB's Board of Directors has established Committees to oversee specific areas of the company's operations while the Board retains ultimate responsibility, ensuring a robust approach.

IPB supports SDGs 8, 12, 16 & 17

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Governance and Control at IPB

The Board is responsible for ensuring the effectiveness of IPB's system of internal control, which manages the risk of failure to achieve business objectives and provides assurance against material misstatement and/or loss.

In line with the Corporate Governance Requirements for Insurance Undertakings 2015 ('the Requirements'), the Board confirms the application, up to the date of approval of the financial statements, of an ongoing and regularly reviewed process for identifying, evaluating, and managing IPB's significant risks. Key internal controls provisions include:

- A Risk Committee with responsibility for establishing, documenting, and devolving a comprehensive risk management framework.
- An Audit Committee with responsibility for overseeing IPB's financial reporting, audit, legal and regulatory compliance monitoring processes.
- An Investment Committee with responsibility for reviewing and providing guidance on the asset allocation strategy and the investment activities of the business.
- A Remuneration and Nomination Committee with responsibility for approving IPB's Remuneration Policy for recommendation to the Board and supporting an annual policy compliance assessment.
- A Sustainability Committee with responsibility for overseeing the implementation of IPB's Sustainability Strategy.
- An internal audit function, whose main role is to identify, monitor and provide assurance over the adequacy of the internal control environment.
- A risk management function underpinning all aspects of the business and overseeing a risk management framework supporting the operation of risk management policies in the areas of underwriting, reinsurance, claims reserving and investments, and acting in tandem with a compliance function overseeing a compliance and regulatory governance framework providing assurance that IPB operates in a transparent, compliant manner.
- A comprehensive functional management control system that provides, among other things, financial controls incorporating budgeting and periodic variance analysis.

The above are reinforced via clearly defined lines of responsibility and authority, while our integrated assurance framework underpins the three lines of defence risk management system with the first line comprising business and front-line operations and internal control; the second line comprising risk and compliance; and the third line comprising internal audit.

/// The Board confirms the application, up to the date of approval of the financial statements, of an ongoing and regularly reviewed process for identifying, evaluating, and managing IPB's significant risks ///

Corporate Governance Leadership Statement

IPB ensures compliance with Articles 44-51 (System of Governance) of the EU (Insurance and Reinsurance) Regulations 2015 (S.I. No. 485 of 2015) and while not deemed a major institution under the Requirements, IPB is committed to surpassing minimum corporate governance standards.

/// Role of the Board

The Board's key role involves leadership and oversight of the Chief Executive Officer's effective implementation of the business strategy. The Chair is responsible for leading the Board and ensuring the full participation of each Director.

Constructive challenge by the Board to Management is critical in providing assurance to IPB's stakeholders that the business and its Management team achieve appropriate governance standards while meeting the goals and objectives of the business.

/// Composition of the Board

Board membership is consistent with regulatory requirements and responsive to the evolution of IPB's business activities. The Board, following Central Bank of Ireland consultation on its optimum composition, consists of four group non-executive Directors, four independent non-executive Directors and two executive Directors. The independent non-executive Directors' skills and industry experience reflect a variety of competencies identified as necessary for appropriate governance and oversight of the mutual. The group non-executive Directors also add further assurance that Members interests and perspective are at the forefront of the Board's considerations. The blended composition of the Board reflects the unique status of the organisation as a mutual and each Board member participates in a comprehensive training and development programme to ensure continual skills enhancement for the protection and continuity of IPB's proud heritage and legacy.

/// Key Role of The Board and Board and Committee Meeting Protocol

The Board requires its Directors to act in the best interest of the business and be independent of any other institution, Management, political interests, or inappropriate outside interests, including their own. In advocating a requirement for transparency at all levels of the business, the Board require a declaration of conflicts of interest by Directors as a standing agenda item at its Board and Committee meetings. A Conflicts of Interest Policy features as part of the Business Code of Conduct, which the Board has approved as part of this objective, and the Directors have, during 2023, satisfied the requirements of independence in line with the Fitness and Probity Standards. Prior to each Board and Committee meeting, each Director is provided with papers in a timely fashion and the company secretariat function acts as the central point for management of Board and Committee meetings, coordinating of documentation and attendance to procedural compliance with regulatory control requirements. Where a Director requires additional information, expertise, or guidance, they can call upon any member of the Management team to provide oral briefings or written reports or seek external expertise in consultation with the company secretariat function.

/// Board Performance

The Board undertakes an annual written evaluation of its performance and that of its Committees and Directors with actions agreed on identifying enhancement opportunities such as the prospect of a rotation of the role of Committee Chairs. The role of Chair is elected annually by the Board and, in line with the Requirements, each Director's role is reviewed and renewed or retired and re-elected as appropriate via the annual evaluation process. A further review is conducted every three years following initial appointment.

/// Terms of Reference and Reserved Powers – Responsibility

The Board and its Committees meet regularly or as required to fulfil the responsibilities outlined in clear Terms of Reference detailing items relating to business strategy, internal risk and regulatory management frameworks and other systems of control reserved for discussion and decision. The Board, in conjunction with the Remuneration and Nomination Committee, will also engage as appropriate in the process of appointing and removing key roles within the Board membership or Management, providing the required oversight of the activity of the business to inform its consideration of the risk appetite.

The Board of Directors

John Hogan
Chair & Group Non-Executive Director

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John was appointed as Chair of IPB Insurance on 5 October 2023, [succeeding George Jones who retired as Chair[1]]. John has served on the Board as a Group Non-Executive Director since January 2019 and was appointed Chair of the Board Investment Committee in 2020. John is a member of the Institute of Directors in Ireland and the Insurance Institute of Ireland, with a Diploma in Corporate Direction awarded by UCC and a Professional Certificate in Governance awarded by UCD and the Institute of Public Administration. He served as a County Councillor for Tipperary from 1999 to 2019 and as a member of Tipperary ETB from 1999 to 2019, serving as Chair from 2014 to 2019. He served as ETBI President in 2018, [following on from his considerable work at local and national level for the ETB and broader education sectors].

John Kearns
Chief Executive Officer & Executive Director

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John is a seasoned insurance executive with extensive experience in domestic and international markets for personal, commercial and specialty lines. He was formerly the Chief Executive Officer, and later the President, of an insurance company located in their global headquarters in the USA. In 2018 he joined the Berkley Mid-Atlantic Group as its President and most recently as Chair. Prior to moving to the USA, John held several senior positions in the non-life insurance sector in Ireland.

Enda Devine
Finance Director & Executive Director

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Enda is a fellow of the Association of Chartered Certified Accountants, a fellow of the Institute of Bankers, a member of the Institute of Directors in Ireland and a member of the Insurance Institute of Ireland with a Diploma in Information Systems awarded by Trinity College Dublin. He has held several senior executive and Board-level positions in leading financial services organisations throughout a period of more than 20 years.

Caitríona Somers
Independent Non-Executive Director

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Caitríona is a chartered Director and fellow of the Chartered Insurance Institute and the Chartered Institute of Loss Adjusters with a Diploma in Company Direction and an MSc in Business and Digital Innovation. She has extensive experience of the general insurance industry developed throughout her career during which she spent ten years as CEO of the Irish subsidiary of a global loss adjusting, claims management and risk solutions firm and was a member of the executive global leadership team of the group. She is a regular contributor at industry fora in relation to issues such as ethics and technology in insurance.

Barbara Cotter
Independent Non-Executive Director

Barbara is a chartered Director and member of the Institute of Directors in Ireland, and a solicitor. Formerly a senior partner with one of Ireland's leading law firms, she has extensive experience of the financial services industry having spent her executive career advising major Irish and international financial institutions on banking and finance law.

John Clendennen
Group Non-Executive Director

John is a member of the Institute of Directors in Ireland and the Insurance Institute of Ireland, with Diplomas in Business Studies and International Hotel Management and a Master of Business Studies in Marketing degree awarded by UCD's Michael Smurfit Graduate Business School. John has been an elected representative to Offaly County Council since 2014. He has a particular interest in business development and marketing and his career has involved working in compatible roles within the hospitality sector, and is currently responsible for the management and operation of a business established in Co. Offaly.

Joan Garahy
Independent Non-Executive Director

Joan is a member of the Institute of Directors in Ireland with a Master of Science degree awarded by UCD. She has significant financial services and investment experience, having spent over 30 years advising on and managing investment funds as an equity analyst, fund manager, financial planner and head of research, and holding other leadership positions in the investment and pensions industry. She was CEO of an independent financial advisory firm that she established in 2011 and sold in 2020. She has expertise in financial and remuneration matters as an experienced independent non-executive Director with several PLCs, private companies and charities.

Ronan McMahon
Group Non-Executive Director

Ronan is a member of the Institute of Directors in Ireland and the Insurance Institute of Ireland and has served as a councillor since 2014 when he was elected as an independent county councillor for the Templeogue/Terenure ward in South Dublin County Council. He was engaged as Managing Director of Snap Printing in Tallaght, Dublin, and he has been active in the printing and marketing business for over 35 years and has experience in financial controller and project management roles. He is a member of the Chartered Institute of Management Accountants and secured the Brendan Fitzgerald Memorial Prize for achieving first place in Ireland in final examinations during his professional studies.

Mary Cregan
Independent Non-Executive Director

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Mary Cregan was appointed on 5 October 2023. Mary is a fellow of the Chartered Insurance Institute and holds a Diploma in Company Direction from the Institute of Directors in Ireland and a Professional Diploma in Financial Advice from UCD. She is a member of the Insurance Institute of Ireland and the Life Insurance Association. She has over 30 years of experience in the insurance industry, having held senior leadership positions in both large general insurance and life, pensions, and investment companies.

Eddie Hoare
Group Non-Executive Director

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Eddie Hoare was appointed on 1 November 2023 as a Group Non-Executive Director to fill the vacancy created by the retirement of George Jones. Eddie is a member of the Institute of Directors in Ireland and the Insurance Institute of Ireland and has served as a councillor since 2019, when he was elected to Galway City Council. He is currently serving as Mayor of Galway City. He is a chartered accountant by profession and is an associate of Chartered Accountants Ireland. He works with his own family practice, Hoare Chartered Accountants, and has over ten years of practice experience working closely with a large portfolio of clients providing audit and corporate advisory services. He specialises in the areas of audit and assurance, accounts preparation, company taxation and corporate finance.

George Jones
Chair and Group Non-Executive Director

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George retired from his role as Chair and Group Non-Executive Director on 5 October 2023. George is a member of the Institute of Directors in Ireland and the Insurance Institute of Ireland. He has spent in excess of 40 years working in the insurance industry, holding management roles in the areas of corporate, personal, commercial and human resources. George has extensive experience of local government having been associated with Wicklow County Council and Greystones Town Council for nearly 40 years.

/// Meetings Attended

			Board 8 meetings in 2023[1]	Audit Committee 5 meetings in 2023	Investment Committee 4 meetings in 2023	REMCO 4 meetings in 2023	Risk Committee 4 meetings in 2023	Sustainability Committee 4 meetings in 2023
Name	**Appointment date**	**Term on the Board (years)**	**Role / attendance**	**Role / attendance**	**Role / attendance**	**Role / attendance**	**Role / attendance**	**Role / attendance**
John Hogan[2] Board Chair & Group Non-Executive Director	1 January 2019	5	Chair (for part of year) 8	Member (and Invitee for part) 5	Chair (for part of year) 3	Member (and Invitee for part) 4	Member 5	Invitee to aspects 1
John Kearns Chief Executive Officer & Executive Director	1 September 2022	1.3	Member 8	Invitee to aspects 5	Member 4	Invitee to aspects 4	Invitee to aspects 4	Member 4
Enda Devine Finance Director & Executive Director	2 May 2012	11.7	Member 8	Invitee to aspects 5	Member 4	Invitee to aspects 4	Invitee to aspects 4	Member 4
Caitríona Somers Independent Non-Executive Director	1 July 2017	6.5	Member 8	Member 4	–	Chair 4	Member 4	–
Barbara Cotter Independent Non-Executive Director	13 December 2018	5.1	Member 8	Member 4	–	Member 4	Chair 4	Member 4
John Clendennen Group Non-Executive Director	1 January 2019	5	Member 8	Member 5	Member 4	Invitee to aspects 2	Invitee to aspects 1	Chair 4
Joan Garahy Independent Non-Executive Director	1 August 2020	3.4	Member 8	Chair 5	Member 4	Member 4	Invitee to aspects 1	Member 4
Ronan McMahon Group Non-Executive Director	1 June 2021	2.6	Member 8	Member 5	Member (and Chair for part) 4	Invitee to aspects 2	Invitee to aspects 1	Member 4
Mary Cregan[3] Independent Non-Executive Director	5 October 2023	0.3	Member 2	–	Member 1	Member 1	–	–
Eddie Hoare[2] Group Non-Executive Director	1 November 2023	0.2	Member 1	Member 1	–	–	Member 1	–
George Jones[2] Outgoing Board Chair & Group Non-Executive Director	25 May 2006	17.7	Chair (for part of year) 7	Invitee to aspects 3	Invitee to aspects 2	Member 2	Member 2	Invitee to aspects 1

1 Including 1 Board Strategy Day and 1 Board Strategy & ORSA Day.

2 John Hogan was appointed as Board Chair upon the retirement of George Jones as Board Chair on 5 October 2023. Eddie Hoare was appointed as Group Non-Executive Director from 1 November 2023 upon the retirement of George Jones as Group Non-Executive Director.

3 Mary Cregan was appointed as Independent Non-Executive Director on 5 October 2023.

The Board Committees

The Board has, taking into account the size and complexity of IPB as a business, delegated authority to an Audit Committee, Risk Committee, Investment Committee, Remuneration and Nomination Committee, and Sustainability Committee to complete programmes of work on its behalf and report regularly under clear terms of reference reviewed on an annual basis at a minimum, and accessible by all stakeholders on IPB's website at www.ipb.ie.

/// The Audit Committee

During 2023, the Audit Committee was extensively engaged in overseeing internal audit reviews in the context of the scheduled internal audit plan for the 2023 year including work relating to Environmental, Social and Governance (ESG), fraud risk management, cloud infrastructure, IT strategy and governance, claims handling, and culture. This activity was managed in addition to the discharge of responsibilities specified in the Audit Committee's terms of reference which include, among other things, reviewing and monitoring the integrity of IPB's financial statements and the judgements therein for Board recommendation, reviewing the terms of engagement, aptitude, independence and annual plans of the auditors, and making Board recommendations and assessing internal controls. These exercises were undertaken along with associated reviews by the risk and compliance functions as part of an integrated assurance approach to evaluating IPB's internal control framework. During 2023 there was also a particular focus by the Audit Committee and the Board on preparation for the Central Bank of Ireland's incoming Individual Accountability Framework.

The Audit Committee Chair has stated the Audit Committee's objectives over the coming year as "maintaining on-going attentiveness to securing assurance for stakeholders as to the accuracy and reliability of information by reinforcing a culture of transparency and constructive challenge in engaging with the business and other relevant stakeholders. The Committee members have been actively involved in discharging their responsibilities during 2023 through the focused review and analysis of relevant information and outputs of reviews undertaken in the year. Priorities for 2024 will include continued oversight in conjunction with the Board of delivery of the programmes of work assigned to the external and internal audit representatives as well as other assurance functions."

/// The Risk Committee

The Risk Committee is responsible for overseeing risk management within the company by identifying, measuring, managing, monitoring, and reporting on current and emerging risk exposures. This includes advising the Board on risk strategy and policy in line with the risk appetite and the system for monitoring alerts and proximity warnings to ensure the application of pre-emptive actions in advance of potential breaches. 2023 has seen the continued evolution of IPB's risk framework, particularly in relation to climate change, operational resilience and cyber risk and with a clear focus on the challenging macro-economic environment that continues. In addition, 2023 saw increased attention on emerging risks; most notably evolving environmental risks as well as digitalisation risks such as artificial intelligence.

During 2023, the Risk Committee actively engaged in the annual Own Risk and Solvency Assessment (ORSA) process as well as an extensive review of the company's risk appetite statement and recovery and resolution plan while being cognisant at all times of the management of risks related to the ever-evolving nature of the company's operating and regulatory environment and the macro-economic challenges. The Risk Committee Chair has articulated the Risk Committee's objectives over the coming year as "ensuring ongoing vigilance in assessing and managing the current strategic risks with a continuing focus on climate change while engaging in horizon-scanning to inform effective risk-based decision making in an evolving insurance and macro-economic environment".

/// The Investment Committee

The Investment Committee's remit, as detailed in its terms of reference, includes reviewing and monitoring the application of IPB's Investment Policy in line with the Risk Appetite Statement to produce the best possible returns in recognition of solvency requirements and regulatory provisions. Overall, 2023 saw a strong return in profits and a less volatile year than 2022, helped by higher interest rates in safe-haven assets of government bonds and cash. The performance of the investment portfolio was also positively impacted by favourable returns from the corporate bond portfolio, which significantly outperformed the benchmark portfolio. Equally, equity performance was positive but was led by narrow performance from technology stocks, many of which had underperformed the market in the previous 12 months.

/// Looking forward, IPB will continue to embed and deliver on its long-term strategic goals including a commitment to be a responsible and sustainable insurer, a commitment to responsible investment and a commitment to provide responsible operations ///

Further enhancements have been made to measuring and monitoring of portfolio carbon emissions. Responsible investing and integration of ESG to the investment portfolio were a key focus for the Investment Committee in 2023. Property remains a weak spot within the portfolio as higher interest rates are impacting lower valuations. Overall, IPB maintains a very high-quality portfolio with an average credit rating of AA- for government bonds and A- for corporate bonds, and expects such investments to return to par valuation over the coming years.

The Investment Committee Chair has commented on its activities throughout the 2023 period and the focus to be applied into 2024 as follows: "The higher interest rate environment in 2023 has allowed the investment portfolio to enhance its investment return in high-quality government and corporate bonds. IPB took a prudent approach to asset allocation and managed to successfully outperform the key investment bench-marks. The company will continue to navigate the challenges of the current climate with an objective of securing long-term interests through alignment with the company's strategy and risk appetite."

/// The Remuneration and Nomination Committee

The Remuneration and Nomination Committee, in line with its terms of reference, engages in a wide range of matters including overseeing the application of the company's Remuneration Policy in line with regulatory provisions. The Committee engages in succession planning for both the Board and Senior Management with the objective of maintaining the necessary balance of skills, gender, knowledge and experience required to support the delivery of the company's strategy and realisation of its key objectives. The Committee's performance of its role in 2023 involved continued focus on support for the transition to hybrid working post the COVID-19 pandemic as well as taking the necessary steps to ensure that the employee value proposition remains fit for purpose in the post-pandemic era. The Committee continued to focus on embedding our Diversity and Inclusion strategy, including our commitment to a Speak Up culture, and invested significant time in conducting gender pay gap assessments to understand the drivers for any reported gaps and to enable identification of appropriate actions to address those gaps as a matter of priority. Further, the Committee was focused on ensuring that the appropriate frameworks are in place to support talent attraction, retention and development to maintain our continued focus on the delivery of service excellence for our Members and customers.

The Chair has commented on the engagement by the Committee in performing its duties throughout 2023 as follows: "The Committee has progressed a considerable programme of work during 2023 in support of the Board's continual commitment to the company's diversity, equality and inclusion objectives, with significant focus on embedding these into our organisational culture. 2023 also saw the Committee and Board successfully complete the selection and appointment process of a new Board Chair, John Hogan, and a new Independent Non-Executive Director, Mary Cregan, together with the successful completion of the board observer programme by Eddie Hoare, with his election and appointment as a Group Non-Executive Director. The Committee's focus in 2024 will include continued emphasis on talent management including retaining a suitably skilled, diverse and inclusive workforce as well as addressing the gender pay gap and reinforcing our commitment to the company's culture, values and behaviours and our commitment to diversity and inclusion."

/// The Sustainability Committee

The Sustainability Committee, which was established in 2022, continued its work in 2023, setting the tone as well as developing and advising the Board on the company's sustainability ambitions and strategy. The company's second Sustainability Strategy, covering the period 2023-2026, was published in April 2023. This Sustainability Strategy has a balanced focus on environmental, social and governance matters. In 2023, the Company Secretary, Director of Legal and Sustainability was appointed to the Leadership Team supporting the dedicated Head of Sustainability. Looking forward, IPB will continue to embed and deliver on its long-term strategic goals including a commitment to be a responsible and sustainable insurer, a commitment to responsible investment and a commitment to provide responsible operations. The Chair has commented on the engagement by the Committee in performing its duties through 2023 as follows: "The Committee has made significant progress in 2023 in terms of further developing the strategic direction of the company from a sustainability perspective. As well as identifying and delivering on underwriting, investment and operational objectives the Committee has focused on the people and culture objectives as well as aligning with our Members' commitment to sustainability."

Integrated Assurance Framework

IPB operates an integrated assurance framework that aims to promote effective cooperation between internal audit, compliance and risk as well as front-line activities. Ultimately, the goal of the integrated assurance framework is to enable the identification, monitoring and management of the key risks to the business. It seeks to ensure that adequate controls are in place to mitigate these risks while providing the Board with the necessary assurance in respect of risk management practices within the business.

The approach to assurance within IPB is best characterised by reference to the standard best-practice Three Lines of Defence model:

1st LINE

Business and Front-line Operations

The first line is responsible for ensuring that a **risk and control methodology** is established as part of day-to-day operations including identification of the key risks.

2nd LINE

Compliance & Risk

The second line is independent of the first line and provides **challenge, oversight, advice and support** with regard to first-line activities.

3rd LINE

Internal Audit

The third line is independent of both the first and second lines and provides **independent challenge, audit of key controls and formal reporting** on assurance.

Risk Management

/// Risk Management Structure

Risk management is central to safeguarding the promise that IPB makes to its Members and policyholders and is essential in protecting the interests of all stakeholders. The Board is responsible for ensuring that risk is effectively managed by those involved in running the company on a day-to-day basis. The Board is responsible for IPB's system of internal controls and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and provides reasonable and not absolute assurance against material misstatement and/or loss. The Board sets the company's appetite for risk via the Risk Appetite Statement. The Risk Committee assists the Board with its oversight of risk and risk management. It meets at least four times per year and follows a structured approach that covers all key risk types within the business, including emerging and strategic risks. The Risk Committee is advised by subject-matter experts on risk management matters relating to areas such as underwriting, claims, investments, risk and compliance. Risk management is core to all business activities and staff are guided by the company's risk appetite statement as well as documented policies and procedures, underpinned by an active and embedded risk management department.

/// The Risk Framework

The risk framework describes the company's system to identify, measure, manage, monitor and report on risks in the business. It ensures that risk management is aligned with the company's strategic objectives and it is guided by seven key principles as outlined in the figure shown. The risk framework continues to be enhanced through evolving our risk identification,

/// The Risk Committee and the Board are regularly informed by a comprehensive risk report and subject experts from relevant areas of the company. The risk report covers all risk types and includes detailed risk metrics and other data on key risk exposures ///

assessment and management through proactive monitoring and mitigation of threats and opportunities associated with the environmental, social and governance issues facing the company as well as our stakeholders. As a mutual insurer, our purpose is to safeguard and protect the insurable interests of our Members. The company understands that it has a responsibility to ensure the long-term sustainability of our strategic business and operational activities. Sustainability permeates all of the risk framework and the framework relies on a system of integrated risk management tools that promote a culture of risk management throughout the company. The Board articulates risk appetite in order to ensure the solvency of the company at all times. Risk appetite is ultimately expressed in terms of detailed operating limits that guide the day-to-day activities of those entrusted to run the business. This enables the company to pursue its strategic objectives while mitigating risk in a transparent and structured manner. All risks are monitored regularly, and certain risk types are monitored daily.

Procedures are in place to reduce risk levels should adherence to operating limits be threatened. Risk and other company policies define the formal risk management and risk control requirements of the company. The effectiveness of policies and key controls is regularly reviewed and tested.

The company uses the Solvency II Standard Formula to quantify risk in the business. The appropriateness of the Standard Formula is assessed annually as part of the Own Risk and Solvency Assessment (ORSA) process. This model is also used to quantify the capital impact of key events, scenarios, and proposed Management actions.

The Risk Committee and the Board are regularly informed by a comprehensive risk report and subject experts from relevant areas of the company. The risk report covers all risk types and includes detailed risk metrics and other data on key risk exposures. It also captures detailed information at an individual risk level. A dynamic operational risk register is the key tool in the management of operational risk. The risk management function engages with staff at all levels to ensure a detailed understanding of the various operational risks to which the company is exposed. The management of risk is further facilitated by a robust Incident Management Policy promoting the prompt reporting and root-cause analysis of incidents and errors.

The ORSA is a forward-looking assessment of the strategy of the business along with the risks attached to that strategy. The ORSA process also considers climate change and sustainability. It considers the overall capital needs of the company with reference to a wide range of stressed scenarios. It also considers other risks that may be outside the scope of the Standard Formula. The company continues to evolve the ORSA process in line with Solvency II guidelines as well as the profile and strategy of the company. The ORSA is updated to reflect new risks and scenarios when they arise, e.g. the current macro-economic challenges including inflation.

/// The Risk Function

The risk function, led by the Director of Risk and Compliance, is responsible for the design and implementation of the risk framework within IPB. The risk function is independent of other business units and has adequate resources and authority to operate effectively. The risk function's role includes effective oversight and challenge of, and contribution to, discussions on risk management and risk-related matters within IPB. Core responsibilities include:

- Identifying, measuring, managing, monitoring and reporting on risks to the business
- Implementing the company's risk framework and risk-related policies
- The overall coordination of the ORSA process, including oversight of IPB's capital model
- Reporting on risk matters to the Board and the Risk Committee, including providing comprehensive risk reports
- The promotion of a strong risk culture.

Compliance and Regulatory Framework

IPB is a company limited by guarantee that trades as IPB Insurance and is authorised by the Central Bank of Ireland (Central Bank) under the European Union (Insurance and Reinsurance) Regulations 2015 (Statutory Instrument No. 485 of 2015) to carry out non-life insurance business.

IPB is an authorised 'insurance undertaking' and therefore operates its business in compliance with the regulatory requirements for insurance companies.

The IPB compliance framework is the framework for the management of compliance risk within IPB. The framework is based on best practice within the insurance industry. IPB strives to provide its Members, clients and staff with confidence that the appropriate regulatory controls are embedded within its business. This ensures that the company continues to deliver consistency to Members and clients in a positive and commercially competitive manner. In the current regulatory environment, compliance is a clear driver for the success of IPB and, as such, IPB continues to invest in its processes, policies and people to maintain high levels of compliance in every aspect of its business.

/// Responsibilities to the Board

The Board of IPB attaches great importance to its regulatory responsibilities and is committed to dealing with the Central Bank of Ireland and other regulatory bodies in an open, cooperative and transparent manner. It is the role of the compliance function to provide reasonable assurances to the Board in order to enable it and its Members to discharge their statutory obligations. Although the Board has delegated the day-to-day compliance activities to the compliance function, it exercises oversight of the compliance function in accordance with its responsibilities. The compliance function reports to the Board and the Audit Committee on all regulatory matters and it has been mandated to provide training to the company on all significant legislative and regulatory issues and compliance risk management controls. It also provides periodic reporting on compliance statistics, regulatory risk analysis, action plans and significant issues to the Board and its Committees.

/// Scope, Universe, and the Role of the Compliance Function

The compliance universe of laws and regulations governing activities carried out by IPB is broad and consists of a vast number of requirements set at national, EU and international levels including but not limited to the following:

- Consumer Protection Code
- General Data Protection Regulation
- Solvency II
- Conduct of Business Requirements
- Corporate Governance Requirements for Insurance Undertakings
- Minimum Competency Code
- Fitness and Probity Standards
- Individual Accountability Framework
- Cross-Industry Guidance issued by the Central Bank

/// Roles and Responsibilities of the Compliance Function

The role of the compliance function is to provide reasonable assurance to the Board to enable the discharge of its statutory duties to ensure adherence to relevant obligations. The key objectives of the compliance function are as follows:

- The provision of advice to Management and the Board on existing and emerging laws and regulations.
- The provision of guidance and education of staff and Management on compliance matters, dealing with queries, and the review and implementation of compliance procedures within business areas.
- The implementation of the compliance framework.
- The identification, assessment and monitoring of compliance risk by performing compliance monitoring activities.

/// IPB strives to provide its Members, clients and staff with confidence that the appropriate regulatory controls are embedded within its business. This ensures that the company continues to deliver consistency to Members and clients in a positive and commercially competitive manner ///

- Liaison with regulatory and other statutory agencies.
- The implementation of a compliance programme based on an annual risk-based compliance plan of activities.
- The undertaking of other activities driven by business requirements.

IPB continues to operate to the highest compliance and regulatory standards possible. This is only achievable with the direct participation of staff, Management and the Board as leaders of the business.

/// Compliance is not limited to the embedding of regulatory requirements to ensure compliance as a financial institution; rather, IPB seeks to operate from the position of a positive and clear ethical background in order to support the employees in the business in their day-to-day management of situations that may cause any ethical concern to them ///

/// Compliance and Ethics

Compliance is not limited to the embedding of regulatory requirements to ensure compliance as a financial institution; rather, IPB seeks to operate from the position of a positive and clear ethical background in order to support the employees in the business in their day-to-day management of situations that may cause any ethical concern to them. Key policies and procedures supporting this objective include those relating to Speak Up, Conduct Risk, and our Business Code of Conduct procedures concerning the management of third parties and parties personally known to staff, procedures supporting the maintenance of standards of employee behaviour, and general policies concerning conflicts of interest and the giving or receiving of gifts or hospitality to or from customers, suppliers or other third parties.

Functional Internal Control

Management at the functional level is responsible for ensuring that a risk and control environment is established as part of day-to-day operations. Internal control provides Management assurance to the Board by identifying risks and business improvement actions, implementing controls, and reporting on progress.

The system of internal controls operated by Management within IPB consists of a number of inter-related elements, including for example:

- Management oversight and the control culture of the organisation
- Risk recognition and assessment
- Control activities and the segregation of duties
- Monitoring activities and correcting deficiencies
- Monitoring external relationships.

/// Outsourcing

IPB outsources some activities to third parties. The Board recognises that the accountability of the Directors and Management of IPB cannot be delegated to the entities providing the outsourced facilities. Moreover, the Board is aware that while the outsourcing of certain activities results in a number of benefits for IPB, there are a number of risks attached that need to be managed effectively. Accordingly, IPB has in place a comprehensive outsourcing policy that has been approved by the Board, as well as firmly established oversight procedures.

/// Internal Audit

IPB has outsourced the role of internal audit to an independent third party, Mazars. The internal audit function provides objective and independent assurance to the Board, Management, Members, and all other stakeholders that a robust internal control framework is in place while constantly striving to independently recommend enhanced operational controls as appropriate. The internal audit function, on an annual basis, implements a schedule of internal audits and reviews across all functions, including the Board as part of its remit. Internal audits are carried out using a risk-based approach and address matters such as compliance risks, operational risks, systems integrity and the safeguarding of assets. The primary reporting line for the internal audit function is directly to the Chair of the Audit Committee. The internal audit function may also report directly to the CEO, Audit Committee or the Board on findings in respect of the above or other material considerations that may come to light.

/// The internal audit function provides objective and independent assurance to the Board, Management, Members, and all other stakeholders that a robust internal control framework is in place while constantly striving to independently recommend enhanced operational controls as appropriate ///

Responsible Investing

As a mutual insurance company, we are committed to acting in the best interests of our Members and customers, as well as the society and the environment in which we operate.

We believe that responsible investment is not only consistent with our fiduciary duty but may also enhance our long-term financial performance while contributing to positive social and environmental outcomes. The Responsible Investing Policy will remain part of the Investment Policy and their interaction on investment decision making will be closely linked going forward. We define responsible investment as the integration of environmental, social and governance (ESG) factors into our investment decision-making and ownership practices.

/// The Investment portfolio is on a journey towards responsible investing improvements and carbon emission reductions. The process of measuring carbon emissions for listed asset classes has commenced and the next stage will be to set carbon reduction targets for the listed portfolio ///

/// IPB Sustainability Strategy

The IPB Sustainability Strategy 2023-2026 aligns to our overall company strategy, which reflects the key principle of 'Our Members and Our People First – Together Delivering Profitable Growth to Support Long Term Sustainability' and outlines our commitment to responsible investment which supports the Governance element of our ESG Framework. Further detail on our commitment to responsible investment can be found on page 40.

/// Future Developments – Setting Targets

The Investment portfolio is on a journey towards responsible investing improvements and carbon emission reductions. The process of measuring carbon emissions for listed asset classes has commenced and the next stage will be to set carbon reduction targets for the listed portfolio.

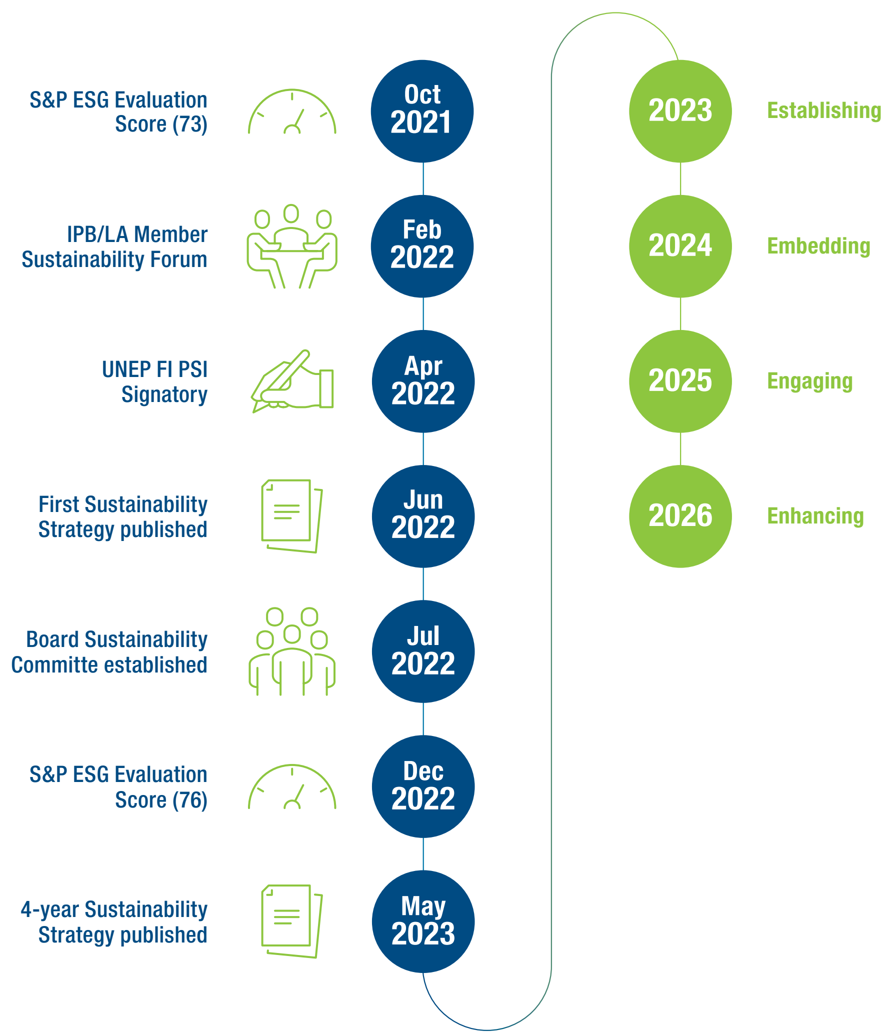
IPB's investment team will continue to further improve its management of climate risks and improve its disclosures in the coming years by contributing to the ORSA climate scenario analysis in respect of the investment portfolio.

Driving Sustainability at IPB

Over the next four years, as part of our Sustainability Strategy 2023-2026, we want to progress from integrating sustainability into everything we do to becoming innovative in how we do it, while at all times listening and responding to our Members' needs as well as further embedding the UNEP FI Principles for Sustainable Insurance.

/// Sustainability Steering Committee

During 2023, IPB established a new Sustainability Steering Committee. The purpose of the Committee is to oversee the implementation of the IPB Sustainability Strategy 2023-2026. The Committee has an oversight role to ensure that the Sustainability Strategy and corresponding KPIs are being achieved.



Metrics and Continued Focus

Governance: Key Performance Indicators

	2023	2022	2021	2020
Employees who have completed ethics training	100%	100%	100%	97%
Board Members who have completed ESG training	100%	100%	100%	–
Female Board members	40%	33%	33%	33%
Female employees	46%	45%	48%	49%
Female employees in Senior Management positions (2023 target of 30%[1])	35%	28%	18%	13%
Female employees in Management positions in revenue-generating functions (as a % of all Management)	8%	7%	7%	7%
Female employees in STEM-related positions (as a % of all STEM positions)	17%	15%	15%	15%
Attendance at Board meetings	See page 29	See page 29	See page 29	See page 29

1 Heads of Department and Leadership Team

/// Our Governance Commitments for 2024 and Beyond

Our Sustainability Strategy contains three key governance commitments, namely our commitment to develop a sustainability strategy, our commitment to be a responsible insurer and our commitment to responsible investment.

Our commitment to develop and embed a sustainability strategy

Our commitment to be a responsible and sustainable insurer

Our commitment to responsible investment

Our Commitment to Develop and Embed a Sustainability Strategy

- We will provide ESG and sustainability-related training to our employees.

Our Commitment to be a Responsible and Sustainable Insurer

- We will review how IPB can measure the carbon footprint of our underwriting portfolio (consider the Partnership for Carbon Accounting Financials (PCAF) and Net Zero Insurance Alliance (NZIA)).
- We will continue to embed our Sustainability Strategy through our four strategic pillar areas: Financial, Member & Customer, Internal Process and People & Culture.
- We will continue to embed the UN EP FI Principles for Sustainable Insurance in our operations.
- We will continue to provide suitable enhancements/ innovations to policies that align with IPB Members and IPB's company goals on matters of environment, social and governance where appropriate.
- We will continue to embed sustainability and associated risks captured within the overall risk framework and in accordance with Central Bank requirements.
- We will continue to review and adhere to the regulatory reporting requirements for IPB and their impact going forward.
- We will continue to engage with our Members to gain further understanding of their existing and emerging insurable risks.

Our Commitment to Responsible Investment

- We will continue to maintain significant holdings of Green, Social and Sustainable bonds.
- We will continue to monitor ESG ratings for each of the equities and corporate bonds held in the portfolio.
- Where we consider a corporate's activities may be harmful to the climate, planet and people, we have an exclusion policy for the following sectors: gambling, weapons manufacturing and tobacco.
- Where appropriate we will rely on external Fund Managers

(Infrastructure, Forestry and Property Funds) to implement ESG best practice in line with their own commitments and encourage them to improve their ESG and carbon reduction commitments.

- We will evaluate energy efficiency upgrades to our property portfolio and encourage tenants towards carbon reduction improvements.
- Other asset classes will not be considered in scope for ESG measurement until such time as reliable data and appropriate standards are set.

Social

Mutuality is about working together, and together we can build resilient communities, promote wellbeing, reduce inequality, and contribute to long-term prosperity.

IPB supports SDGs 3, 4, 5, 8 & 16

Adding Value for our Members

Our focus for the year centred on the delivery of our stated objectives of transferring more of our Members' evolving insurable risks from their balance sheets to ours and supporting Members in the management and mitigation of their insurable risk. Supporting our Members' sustainability agenda and cyber risk were two notable areas of activity for the year.

/// Claims

The personal injuries guidelines are now approaching three years in operation and have brought both reduced injury claim values and reduced claim frequency. IPB is working hard to maximise benefit for members through close liaison with the Injuries Resolution Board, supporting the determined claim values and holding firm on settlement offers. Defending opportunistic or exaggerated claims remains a key focus for us and 2023 delivered record savings for Members through identified Fraud, secured indemnities and strong legal cost savings on third party claims.

Simplification and improvement in the claims process on personal accident claims [ETB relevant] and reduction of administration by some Member staff is an example of where our claims process seeks to add value and support Member activity.

/// Underwriting

IPB is focused on continuing to develop new products and provide enhancements to existing lines of insurance. This is done in conjunction with our Members through close engagement and collaboration to ensure we clearly understand their evolving insurance needs. One area of increased focus is sustainable insurance, and IPB and our local authority Members participate through a joint forum working together to develop new and existing insurance products that support our shared commitment to sustainability.

/// Risk Management

The Client Enterprise Risk Management (CERM) team provide a wide range of value-added supports to assist Members in the management of the key risks that they face. The team advocates a strategic risk led approach to supporting the achievement of business and Member objectives under the three pillars of Prevention (Risk Management Advice), Protection (Innovative Insurance Products) and Safeguarding (Effective Claims Handling and Incident Response).

- **Prevention:** We provide risk management advice to our Members at the most senior levels, supporting chief executives, heads of finance, directors of corporate services, directors of services (operations), senior engineers and senior executive officers in identifying and addressing the significant risks to achieving their objectives through corporate and directorate risk register workshops, direct engagement on specific topics and through participation in working groups and Committees.
- **Protection:** CERM promotes the value of IPB's innovative insurance products as an effective means of transferring risk from members balance sheets, as part of our risk identification process, we have developed risk assessment and compliance assessment tools and guidance in support of our insurance offerings, and we work closely with our Members agreeing engagement strategies in support of our shared objectives.
- **Safeguarding:** CERM promotes the value of IPB's claims handling, fraud investigations and complex claims teams, in our engagement with Members. Specifically, we lead on advising Members in relation to serious incidents where there is a risk of criminal investigation. We also support reduction in claims frequency through effective protective and preventive measures and claims severity (claims outcomes and cost

/// IPB is working hard to maximise benefit for members through close liaison with the Injuries Resolution Board, supporting the determined claim values and holding firm on settlement offers. Defending opportunistic or exaggerated claims remains a key focus for us and 2023 delivered record savings for Members ///

/// This year's annual Member Satisfaction Survey recorded the highest ever rating average for overall satisfaction with a score of 92% (2022: 90%). In progression of our strategic approach to reach out to a wider cross section of senior Member representatives, the first annual survey of local authority Directors of Service was undertaken ///

reduction) through the engineering referral process.

The CERM teams innovative approach to Member risk is supported by a dedicated online Member Risk Management Portal providing extensive supports and materials including step-by-step risk guides, practical risk assessment tools, videos, conference events and materials to aid implementation of our Members enterprise-wide approach to managing risk. This approach helps support our Members in managing their insurable risks and wider governance objectives.

/// Member Relations

We are committed to providing value for money and returning dividends to Members where possible. The Members' Commercial Dividend underlines the company's commitment to its Members and these funds along with the continued distribution of retained earnings support our Members' objectives in relation to the remediation of risks and transfer of insurable risks, as well as supporting the aim of stabilising future premiums. In Q1 of 2023, a Member Commercial Dividend of €18.3m was paid to Members reflecting the 2021 financial performance.

/// Member Survey

This year's annual Member Satisfaction Survey recorded the highest ever rating average for overall satisfaction with a score of 92% (2022: 90%). In progression of our strategic approach to reach out to a wider cross section of senior Member representatives, the first annual survey of local authority Directors of Service was undertaken. The purpose of this research is to identify and understand challenges and risks of concern to across the wider Senior Management as well as foster increased cooperation and support.

Diversity and Inclusion

IPB is committed to maintaining a diverse and inclusive culture, built on openness, and reflecting our mutual ethos. We view our commitment to Diversity and Inclusion (D&I) as critical to our long-term sustainability. It is a central part of our long-term business strategy.

A sustainable business relies on solid foundations. Ensuring that we enable and nurture a diverse, inclusive, and Member-focused culture is one of those foundations. IPB has a clear and comprehensive D&I strategy which sets out our priorities in respect of Gender Balance and Gender Pay Gap, Diversity of Thought, Underrepresented Groups, and Generational Diversity (age and tenure). We have also defined our strategic priorities in respect of inclusion to include Fairness and Respect, Safety and Openness, and Empowerment and Growth. Together, these priority areas are designed to drive an increased sense of Value and Belonging which is central to ensuring that we have the right culture in place – one which has D&I at the centre. D&I features prominently in our Sustainability Strategy outlined in more detail elsewhere in this report. We recognise that D&I is a critical part of delivering on our sustainability commitments for the years ahead.

D&I considerations inform decision making in all areas of the business – it is central to the way we do business and how we approach the challenges and opportunities that present themselves to us day to day in meeting the needs of our people, our Members, and our customers. We recognise that realising our strategic aims in respect of D&I is a journey that will take time and we are focused on ensuring that we are continually making progress.

/// As the independent report from inclusio states, "Overall, people enjoy working at your organisation. There is clearly a positive, supportive work culture" ///

In Q1 2023, we were delighted to engage with inclusio for the second consecutive year to assess the state of D&I and culture within IPB. This involved engagement with all IPB employees who had access to the inclusio platform for a period of 3 weeks during which time a wide range of information was gathered in a confidential and secure manner to provide a comprehensive view on the state of D&I and culture within the company. It was pleasing that the results from our engagement indicate that we have maintained a strong culture and have a clear and well understood commitment to D&I in all its forms. As the 2023 independent report from inclusio states, "Overall, people enjoy working at your organisation. There is clearly a positive, supportive work culture." The information gleaned in this process has provided valuable insights that have informed our current and future activities also.

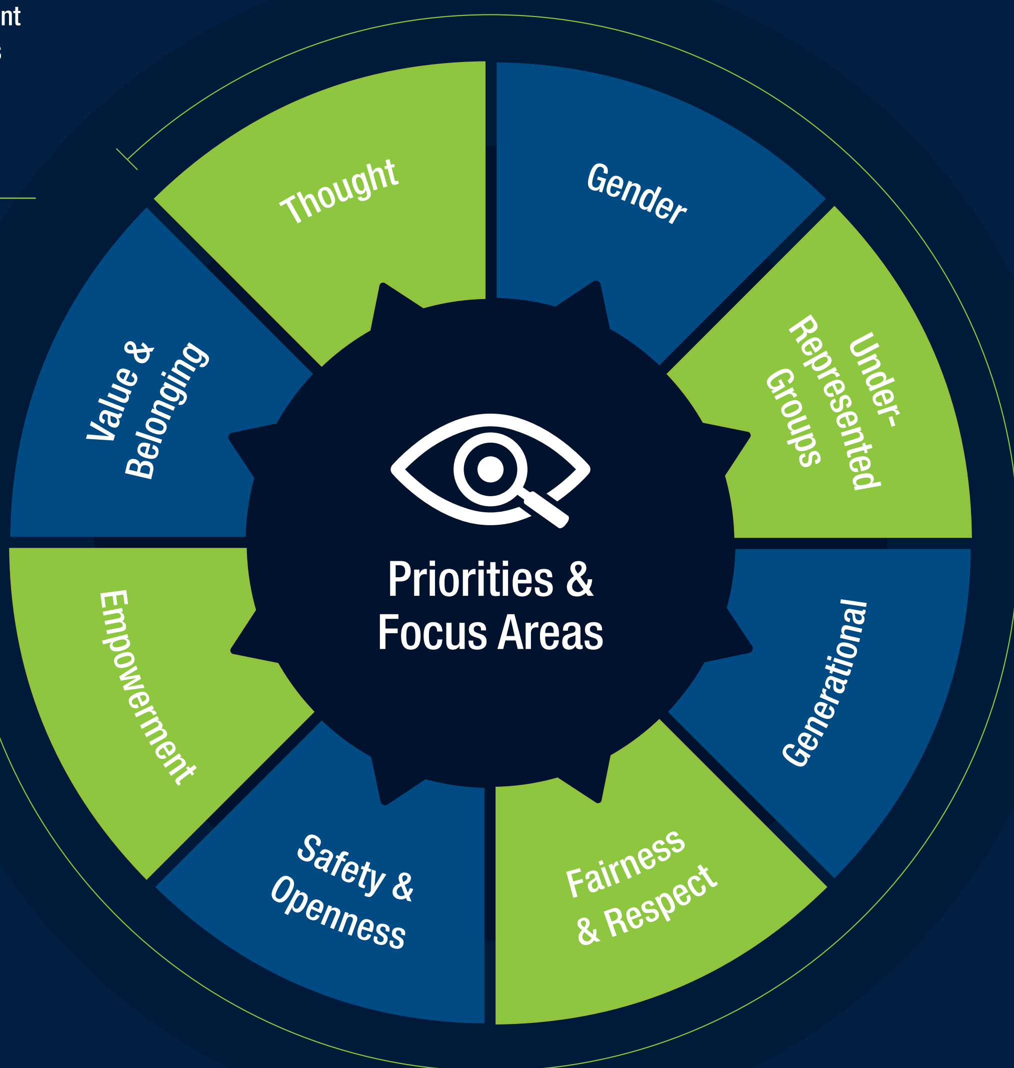
We were pleased to continue our engagement with the wider insurance industry as a founding member of VOiCE (Valuing Openness, inclusive Culture & Equity) for Insurance which was officially launched in October 2022. VOiCE is a global first D&I sectoral benchmarking initiative supported by inclusio, the Centre for Insurance, Risk and Data Analytics Studies at South East Technological University (SETU) with participation from the major players in the insurance market in Ireland. The goal of the initiative is to provide a blueprint for understanding Culture and D&I in the workplace and to support the development of inclusive cultures by defining industry specific D&I benchmarks and creating a D&I maturity model which will enable clear articulation of "what good looks like". We are excited to be part of a pioneering group of insurance companies placing a clear emphasis on culture and D&I for benefit of all stakeholders in the industry. The publication of the first industry report in early 2024 will support IPB and the wider industry in our collective journey to deliver on our commitments to D&I and to doing what is right for our people, our Members, and our customers.

/// Our Board of Directors has achieved female representation of 40% and this is an important demonstration of our commitment to gender diversity both internally and externally ///

Our Board of Directors has achieved female representation of 40% (up from 33% at the end of 2022) and this is an important demonstration of our commitment to gender diversity both internally and externally.

Our D&I Strategic Focus Areas & Priorities

A more diverse and inclusive environment ultimately increases the sense of value and belonging, and increases trust



Diversity and Inclusion is about many things

Balance is key – all aspects of D&I matter

/// Our D&I Working Group, comprising of employees from all levels across all departments, with varying backgrounds, perspectives, and career experiences, is a key driving force in advancing our D&I agenda. This group give their time and focus to drive our continued progress in delivering on our D&I strategy and their efforts are to be commended ///

During 2023, the company has made further progress in respect of realising the Board agreed targets for gender representation in Senior Management positions. The Board adopted a target of 30% female representation in Senior Management by year end 2023. We are pleased to report that as of the 31st of December 2023, we have achieved female representation of 35% amongst Senior Management. At the end of 2020 female representation amongst Senior Management was 13%. The year end 2023 position illustrates the progress that has been made over that period reflecting our focus on enhancing gender diversity in senior positions and by taking specific and targeted actions to support the development and progression of employees within the business. The Board and Management are committed to making further progress to deliver enhanced gender balance and in early 2024 it is our intention to set new, stretching, gender representation targets for the period to the end of 2026.

Our commitment to balanced gender representation at all levels within the business is supported by our recruitment and selection policy which is to ensure that diversity considerations feature strongly in our selection processes for all roles. All those participating in interviews have undergone interview skills training with a focus on unconscious bias training. We are proud to be a signatory to the Women in Finance Charter which was launched in April 2022. The Charter is a partnership between Financial Service Ireland, Insurance Ireland, the Banking & Payments Federation and Irish Fund with data collection and reporting facilitated by the Economic and Social Research Institute (ESRI). We are committed to continued engagement in this important initiative and to the principles set out in the Charter.

IPB welcomes the introduction of Gender Pay Gap (GPG) reporting under legislation introduced in 2022. As a company with less than 250 employees, IPB was not required to report publicly in December 2023 on the GPG. However, as we reported last year, undertaking the necessary steps to understand the GPG and the key drivers for this gap in IPB has been a key focus over the past number of years. Our internal analysis of the Irish legislative requirements indicates that, with reference to a snapshot date of the 1st of June 2023, our mean GPG is 20.9% (down from 22.5%) and the median GPG is 7.3% (in line with the previous year). Whilst there has been a marginal improvement in the reported GPG between June 2022 and June 2023, we anticipate further improvements in the coming years as we continue to implement initiatives and take action to address the underlying drivers of the GPG. We remain committed to taking the necessary actions to reduce or eliminate this gap over the coming years and look forward to publishing our GPG Report in December 2024.

Our D&I Working Group, comprising of employees from all levels across all departments, with varying backgrounds, perspectives, and career experiences, is a key driving force in advancing our D&I agenda. This group give their time and focus to drive our continued progress in delivering on our D&I strategy and their efforts are to be commended. During 2023, the D&I Working Group led our activities in relation to International Women's Day and International Men's Day. International Women's Day focused on the topic of 'Women in Tech' and Sandra Healy, CEO of inclusio joined us for a fireside chat. International Men's Day centred around Men's health and a discussion with Donal Scanlan from Mental Health First Aid Ireland was held. IPB celebrated with Pride in June to demonstrate that we are an inclusive and supportive organisation aligned to our core value of Respect. A celebratory event took place in the office to celebrate our current LGBTQ+ colleagues, our future colleagues, and the wider LGBTQ+ community. Employees were encouraged to wear different colours of the rainbow and we created our own rainbow event. In parallel, we partnered with inclusio who made available content and material to support continued education and awareness of the topic of Pride. We were also delighted to run the first IPB Transition Year Programme with participants from local secondary schools as well as family members of IPB employees. The programme was well received by the participants and by the many IPB employees who supported the delivery of the programme by engaging with the students and providing them with real life insights into what a career in insurance involves. We are also delighted to continue our long-standing involvement with the Insurance Ireland Apprenticeship Programme. We firmly believe that by supporting this programme we are attracting a diverse group of people that may not otherwise consider a career in Insurance and are proud to be part of it.

A Reasonable Accommodation Passport Guide has been developed to support employees with disabilities in the workplace where required in view of our obligations under the Employment Equality Acts 1998-2015.

The Working Group were instrumental in IPB's engagement with the Trinity Centre for People with Intellectual Disabilities (TCPID) and IPB was delighted to become a partner to this programme during 2023. We recognise that we can and should do more to help those with disabilities, physical or other, to participate in the workforce in undertaking meaningful and rewarding work on a sustainable basis. We look forward to engaging with TCPID on this exciting partnership in 2024 and beyond.

As part of our commitment to culture and D&I, the Board and Leadership Team, are focused on continually emphasising the importance of our core values and linked behaviours. Throughout the year our internal communications and events such as our quarterly Town Halls and Cause for Applause Recognition programme emphasise the importance of our values – Trustworthy, Respectful, Collaborative, Service Driven and Passionate – in our day-to-day work for our Members and stakeholders. We are committed to enabling a culture where all employees feel comfortable in speaking up and raising concerns, worries or ethical dilemmas in the knowledge that they will be listened to and supported and that the company will take appropriate action. We know that to be a genuinely diverse and inclusive culture requires us to listen to the views and perspectives of all stakeholders and to create and nurture an environment where people freely share perspectives. Our culture is underpinned by our mutual ethos and our founding purpose to safeguard and protect the interests of our Members and our customers. Our key guiding principle of "Our Members and Our People First" succinctly describes our commitment to our culture. Our annual Great Place to Work survey provides valued input and feedback from all employees on the actions we can take to continually improve the ways that we work together making IPB a genuinely great place to work for all employees. We were delighted to once again be certified as a Great Place to Work in 2023 reflecting our shared commitment to a positive and trust-based culture.

Our journey to be a more diverse and inclusive company will continue for many years ahead. Whilst we are making significant progress, we recognise that there is more to be done – and we are committed to taking the necessary and appropriate actions to deliver on our aims in this respect. The commitment from the Board of Directors and Leadership Team is clear and we look forward to more positive change in the years ahead which will be beneficial to all stakeholders most especially our people, our Members, and our customers.

/// We are also delighted to continue our long-standing involvement with the Insurance Ireland Apprenticeship Programme. We firmly believe that by supporting this programme we are attracting a diverse group of people that may not otherwise consider a career in Insurance and are proud to be part of it ///

Wellbeing Programme

We are committed to helping employees improve their health and wellbeing and have a holistic approach to wellbeing. IPB's Wellbeing Framework is centred on six core pillars as outlined below.

Our holistic approach to wellbeing is to nurture a culture and an environment where employees feel supported and encouraged to maintain their health and wellbeing. We do this by offering opportunities for learning, promoting a positive and respectful work climate, offering programmes and benefits that cater for different employee needs and priorities and is aligned to the six pillars of IPB's Wellbeing Framework.

The approach for 2023 focused on prioritising wellbeing themes that resonated with our employee demographic and initiatives that had demonstrated the highest engagement over the past three years. This comprised of celebratory key national and international calendar days and focused wellbeing topics and initiatives, often with a dedicated wellbeing sponsor from the Management team. These themes primarily revolved around physical and mental wellbeing events fostering collective and social connections among employees. In addition, financial wellbeing was also a key area of focus.

The Wellbeing focus in 2023 placed a greater emphasis on mostly hybrid tailored events and access to other resources pertinent to different topics.

To mark International Women's Day, a session on Women's Health was facilitated by an external expert from the Irish health sector. To enhance our hybrid working environment and to allow employees to connect on a social basis, a spotlight was put on National Workplace Wellbeing Day in April where a week of events was centred around the workplace. This featured activities such as mindfulness sessions, on-site neck massages and wholesome foods and snacks.

An accessible information booth about our Employee Assistance Programme (EAP) facilitated by our partners, Spectrum, was also made available. This initiative aimed to help employees recalibrate and redirect their wellbeing focus.

Similarly, in fostering social connections among employees for the sake of wellbeing, the diversity and inclusion team recognised International Men's Day in November and a guest speaker from Mental Health First Aid Ireland was interviewed by a member of the Diversity & Inclusion Working Group. This hybrid event was aimed at increasing awareness and to support suicide prevention.

Under the umbrella of financial wellbeing as part of the Winter Wellbeing series, events and information sessions that were made available included a session on Planning your Will, Financial Planning & Cashflow Modelling, Supporting the Carers and the Cared for, and Enduring Power of Attorney.

/// Employee Assistance Programme

Our EAP programme continues to be extended to all employees and offers a confidential independent service provided by Inspire Workplaces that offers employees support to help manage a variety of potential challenges that may be affecting their performance at work and their personal lives. To support employees and their families. We extended this offering to family members of our employees following feedback that this would be beneficial. This support is available 24/7 is designed to provide immediate support and advice on a range of topics.

/// Promoting Wellbeing within the Workplace

The company's upgraded intranet, The Dock also proved to be a highly effective tool for communicating and promoting wellbeing initiatives. All wellbeing events were recorded and made available on The Dock, allowing employees to access them at their convenience. Moreover, it served as a valuable platform for reminding employees about the EAP services available, along with access to the online wellbeing hub.

/// Annual Flu Vaccine

By providing employees with a flu vaccine voucher each October, we are taking an extra step to ensure that employees are protected and ready to take on the season feeling their best.

Great Place to Work Survey

Our commitment to strengthening our workplace culture and employee experience has again been recognised by IPB employees.

In 2023 IPB recorded a Great Place to Work score of 90% (2022: 86%). The All-Question Average was 81% which indicates continued positive developments have taken place in the workplace. IPB has received certification as a Great Place to Work for 2023/2024 for the seventh consecutive year.

The Great Place to Work Working Group is made up of approximately 20 employees from across the company who volunteer their time in representing employee’s perspectives and are part of making employee voices heard. They provide vital feedback, ideas and recommend initiatives for improvements to Management. The group's aim is to foster inclusion and promote positive improvements to the work environment for a sustainable future. This year the working group focused on the area of recognition. There was a dedicated recognition week full of activities, gestures and ideas to raise awareness of the importance of what can be incorporated into the workplace to celebrate employees.

Corporate Social Engagement

/// Active Travel

IPB works closely with its local authority Members in the roll out of Active Travel infrastructure. This is a key strand in national and local government transport policy as it is fundamental to sustainable travel with the added benefits of promoting healthier behaviours. The government has provided a multi-billion euros investment in building active travel infrastructure, to be delivered by local authorities over an initial five-year period.

A key aspect of the new infrastructure is focused on schools and young people. A range of key stakeholders including the Department of Transport, National Transport Authority, Road Safety Authority and An Taisce are also vested in the Active Travel programme. As part of the announcement, IPB and the Department of Transport intend to sign an MOU as part of ongoing engagement to develop a programme for 2024-2026.

/// ETB Music Instrument Fund

Music Generation is Ireland's national music education programme that creates access for children and young people to high-quality, subsidised performance music education in their locality. Music Generation works closely with IPB's Education and Training Board (ETB) and local authority Members, who are central to the governance of the programme through local music partnerships (LMPs). ETBs are leaders in overseeing the delivery of a range of Music Generation programmes across the country. The IPB ETB Music Instrument Fund is a partnership between IPB and their ETB Members in partnership with Music Generation and the 31 local authority LMPs. Originally slated to conclude this year, the fund, providing €100,000 annually for three years, will now be extended for an additional two years.

This exciting announcement signifies a substantial commitment by IPB, bringing the total funding contributed to €500,000, spanning the period from 2021 to 2025. These funds have been judiciously invested by our ETB Members directly, facilitating the purchase of musical instruments and thereby fortifying increased access to high-quality, subsidised performance music education for the youth in their respective localities.

/// Pride of Place

The IPB Pride of Place awards is an annual all-island community competition organised by Co-operation Ireland and sponsored by IPB Insurance. The awards are run in conjunction with local authorities north and south to promote and celebrate the best in community development and recognise the selfless volunteers who make their local neighbourhoods better places to live, work and socialise. The awards also serve to bring a broad range of diverse communities together in a spirit of celebration. As part of IPB's partnership, financial awards are also provided to those communities recognised at the awards. As the mutual insurer to local authorities, IPB is proud to partner with its Members in recognising communities and local volunteers who show pride in the place they call home.

/// Late Night Leagues

In 2014, IPB teamed up with the FAI and an Garda Siochana to embark on the 'Late Night Leagues' (LNL) Project, committing to a three-year CSE sponsorship. The LNL is a social integration and community-based soccer competition delivered by a partnership between the FAI and An Garda Siochana. The original agreement ran from 1 January 2015 to 31 December 2017. The arrangement continued in 2018 and 2019, with IPB continuing its support through a funding commitment of €50,000 per annum.

Post COVID-19, IPB and FAI discussions progressed to result in a commitment for a new three-year partnership from 2024-2026, with a total of €150,000 to be provided to deliver the programme over this period. A key element in IPB's support for the programme was to develop the programme nationwide as far as practicable, prioritising where the need was greatest. LNL grew from less than ten locations to feature in locations

/// The IPB ETB Music Instrument Fund is a partnership between IPB and their ETB Members in partnership with Music Generation and the 31 local authority Local Music Partnerships. Originally slated to conclude this year, the fund, providing €100,000 annually for three years, will now be extended for an additional two years ///

/// Over the past four years, we have worked closely with our local authority Members and Rethink Ireland to identify and back the best social enterprises across Ireland to maximise their reach and social impact ///

across almost every local authority area in Ireland. The global pandemic impacted the programme and now this commitment will see the LNL return again with an ambition to grow the programme across every local authority area in Ireland.

The programme also aligns with IPB's objective of closely aligning with our Members. Many local authorities have been involved with the LNL through the provision of facilities and engagement with the relevant council representatives involved in community engagement and development. IPB's local authority Members strongly support the LNL, particularly in local authority areas with significant urban/town areas. The feedback from An Garda Siochana is that there is real benefit in the programme, particularly for Community Gardai in building stronger relationships with young people in the communities they serve.

/// Social Enterprise Development Fund

The Social Enterprise Development (SED) Fund was created in 2018 by Rethink Ireland in partnership with Local Authorities Ireland and co-funded by IPB Insurance and the Department of Rural and Community Development through the Dormant Accounts Fund. The objective of the SED Fund is to find and back social enterprises that add to the social and economic fabric of their community and make a positive social impact.

Rethink Ireland commissioned a report to measure the scale of the social impact delivered by fund awardees. Over this period, the fund has provided supports including monetary awards, business and mentoring supports to over 100 social enterprises across all 31 local authorities in Ireland.

These social enterprises have already supported 500 people to access employment and reached over 266,000 people. The business supports have provided a valuable springboard for some of Ireland's most successful social enterprises such as Bounce Back Recycling, Sensational Kids and GIY to scale their products, services and impact nationally and internationally. Over the past four years, we have worked closely with our local authority Members and Rethink Ireland to identify and back the best social enterprises across Ireland to maximise their reach and social impact. A core objective of the fund is to help realise the enormous potential of the social enterprise sector. We believe that social enterprises are uniquely placed to deliver equitable, sustainable growth and to be a key driver in meeting the socio-economic challenges of Ireland's communities.

In the fifth and sixth years of the fund, a noteworthy aspect involves creating an online business course tailored for social enterprises. This course aims to assist in financial and operational planning as well as strategic development. The goal is for this social enterprise business course to progress into an independent resource, establishing itself as a lasting contribution from the fund. After the SED Fund concludes, a comprehensive review will be conducted to determine the ongoing training and development requirements of the sector. The examination will explore how the SED Fund business course can continue to address these evolving needs in the future.

As part of the accelerator training programme in 2023, awardees attended workshops tailored to their specific needs. Sessions by subject matter experts included:

- Impact Management: Equipping participants to better understand ways to measure and manage impact.
- Diversity, Equality and Inclusion (DEI): Enabling participant social entrepreneurs understand the importance of DEI for their social enterprise.
- Financial Resilience: This session aimed to provide our awardees with supports and insights to drive the operational and financial sustainability of their enterprise.
- Communications: Awardees were provided with the relevant training to develop a stakeholder communications plan, as well as individual follow-ups to ensure practical relevance and implementation of their plans.

Metrics and Continued Focus

Social: Key Performance Indicators

	2023	2022	2021	2020
People who feel that IPB is a friendly place to work[1]	89%	90%	95%	92%
People who feel they are able to take time off from work when they think it's necessary[1]	86%	91%	89%	89%
People who feel proud to tell others they work here[1]	86%	86%	91%	89%
People who feel people here are treated fairly regardless of their gender[1]	86%	85%	89%	85%
People who feel they are treated fairly regardless of their age[1]	84%	88%	88%	87%
People who would say that IPB is a great place to work[1]	90%	86%	88%	88%
People who feel good about the ways that IPB contributes to the community[1]	89%	87%	90%	90%
Voluntary employee turnover	5.7%	15.5%	3.3%	4%
Member survey overall satisfaction average rating	92%	90%	89%	86%

1 2023 Great Place to Work Survey Result

/// Our Social Commitments for 2024 and Beyond

Our Sustainability Strategy contains key social commitments, namely our commitment to to people and culture, and our commitment to Members.

Our commitment to people and culture

Our commitment to members

Our Commitment to People and Culture

- We will build on the great work from 2023 and continue to work with the D&I Working Group to make improvements to ensure we are a diverse, equal and inclusive employer.
- We will continue to ensure we maintain strong relationships with our key stakeholders to make certain we promote and embed good social sustainability practices.
- We will continue to network with the industry to ensure that best practice is implemented, for example Insurance Ireland, AMICE, the Central Bank, and ICMIF, in the context of the UNEP FI Principles for Sustainability Insurance.
- We will maintain our GPTW score from 2023.

Our Commitment to Members

- We will continue to collaborate with our IPB Local Authority Member Sustainability Forum in order to provide the best supports and products.
- We will continue to work with our ETB Members on sustainability-related issues in a more focused and formal manner.
- We will continue to provide enhancements/innovations to policies that align with IPB Members and IPB's company goals on matters of environmental sustainability and governance.
- We will continue to measure and improve our Member satisfaction rates and review how we can improve our Members' experiences through product oversight and governance and through promoting best practice.
- We will continue to work with and support the Local Authority Climate Action Forum and build relationships regarding climate action supports especially as they prepare their climate action plans by March 2024.

Environment

In 2023, we continued to gather additional data to help us understand more about our greenhouse gas (GHG) Scope 3 emissions. In particular, this year we focused on engaging with our supply chain to learn more about their CHG emissions.

IPB supports SDGs 3, 6, 9, 11, 12, 13, 15 & 17

3 GOOD HEALTH AND WELL-BEING
6 CLEAN WATER AND SANITATION
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

UN Principles for Sustainable Insurance

Since becoming a signatory of the UN Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance in 2022, we submitted our first disclosures report in May 2023. This is available on the UNEP FI website.

Responsible Operations

/// Greenhouse Gas (GHG) Scope 1&2 Emissions

In 2023, IPB agreed to set its GHG Scope 1& 2 emissions baseline year as 2018. We have set the target of an absolute reduction of 50% of tCO_2e from 2018 to 2030. In 2023 emissions in Scope 1&2 totalled at 82.6 tCO2e. This leaves just 3.2 tCO2e further reduction of emissions to reach the 2030 target of 79.4 tCO2e. We are on track to achieve whilst also working with our landlord to replace fossil fuel with renewable heating, which will bring IPB's emissions close to net zero.

/// GHG Scope 3 Emissions

The GHG Protocol sets out the 15 categories in Scope 3. These are "intended to provide companies with a systematic framework to measure, manage, and reduce emissions across a corporate value chain[1]". We previously reported on five of the 15 categories, but in 2023 we included two additional categories – Investments and Leased Assets. We now report on the following seven categories (from a baseline year of 2021):

Upstream Activities

- Purchased Goods and Services
- Waste Generated in Operations
- Business Travel
- Employee Commuting
- Transportation and Distribution

Downstream Activities

- Leased Assets
- Investments

1 www.ghgprotocol.org/sites/default/files/standards/Scope3_Calculation_Guidance_0.pdf

Sustainability Awareness Week

In May, IPB held its second Sustainability Awareness Week. This was led by employees on our Operations Sustainability Workstream. The focus for the week was on active travel/leave the car at home. Highlights included:

- Environment: Hosted a 'Living More Sustainably' panel discussion whereby employees heard from colleagues on improvements they were making at home.
- Social: Interview with one of our Social Enterprise Development Fund awardees and Rethink Ireland. We also supported employees who volunteered with Ringsend and Irishtown TidyTowns and the Docklands Business Forum.
- Governance: Advised employees on new up-and-coming governance arrangements such the Individual Accountability Framework (IAF) and the Senior Executive Accountability Regime (SEAR). The Operations Sustainability Workstream also developed an *ESG & Me* guide as well as a new Sustainability Dashboard.
- The week culminated with the launch of our second Sustainability Strategy.

Ringsend and Irishtown TidyTowns and IPB volunteers.

Environmental Support for Members

/// Climate Action – Member Focus

In addition to the IPB Local Authority Member Sustainability Forum launched in 2022, we also began networking with the Local Authority Climate Action Forum. Four meetings were held and the forum has been expanded to include additional Member representatives.

IPB Insurance was delighted to sponsor the inaugural Mary Robinson Climate Conference in Ballina from 5-7 July 2023. The conference was part of a number of events taking place for the Ballina 2023 Festival.

On 5 July, as part of the conference programme IPB hosted a Local Authority Climate Action staff networking event. This was the network's first face-to-face event and IPB was delighted to provide a forum for networking and the sharing of ideas, with presentations from industry experts. As part of the conference, IPB's Head of Sustainability hosted a panel discussion entitled 'Creating Community Leadership in Climate Action – the Local Authority Role', which featured expert panellists including local authority members as well as the Chair of the IPB Board Sustainability Committee, and a representative from Eirgrid.

IPB also engaged with the ETBI regarding the development of their ETB Climate Action and Sustainability Toolkit and attended the second ETB/SEAI Annual Climate Action Conference in October.

/// Member Engagement

The Client Enterprise Risk Management (CERM) team provides value add support for the management of the key risks that our Members face. CERM provides Members with step-by-step risk guides, practical risk assessment tools, videos, conference material, and a range of resources to help Members implement an enterprise-wide approach to managing risk and ensuring compliance in the support of good governance. Our risk management advice is organised into five groups, these are Corporate, Technical, Operational, Environmental and Safety. Our Senior Engineer on the CERM team has supported our Members with many Active Travel infrastructure queries during 2023. Those queries included cycle lane surface types, drainage, slip resistance of boardwalk/pedestrian bridge surfaces, type of bollards/reflective markings, signage, standards, and the provision of public lighting. CERM used the queries raised to generate discussion during the Active Travel Climate Action, Transport and Network (CATN) Active Travel

IPB's Head of Sustainability hosting a panel discussion at the Mary Robinson Climate Conference.

Infrastructure (ATI) work group meetings and sought stakeholder feedback from the NTA and TII that was shared with the relevant councils.

/// Environmental Risk

The strict enforcement of environmental legislation and the force of public opinion has put increased pressure on Members to behave in a more societal, ethical, and environmentally responsible manner. IPB's CERM team advocates that our Members and clients take an integrated approach to managing risk to reduce their carbon footprint and to mitigate the risk of sanction for non-compliance by effectively managing their assets and modifying behaviours.

/// CCMA Active Travel Infrastructure (ATI) Work Group

In 2022, following Member feedback, IPB proposed through the Local Government Management Agency (LGMA) that an Active Travel Infrastructure (ATI) workgroup be convened. The LGMA liaised with the Chair of the Climate Action, Transport and Networks (CATN) Committee and they endorsed the idea. The LGMA invited IPB's Senior Engineer to be the chair of the ATI workgroup which consisted of representatives from The National Transport Authority (NTA) and Transport Infrastructure Ireland (TII), and active travel representatives from a mix of urban and rural local authorities.

In 2023 six workgroup meetings took place and workgroup representatives accompanied the NTA on the 25th of July to conduct site visits in South Dublin and Dun Laoghaire to view new cycle infrastructure and to share lessons learnt with the group. In October 2023 the Workgroup made a representation to the LGMA CATN Committee recommending that there was a need for a National awareness campaign for active travel infrastructure and the group was invited to present to the High Level Transport Committee in early 2024.

/// Department of Transport (DoT)

IPB received an invitation from the Department to present at the National Roads Conference that was held on the 9th and 10th of May 2023. IPB's Head of Claims and Senior Engineer attended and presented IPB's Public Liability statistics/ frequency trends. They advised that the growth in ATI rollout is now an area of focus.

They presented on "Active Travel – Learning from early projects and having a collective design approach", explaining that the pace of change from an active travel perspective is rapid and councils are learning, tweaking construction methodologies, and in some instances remediating earlier designs/constructions.

/// DoT – Zero Emission Vehicles Ireland (ZEVI)

The Zero Emission Vehicles Ireland (ZEVI), a dedicated office in the Department of Transport charged with supporting consumers, the public sector, and business to continue to make the switch to zero emissions vehicles published the draft Electric Vehicle Charging Infrastructure Universal Design Guidelines in June 2023.

IPB engaged with the Department to provide feedback on the built environment, for example, parking bay dimensions, user interface, and signage. IPB representatives were pleased to attend the stakeholder workshop hosted by ZEVI in December which addressed a number of key topics including:

/// CERM has supported our members with many Active Travel infrastructure queries during 2023. Those queries included cycle lane surface types, drainage, slip resistance of boardwalk/pedestrian bridge surfaces, type of bollards/reflective markings, signage, standards, and the provision of public lighting ///

- The provision of high-powered (c. > 100 kW) charge points along the National Roads Network (every 60 kilometres on motorways/national roads).
- The provision of EV charging in rural environs, and possible barriers to building/delivering that infrastructure.
- Charging points, the associated services, the tariff, and network asset downtime. etc.

We look forward to working with our Members and all stakeholders in the coming years to support the transition to zero emissions vehicles.

Environmental Progress in 2023

/// LED Light Replacement Programme

In 2023, IPB decided to undertake a light replacement programme by replacing all of the lights in the offices with LED alternatives. Almost 400 lights were replaced. LED lights are highly energy-efficient and consume significantly less electricity than traditional lighting sources. This will support us in lowering our Scope 1 and Scope 2 greenhouse gas emissions.

/// Operations Sustainability Workstream

In the last year, this working group focused on how all our departments could make a difference in the services they provide. Examples of some of the initiatives included:

- Reducing printed publications and encouraging more digital content.
- Including IPB's sustainability information in our recruitment campaigns.
- Working with our windscreen repair companies to increase windscreen repairs ahead of windscreen replacement where practicable.
- Examining our business travel data and seeing how we can make better choices in terms of travel options as well as improving how we capture this data.

/// Reusable Coffee Cups

In the last year, we also decided to replace our disposable (compostable) coffee cups with reusable keep cups. Disposable cups contribute significantly to environmental pollution, and using a reusable cup helps minimise the environmental impact associated with the production and disposal of single-use items. By using a keep cup, we can contribute to reducing the overall volume of waste in landfills and oceans. This aligns with the principles of a more sustainable and circular economy.
In 2023, we saved 38,263 cups by switching to reusable cups.

/// Circular Economy – Phones and Laptops

In 2023, IPB ran an internal campaign with employees to highlight how securely disposing of old mobile phones and laptops can support the circular economy. Recycling devices in this way supports resource conservation: mobile phones and laptops contain valuable and scarce resources such as metals (e.g. gold, silver, copper) and rare earth elements. Recycling helps recover these materials, reducing the need for mining and the extraction of new resources. Employees were also provided with suggestions on how to purchase refurbished phones and laptops for personal use.

/// Employee Commute

As part of our our greenhouse gas scope 3 emission reporting requirements, we surveyed our employees about their commute to work in 2023. This was calculated using an-depth travel survey which asked about the multiple forms of transport in their one-way commute. We had a response rate of 75% and overall we saw an increase in the use of public transport from 53% in 2022 to 65% in 2023. 17% of employees also use a form of active transport (cycling or walking) in their commute.

Metrics and Continued Focus

Environment: Key Performance Indicators[1]

	Total Emissions (tCO2e)			
	2023	2022	2021	2020
Scope 1 (Direct Emissions)	37	34	58	39
Scope 2 (Indirect emissions) – Location Based	46	49	38	51
Scope 2 (Indirect emissions) – Market Based	0	0	61	78
Scope 3 (Other Indirect Emissions) – Purchased Goods & Services[2]	1,997	1,310	1,504	1
Scope 3 (Other Indirect Emissions) – Upstream Transportation and Distribution	0	1	1	No data
Scope 3 (Other Indirect Emissions) – Waste Generated in Operations	0	0	0	0
Scope 3 (Other Indirect Emissions) – Business Travel	30	18	6	12
Scope 3 (Other Indirect Emissions) – Employee Commuting	47	108	No data	No data
Scope 3 (Other Indirect Emissions) – Downstream Leased Assets[3]	546	557	561	No data
Scope 3 (Other Indirect Emissions) – Downstream Investments[4]	TBD	TBD	38,854	No data
Total Emissions (Assuming Location Rate)	2,703	2,078	41,022	103

1 All data has been independently verified by a third-party company apart from Scope 3 (Other Indirect Emissions) – Downstream Investments.

2 Calculated using spend-based analysis on IPB's trade vendors (above €25k). Figures for 2022 and 2021 are restated following an internal review of the categories used to record the data on our vendor management system.

3 New category included in 2023

4 New category included in 2023 – The IPB Investment team calculated 'IPB's Owned Emissions' for the base year 2021 by taking the total emissions of the corporate bonds and equity portfolios and apportioning this to IPB based on how much of the company we hold. Data for 2022 and 2023 is not yet available.

IPB's emissions have been quantified in line with the ISO 14064-1 standard and verified by a third party to the ISO 14064-33 standard. Scope 1 emissions consist of natural gas combustion for heating and fugitive emissions from aircon units. Scope 2 emissions are indirect emissions from purchased electricity. Both Scope 2 location rate (the average emission intensity of the Irish grid) and market rate (supplier-specific emissions intensity) were calculated. However, location rate was taken as the primary value as it fluctuates less over time for IPB. Emissions were quantified using the UK's Department for Environment, Food & Rural Affairs (DEFRA) and Ireland's Commission for Regulation of Utilities (CRU) emission factors.

/// Our Environmental Commitments for 2024 and Beyond

Our Sustainability Strategy contains a key environmental commitment, namely our commitment to provide responsible operations.

Our commitment to provide responsible operations

Our Commitment to Provide Responsible Operations

- We will consider signing up to the Science Based Targets Initiative (SBTi).
- We will consider signing up to the Net Zero Insurance Alliance (NZIA), now the Forum for Insurance Transition to Net Zero (FIT).
- We will continue to work with our supply chain and our chosen business partners to ensure that sustainability is a key consideration as well as collect data on their GHG emissions.
- We will encourage our suppliers to disclose ESG issues and to use relevant disclosure or reporting frameworks.
- We will continue to work with our landlord to lower our Scope 1 and Scope 2 GHG emissions.
- We will continue to record and report on our GHG emissions.
- We will continue to promote sustainability awareness and educate our employees.

Management Analysis, Financial Statements & Other Information

Management Analysis

/// Management Analysis Market Context

Having displayed resilience throughout the overlapping shocks of COVID-19 and the onset of the war in Ukraine, the Irish economy has slowed into a phase of growth over the forecast horizon in line with its current medium-term potential.

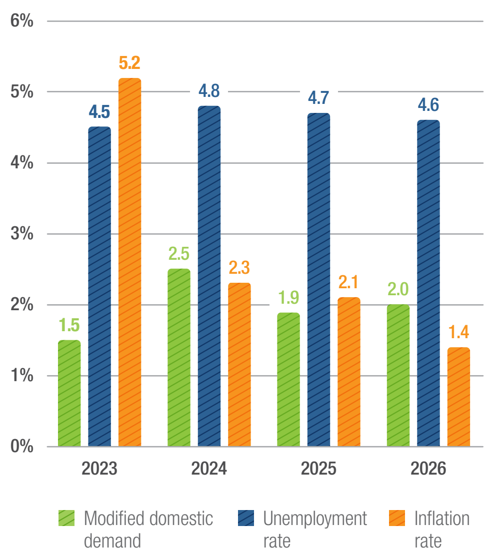
Source: Central Bank Quarterly Bulletin December 2023

/// Economy

Irish Economic Indicators

1.5%

Modified Domestic Demand in 2023



- Economic activity has slowed noticeably in 2023 but the economy is still expected to grow over the forecast horizon.
- Headline inflation has fallen sharply in 2023 as externally driven price pressures have eased. Falling energy prices have contributed most to the drop in headline inflation to date. Domestic price pressures (as reflected in services inflation) are expected to be more persistent, with the latter projected to stay above 3% in 2025.
- Labour market conditions are forecast to remain tight out to 2026.
- The growth outlook is uncertain and downside risks have increased.

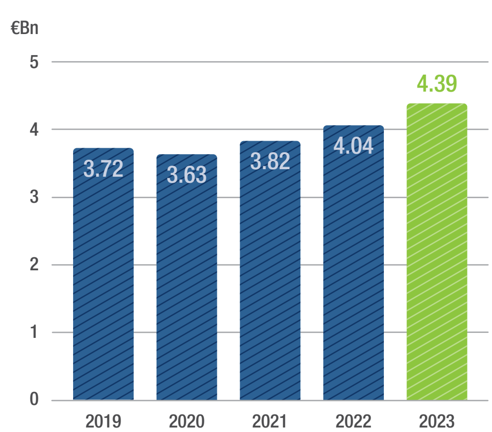
Source: Central Bank Quarterly Bulletin December 2023.

/// Industry

Irish Non-Life Insurance Market

€4.39bn

The estimated value of the Irish non-life insurance market in 2023



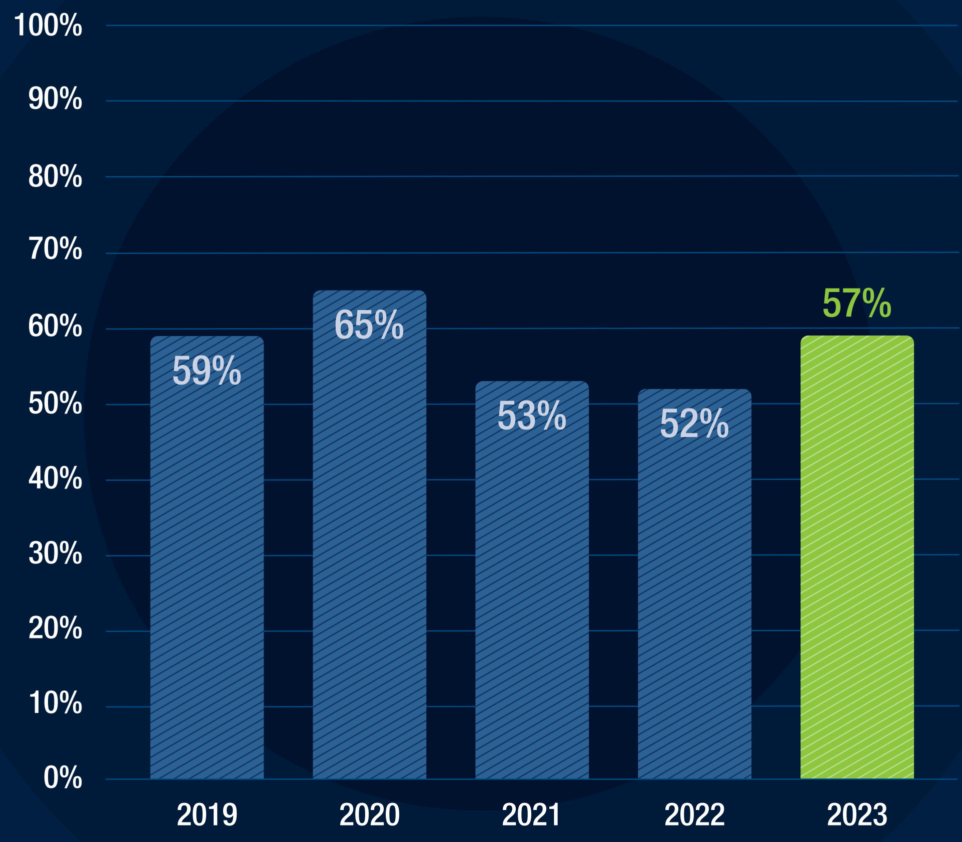
- The Irish non-life domestic insurance market is expected to show an increase in 2023 to €4.4bn of gross written premium based on trends seen in Q1- Q3 of 2023.

Source: Insurance Ireland, GWP to Q3 2023 plus estimates for Q4 2023.

/// Management Analysis Market Context (continued)

Claims Environment

Market Gross Loss Ratio



57%

The estimated market gross loss ratio

- The estimate for 2023 is based on prior experience over the past five years.

Note: Market Gross Loss Ratio % = Gross Claims Incurred/Gross Earned Premium %

Source: Insurance Ireland data and estimates

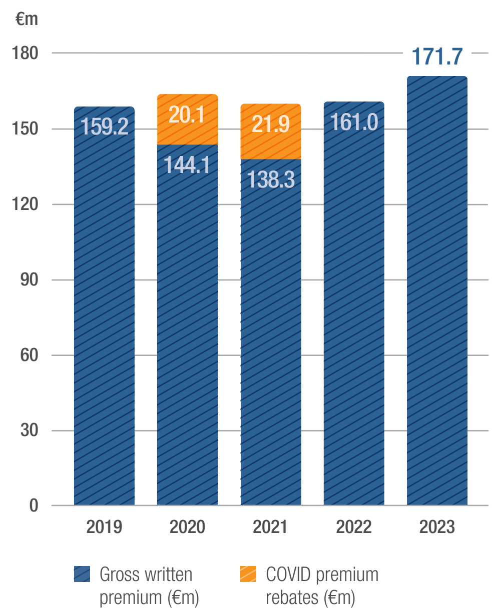
/// Financial Highlights

The company's financial position remains strong and the sustainability of its earnings continues to be underpinned by strong financial management.

/// Gross Written Premium

€171.7m

Gross written premium is €10.7m (6.65%) higher than in 2022

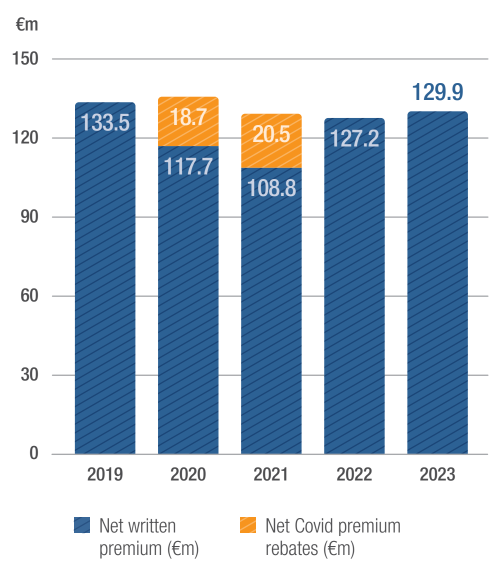


- Gross written premium grew due mainly to additional property risks covered and other new business secured.
- Retention rates remain very high at 99.4%.
- COVID-19 premium rebates issued to Members are shown for 2020 and 2021 in these charts to demonstrate how underlying premium has remained at consistent levels.

/// Net Written Premium

€129.9m

Net written premium is €2.7m (2.1%) higher than in 2022



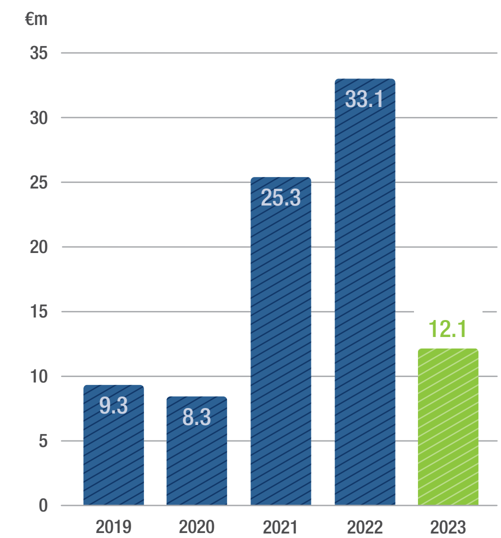
- A prudent reinsurance policy is in place. The percentage of gross written premium ceded to reinsurers has grown from 21% in 2022 to 24.4% in 2023 primarily due to higher levels of property exposures, which command higher reinsurance premium costs.
- COVID-19 premium rebates issued to Members are shown for 2020 and 2021 in these charts to demonstrate how underlying premium has remained at consistent levels.

/// Financial Highlights (continued)

/// Net Underwriting Result

€12.1m

Return to more normal levels following the impacts of COVID-19 and the introduction of the Personal Injury Guidelines

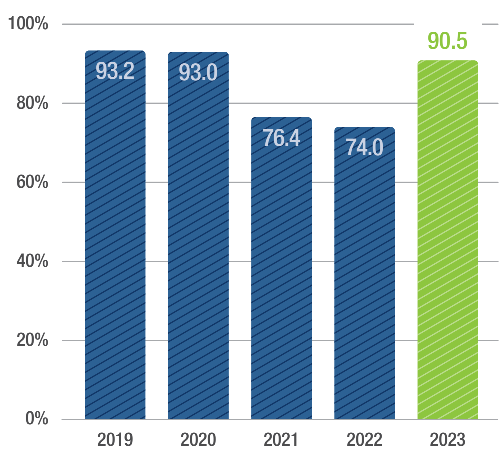


- The net underwriting result includes commission income and operating, underwriting and claims expenses.
- The decreased net underwriting result is mainly due to an increase in claims costs and higher levels of claims.
- The impact of the revised Personal Injury Guidelines is still developing within the claims portfolio although the indications are that claims numbers and values are falling.

/// Net Combined Operating Ratio

90.5%

Net combined operating ratio



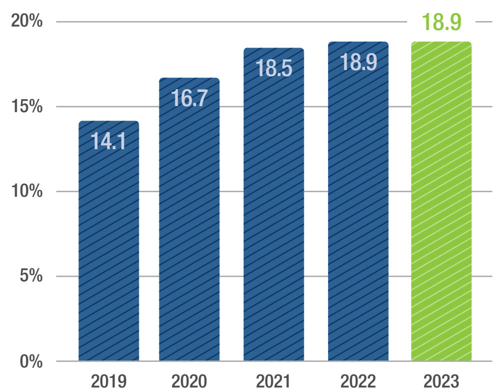
- The net combined operating ratio has increased to 90.5% in 2023 from 74.0% in 2022 due to an increase in claims incurred along with higher reinsurance premiums ceded and operating expenses.
- 2023 sees a return to more normal levels for this ratio following on from the COVID-impacted years of 2021 and 2022.

/// Financial Highlights (continued)

/// Net Expense Ratio

18.9%

Net expense ratio

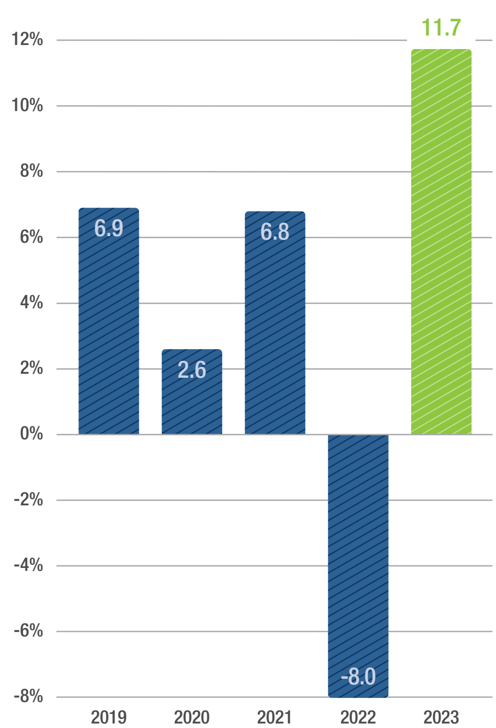


- The net expense ratio has stayed consistent at 18.9% in 2023.
- The increased trend in previous years is primarily due to a planned and controlled increase in operating expenses reflecting an inflationary environment.

/// Return on Equity

11.7%

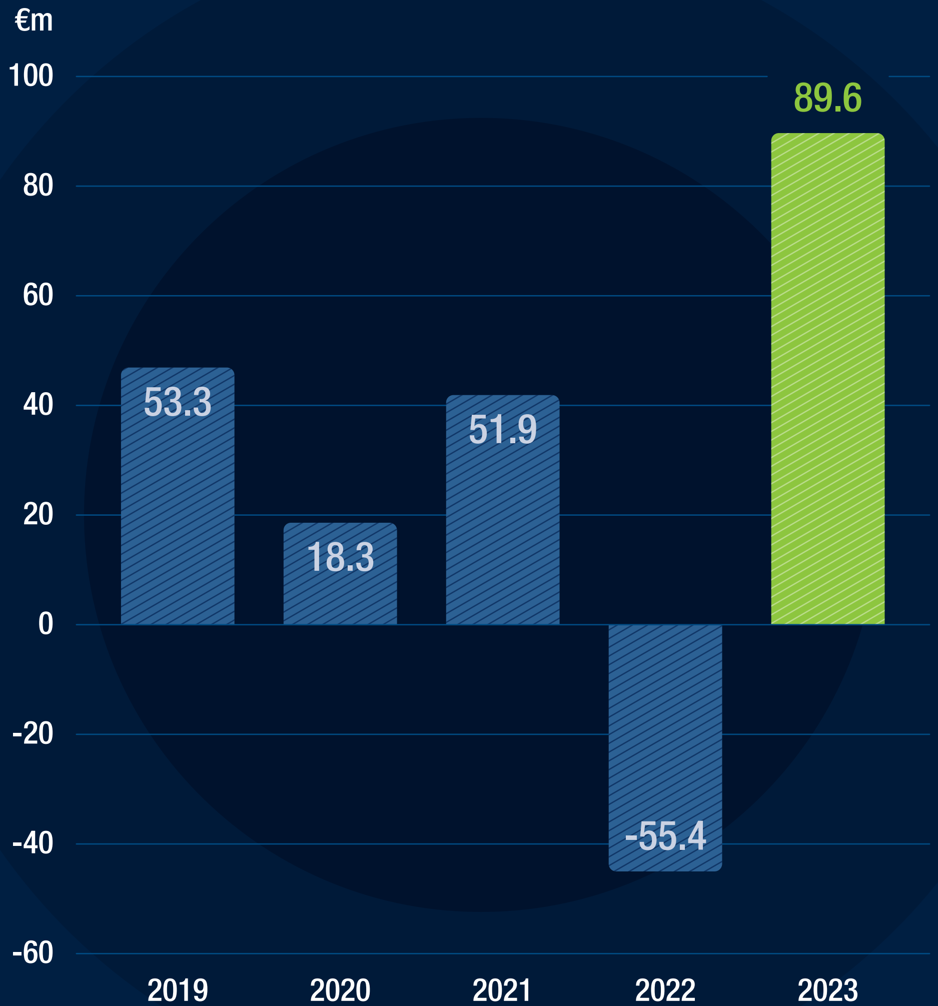
Return on equity in 2023



- Return on equity has increased to +11.7% in 2023 from -8.0% in 2022.
- The increase is primarily due to a strong investment result and a reversal of the 2022 mark to market investment losses.

/// Financial Highlights (continued)

/// Surplus/Loss Before Tax



€89.6m

Strong underwriting and investment results in 2023

- The surplus is made up of strong underwriting and investment returns.
- The increase year on year is due to the recovery of the investment markets in 2023.

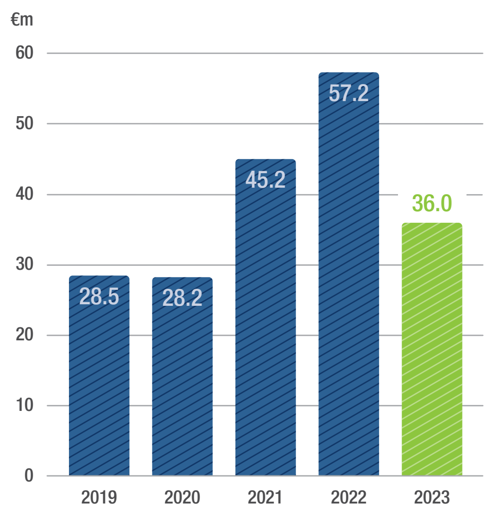
Note: Surplus/Loss before tax = profit/loss before tax.

/// Financial Highlights (continued)

/// Technical Underwriting Result – Net

€36.0m

Underlying net technical underwriting result in 2023



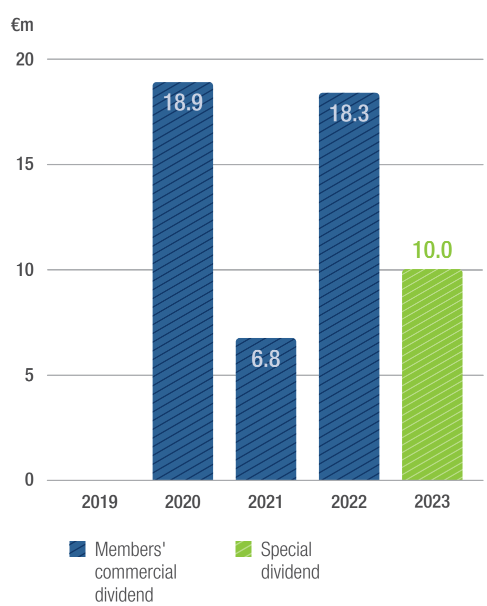
- The net underlying technical underwriting result of €36.0m is down from €57.2m mainly due to higher levels of claims incurred and higher reinsurance premiums ceded.
- The technical underwriting result excludes allocated investment income, operating costs and commission income.

The solid financial position has allowed IPB to make a real difference to key stakeholders through its Members' Dividend, Members' Retained Earnings Distribution and CSE Fund.

/// Members' Commercial Dividend (Financial Year Allocation)

€10.0m

in Members' Special Dividend will be paid to Members in 2024



- The Members' Dividend underlines the company's commitment to Members.
- Up to 40% of surplus after tax can be paid as Members' Commercial Dividend. This is payable one year in arrears to facilitate cashflow planning for our Members.
- As the company incurred a loss in 2022, no Member Commercial Dividend arose for that year; however, given the very strong underwriting result achieved as well as the Company's exceptionally strong capital position, it is proposed that a Special Dividend of €10m will be paid to Members in 2024.

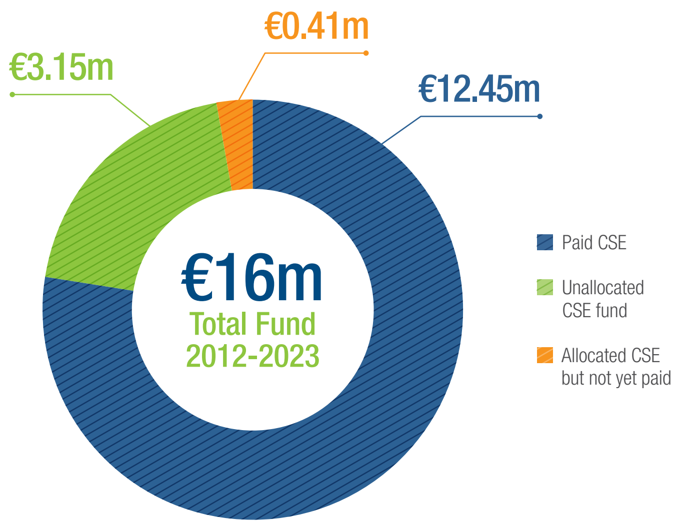
/// Financial Highlights (continued)

/// CSE Fund

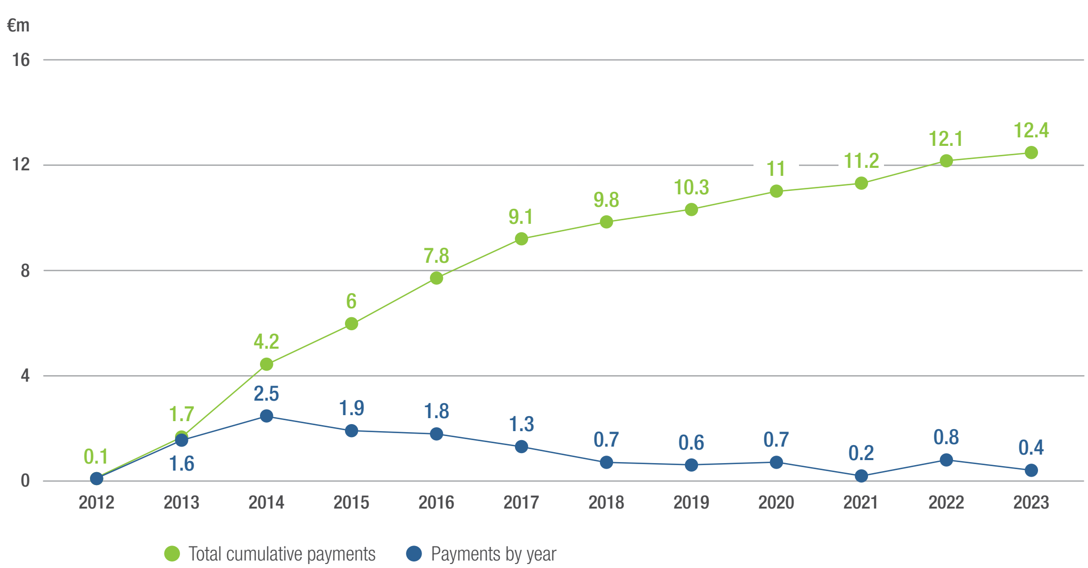
€16.0m
Increased by €3m in 2022

€12.4m
CSE Funds paid out 2012-2023

Total IPB CSE Fund Balances



Total Cumulative CSE Payments by Year

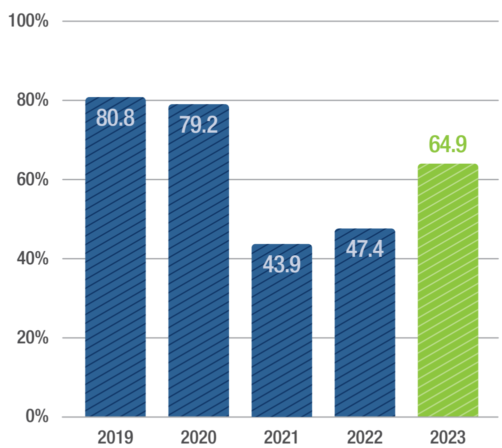


/// Claims and Losses

/// Gross Loss Ratio

64.9%

Gross loss ratio up from 47.4% in 2022

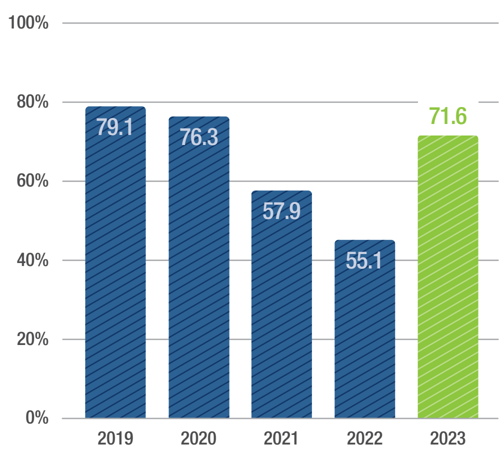


- The gross loss ratio has increased from 47.4% in 2022 to 64.9% in 2023. This represents a significant rise in gross claims costs in the year, however they remain significantly lower compared with 2019-2020.
- The profile of the book is significantly weighted towards long-term exposures.

/// Net Loss Ratio

71.6%

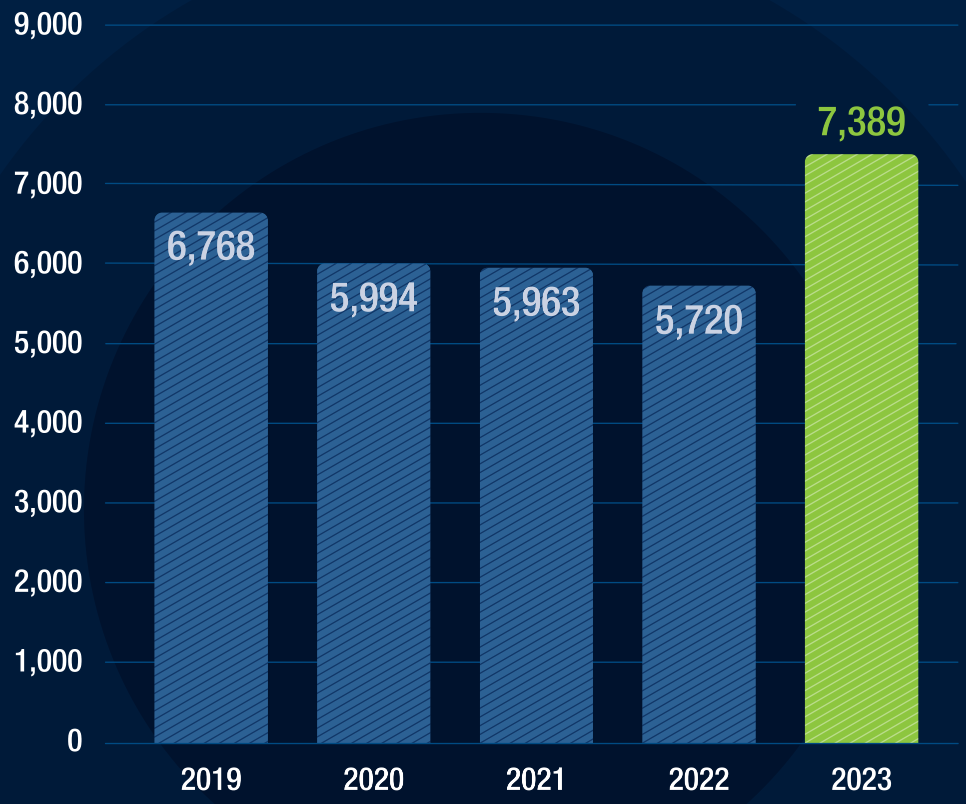
Underlying claims net loss ratio shows an increase from 55.1% in 2022



- The underlying net loss ratio has increased to 71.6% in 2023 from 55.1% in 2022.
- The lower loss ratios in 2021 and 2022 were mainly as a result of prior year claims settling at levels below what was originally expected. These years were also impacted by COVID-19 and the introduction of the Personal Injury Guidelines.

/// Claims and Losses (continued)

/// Number of New Claims



7,389
Claims numbers up 29.1% on 2022

- The increase in reported claims is primarily due to an increase in pothole small damage claims, and an increase in personal accident claims following increased sales of personal accident cover to Members.
- 2020 - 2022 saw lower claim levels resulting from restricted mobility, lockdowns and changes in work location patterns (more people working from home) along with the impact of government insurance reforms and personal injury guidelines.

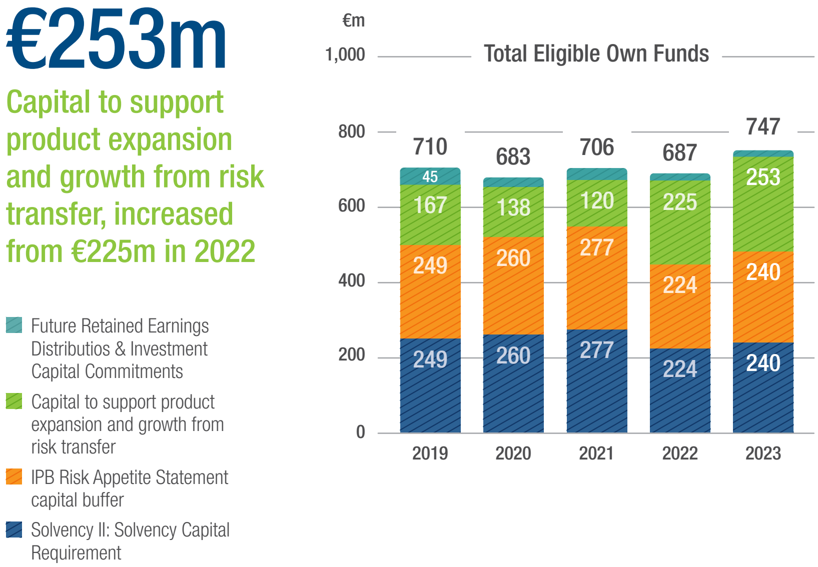
/// Solvency

The company's Solvency Capital Requirement (SCR) is as defined under Solvency II and is calculated using the Solvency II standard formula. The capital available to the company is of very high quality, consisting entirely of retained earnings.

/// Solvency II – Solvency Overview (€m)

€253m

Capital to support product expansion and growth from risk transfer, increased from €225m in 2022

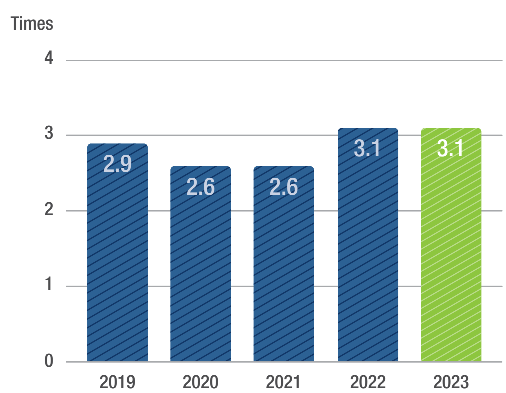


- The company holds regulatory and economic capital in addition to the SCR, as well as sufficient capital to:
  – Cover latent risks inherent in its business.
  – Deliver on its strategic objectives and to support product expansion and growth from risk transfer.
- The available capital to support product expansion and growth has increased to €253m in 2023.

/// Solvency II – Required Margin Cover

3.1

Times the capital required under Solvency II



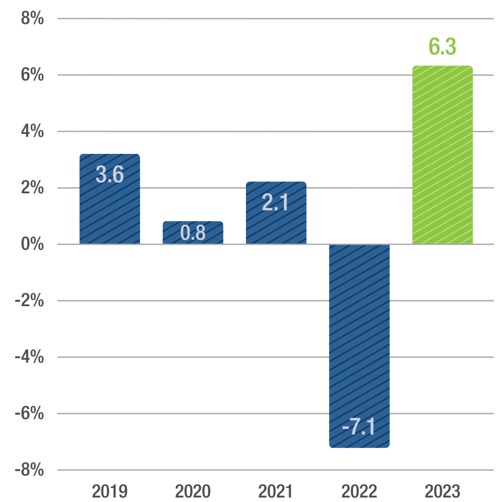
- The company's reinsurance programme enables it to minimise volatility in earnings from large losses and catastrophic events.
- The overall solvency margin continues to remain strong, with the cover representing 3.1 times the capital required under Solvency II.
- The company's credit rating from S&P Global Ratings remains at A- with a stable outlook.
- The company has set the minimum credit rating for reinsurers with which it transacts business at A-.

/// Investments and Asset Allocation

/// Investment Returns

6.3%

Strong investment markets recovery in 2023



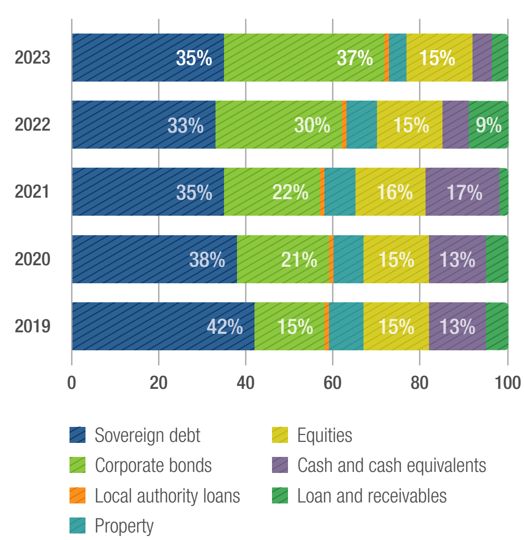
- The net investment return of €77.5m has resulted in an increase in the percentage return from -7.1% to +6.3%.
- 2022 was a difficult year for investments with rising interest rates and persistently higher inflation resulting in negative returns in the bond and equity markets. This has rebounded as expected. 2023 was a very successful year for the financial markets and for bonds in particular.

Note: Investment returns include income from interest and dividends plus/minus any realised/unrealised gains or losses and less any investment management expenses.

/// Analysis of the Investment Portfolio

37%

of the portfolio is invested in corporate bonds



- The market value of the investment portfolio is €1.3bn.
- The company follows a high-quality, low-risk investment strategy.
- The company's focus is on high-quality bonds and cash, with limited holdings in equities and property.

/// Controls and Accounting Policies

/// Internal Controls Policy

/// Controls and Procedures

It is Management's responsibility to produce the financial information contained in this report, which was recommended to the Board by the Audit Committee and approved by the Board. The company's controls and procedures are designed to provide reasonable assurance that information is accumulated and communicated to the company's leadership group and thereafter to the Board members. This includes the Chief Executive Officer, Finance Director, Director of Operations, Director of Member and Client Relations, Director of Underwriting, Director of Risk and Compliance and Director of Legal and Sustainability (Company Secretary), as appropriate, to allow timely decisions regarding required disclosure.

/// Internal Control over Financial Reporting

Management of the company is responsible for establishing and maintaining adequate internal control over financial reporting. These controls include policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions, acquisitions and disposals of the assets of the company.
- Provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with Financial Reporting Standard 102 and Financial Reporting Standard 103, and that receipts and expenditures are being made only in accordance with authorisations of Management and Directors of the company.
- Provide reasonable assurance regarding the prevention or timely detection of unauthorised acquisition, use or disposal of the company's assets that could have a material effect on the financial statements.

All control systems contain inherent limitations, no matter how well designed. As a result, the company's Management acknowledges that its internal control over financial reporting will not prevent or detect all misstatements due to error or fraud. In addition, Management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected.

/// Changes in Internal Control over Financial Reporting

There have been no significant changes that have materially affected the company's internal control over financial reporting during the financial year ended 31 December 2023.

Financial Statements

Directors' Report

The Directors have pleasure in submitting the Stakeholder and Annual Report and the audited financial statements for the financial year ended 31 December 2023.

/// Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance Contracts. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year.

In preparing the financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.ipb.ie). Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

/// Directors' Compliance Statement

In accordance with the requirements of Section 225 of the Companies Act 2014 for Directors to include a compliance certificate in the Annual Report of the entity of which they are a Director to acknowledge their responsibility for securing compliance with the relevant obligations of the company, the Directors of the company duly acknowledge such responsibility and confirm the implementation of the following assurance measures:

1) That a compliance policy statement has been drawn up setting out the company's policies in respect of the company's compliance with its relevant obligations and that, in the Directors' opinions, they are appropriate to the company.
2) That appropriate arrangements or structures that are, in the Directors' opinions, designed to secure material compliance with the company's relevant obligations have been put in place in the form of a review of satisfaction of the provisions of the Companies Act 2014 pertaining to the company, and engagement with its tax advisers on the satisfaction of taxation legislation.

   These arrangements or structures include reliance on the advice of persons employed by the company and retained by it under a contract for services, being persons who appear to the Directors to have the requisite knowledge and experience to advise it on compliance with its relevant obligations, and

3) That a review has been conducted during the financial year of those arrangements and structures referred to in Point 2 above.

/// Results for the Financial Year, Dividends and Financial Statements

The Profit and Loss Account for the financial year ended 31 December 2023 and the Balance Sheet as at 31 December 2023 are set out in the Management Analysis and Financial Statements section of this report. The profit on ordinary activities before taxation amounted to €89.6m (2022: loss €55.4m). After a tax charge of €10.9m (2022: tax credit of €7.1m), and the planned Special Dividend Distribution of €10.0m, the increase in retained earnings is €68.6m (2022: €66.7m decrease).

No Directors were involved in any transactions with the business during the financial year other than those outlined in the Directors' Remuneration Report in Note 7(b) in the financial statements.

/// Principal Activities, Business Review and Future Developments.

The principal activity of the company continues to be the provision of comprehensive insurance products and risk management facilities to its Members and customers. The Chairman's Statement and Chief Executive Review in Section 1 of this report provide an overview of the performance for the financial year and future strategy for the business.

/// Principal Risk and Uncertainties

The principal risks and uncertainties that the company faces are, by the very nature of the business, those for which it provides or has provided insurance cover. The company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to significant variation in the company's performance in the short term. Although considerable judgement is involved, the Directors adopt a prudent approach to the provision and valuation of insurance reserves, with annual support and certification being provided by an appropriately qualified and experienced in-house actuarial team supported by external reviews as required.

Another risk facing the company is the prevailing economic environment and its impact on the value of assets held to support the technical reserves. The company manages its capital requirements by assessing its required solvency margins on an ongoing basis. The Board also reviews the capital structure of the company on an ongoing basis to determine the appropriate level of capital required to pursue the business strategy.

Note 28 of the Management Analysis section of this report provides some sensitivity information on the possible impacts of these scenarios.

/// Risk Management

The Directors regularly consider the principal risk factors that could materially and adversely affect the future operating profits or financial position of the company. The company's risk management and compliance and regulatory governance frameworks are outlined in the Report of the Board and Executive section of this report. Details of the key risks and financial risk management objectives and policies of the company are outlined in the Risk Management section (Note 28) in the financial statements.

/// Directors and their Interests

The present Directors of the company, together with their respective biographies, are identified in the Report of the Board and Executive section of this report. The Directors of IPB do not have any interests in the company, either during or at the end of the financial year, as defined through the holding of shares or any share capital, other than being remunerated for the undertaking of their roles appropriately as Directors of IPB and/or as Chairs of the Board or of sub-committees of the Board.

/// Accountability and Audit

The Directors are responsible for the preparation of the financial statements and a statement detailing the full extent of these responsibilities is set out in this report.

/// Going Concern

The financial statements have been prepared on a going concern basis and, as required by the Corporate Governance Requirements for Insurance Undertakings 2015 ("the Requirements"), the Directors have satisfied themselves that the company is a going concern, having adequate resources to continue in operational existence for the foreseeable future. In forming this view, the Directors have reviewed the company's budget for 2024 and forecasts for 2025 and 2026, which take account of reasonably foreseeable changes in trading performance, the key risks facing the business, and the medium-term plans approved by the Board in its review of IPB's corporate strategy.

/// Corporate Governance

The Directors of the company duly acknowledge the company's compliance with the Requirements. Further information in relation to corporate governance is included in the Governance and Control section of the report.

/// Disclosure of Information to Auditor

So far as each of the Directors in office at the date of approval of the financial statements is aware:

- There is no relevant audit information of which the company's auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

/// Books and Accounting Records

The Directors are responsible for ensuring that proper books and accounting records, in compliance with Section 281-285 of the Companies Act 2014, are kept by the company. To achieve this, the Directors have appointed experienced accounts personnel who report to the Board and ensure that the requirements of Section 281-285 of the Companies Act 2014 are complied with. These books and accounting records are maintained at the company's premises at 1 Grand Canal Square, Grand Canal Harbour, Dublin D02 P820.

/// Auditor

The auditors, KPMG chartered accountants and statutory audit firm, were appointed by the Board at the annual general meeting on 5 May 2023 to audit the financial statements for the financial year ended 31 December 2023 and subsequent financial periods. Statutory Instrument 312 of 2016 gave effect to an

EU Directive and Regulation, and introduced mandatory rotation of audit firms after ten years for public interest entities. As Deloitte had been in position as auditors for ten years, a formal external audit tender process was undertaken with oversight by the Audit Committee on the Board's behalf, following which the Board selected KPMG as the external auditor for the Company. A resolution to formally approve the appointment of KPMG as external auditors was put to the AGM. Deloitte resigned as external auditors with effect from 5 May 2023 and have confirmed, in accordance with Section 400 of the Companies Act 2014, that there are no circumstances in connection with their resignation which should be brought to the attention of the members of the Company.

/// Approval of Financial Statements

The financial statements were approved by the Board on 28 March 2024.

On behalf of the Board

John Hogan **John Kearns**

Independent Auditor’s Report

to the Members of IPB Insurance Company Limited by Guarantee

Report on the Audit of the Financial Statements

/// Opinion

We have audited the financial statements of IPB Insurance Company Limited by Guarantee (‘the Company’) for the year ended 31 December 2023 set out on pages 90 to 145, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in note 2.

The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance Contracts issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- The financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its profit for the year then ended;
- The financial statements have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance Contracts;
- The financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014; and
- The financial statements have been properly prepared in accordance with the requirements of the European Union (Insurance Undertakings: Financial Statements) Regulations 2015.

/// Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the Board of Directors on 5 September 2023. The period of total uninterrupted engagement is the 1 year ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remained independent of the Company in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

/// Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Director’s assessment of the entity’s ability to continue to adopt the going concern basis of accounting included:

- Our evaluation of the Director’s assessment of the entity’s ability to continue to adopt the going concern basis of accounting included using our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analyse how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

- We analysed the Director's going concern assessment against the current year performance indicators and overall capital levels. Overall we considered the Director's going concern assessment as reasonable.
- We also considered less predictable but realistic second order impacts that could affect the Company such as the impact of the inflation and the related economic conditions on the Company's results and operations, the failure of counter-parties who transact with the Company, the performance of the investment portfolio and solvency and capital adequacy.
- We considered whether the going concern disclosure in the Directors' Report on page 80 with the summary of significant accounting policies, note 2 on page 95 of the financial statements gives an adequate description of the Directors' assessment of going concern, including the identified risks and dependencies.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

/// Detecting Irregularities Including Fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the Directors. In addition, our risk assessment procedures included:

- Inquiring with the Directors as to the Company's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of Directors as to the Company's policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of Directors regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Inspecting the Company's regulatory and legal correspondence.
- Reading Board and Audit Committee meeting minutes.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's licence to operate.

We identified the following areas as those most likely to have such an effect: regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the Directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition.

As the Company is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Company operates in and gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

In response to the fraud risks relating to management override of control, we also performed procedures including: identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation as well as assessing significant accounting estimates for bias.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

/// Key Audit Matters: Our Assessment of Risks of Material Misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matter was as follows:

- Valuation of claims outstanding €625.1 million (2022: €597.9 million).

Refer to page 98 to 99 (accounting policy) and note 16, pages 120 to 122 (financial disclosures).

The Key Audit Matter

The valuation of claims outstanding is the most significant risk area in our audit. Valuation of the incurred but not reported component of the liability is judgemental and requires a number of assumptions (including the selection of actuarial method to be use) that have a high degree of estimation uncertainty.

Therefore, there is a risk based on the level of judgement in selecting the most appropriate methodology and assumptions. There is also a risk related to the estimation of initial key assumptions including initial expected loss ratios, average cost per claim and development patterns, which are then applied to reserving based on the underwriting years and classes of business.

The integrity of key data used in the reserving process is also an area of focus.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of claims outstanding has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

For the reasons outlined above the engagement team determine this matter to be a key audit matter.

How the Matter was Addressed in our Audit

Our procedures included but were not limited to:

- We obtained and documented our understanding of the reserving process.
- We tested the design and implementation of the key control that we deemed relevant within the actuarial process used to assess the valuation of the claims outstanding liability.
- With the support of our internal actuarial specialists, we applied significant judgement in performing independent re-projection of the reserve balances using our own models for certain classes of business. The determination of which classes to re-project was based on risk assessment and materiality.
- We assessed and challenged the key methodologies and assumptions applied by management to estimate claims outstanding at year end for the remaining material classes of business. This challenge was supported by our expectations which were based on our knowledge and experience of the industry in which the Company operates.
- We assessed the completeness and accuracy of the data utilised in these calculations.
- On a sample basis, we agreed the loss reserves to relevant supporting documentation such as claims reports.

Based on the procedures performed, we found the valuation of claims outstanding to be reasonably stated.

/// Our Application of Materiality and an Overview of the Scope of our Audit

Materiality for the financial statements as a whole was set at €6.5 million, determined with reference to a benchmark of net assets of which it represents approximately 1%.

We have selected net assets as the benchmark as, in our view, net assets is the most appropriate benchmark given the circumstances and the nature of the Company's business and in particular the focus of the Members and the regulator on net assets.

In determining the percentage to be applied to the benchmark, we considered a number of factors, including the lack of external debt on the Company's balance sheet and the stability of the business environment in which it operates and concluded that an amount at the mid to lower end of our normal range was appropriate.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the financial statements as a whole was set at €4.2 million, determined with reference to materiality of which it represents 65%.

We applied this percentage in our determination of performance materiality based on the level of aggregation risk assessed.

In applying our judgement in determining performance materiality, we considered a number of factors, i.e. the level of aggregation risk, level of key management changes and the increased uncertainty related to a first-year audit.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding €325K, in addition to other identified misstatements that warranted reporting on qualitative grounds.

We applied materiality to assist us determine what risks were significant risks and the procedures to be performed.

Our audit was undertaken to the materiality and performance materiality level specified above and was all performed by a single engagement team in Dublin.

/// Other Information

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Annual Report. The financial statements and our Auditor's Report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- We have not identified material misstatements in the Directors' Report;
- In our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- In our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

Our Opinions on Other Matters Prescribed by the Companies Act 2014 are Unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

We have Nothing to Report on Other Matters on Which we are Required to Report by Exception

The Companies Act 2014 requires us to report to you if, in our opinion:

- The disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

We have nothing to report in this regard.

/// Respective Responsibilities and Restrictions on Use

Responsibilities of Directors for the Financial Statements

As explained more fully in the Directors' responsibilities statement set out on page 80, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website and further detail can be found here: www.iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements.

/// The Purpose of our Audit Work and to Whom we Owe our Responsibilities

Our report is made solely to the Company's Members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's Members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Niall Naughton
For and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place, IFSC, Dublin 1, D01 F6F5.
5 April 2024

Approved by the Board on 28 March 2024

Directors

John Hogan

John Kearns

Profit and Loss Account

For the financial year ended 31 December 2023

Technical account – non-life insurance business	Note	2023 €'000	2022 €'000
Gross written premiums	4	171,736	160,975
Premiums ceded to reinsurers	4	(41,819)	(33,795)
Net written premiums		**129,917**	**127,180**
Change in the gross provision for unearned premiums	4	(3,492)	74
Change in the reinsurance provision for unearned premiums	4	360	(57)
Net earned premiums		**126,785**	**127,197**
Commission income	5	11,413	9,498
Allocated investment return transferred from the non-technical account		69,292	(84,316)
Other technical income		**80,705**	**(74,818)**
Total technical income		**207,490**	**52,379**
Gross claims paid	4	(81,972)	(81,247)
Claims recovered from reinsurers	4	8,482	8,080
Claims paid net of reinsurance		**(73,490)**	**(73,167)**
Gross change in contract liabilities	4	(27,154)	4,860
Change in contract liabilities recoverable from reinsurers	4	9,862	(1,734)
Claims incurred net of reinsurance		**(90,782)**	**(70,041)**
Operating expenses	7	(30,984)	(29,747)
Underwriting expenses	4	(4,369)	(3,776)
Total claims and other technical charges		**(126,135)**	**(103,564)**
Balance on the technical account for non-life insurance business		**81,355**	**(51,185)**

Approved by the Board on 28 March 2024

Directors

John Hogan

John Kearns

Profit and Loss Account (continued)

For the financial year ended 31 December 2023

Non-technical account	Note	2023 €'000	2022 €'000
Balance on the technical account – non-life insurance business		**81,355**	**(51,185)**
Investment income	6	78,208	(88,493)
Investment management expenses	6	(716)	(42)
Allocated investment return transferred to the insurance technical account		(69,292)	84,316
Profit/(loss) on ordinary activities before taxation		**89,555**	**(55,404)**
Taxation on profit/(loss) of ordinary activities	8	(10,908)	7,077
Profit/(loss) for the financial year		**78,647**	**(48,327)**
Profit/(loss) attributable to:			
Members		78,647	(48,327)

Approved by the Board on 28 March 2024

Directors

John Hogan

John Kearns

Balance Sheet

As at 31 December 2023

	Note	2023 €'000	2022 €'000
Assets			
Intangible assets	10	332	791
Investments			
– Investment properties	12	59,840	77,220
– Derivative financial instruments	13	1,160	1,212
– Financial assets at fair value through profit or loss	14	1,105,695	913,292
– Loans and receivables	14	48,643	97,276
Reinsurers' share of technical provisions			
– Provision for unearned premiums	16	360	–
– Claims outstanding	16	55,080	45,218
Insurance assets	15	117	5,596
Debtors			
– Debtors arising out of insurance operations	17	7,622	4,000
– Debtors arising out of reinsurance operations	18	3,642	4,213
Prepayments and accrued income	20	11,870	5,977
Other assets			
– Property, plant and equipment	11	457	193
– Deferred tax assets	22	181	1,137
– Current tax assets	8	796	11,848
– Other receivables	19	2,723	1,823
– Cash and cash equivalents	21	60,086	95,266
Total assets		**1,358,604**	**1,265,062**
Equity			
Retained earnings		673,215	604,568
Total equity		**673,215**	**604,568**
Liabilities			
Technical provisions			
– Provision for unearned premiums	16	26,796	23,304
– Claims outstanding	16	625,103	597,949
Creditors			
– Derivative liabilities	13	93	88
– Insurance payables	23	9,777	7,566
– Trade and other payables	24	21,285	29,526
Accruals	25	2,335	2,061
Total liabilities		**685,389**	**660,494**
Total equity and liabilities		**1,358,604**	**1,265,062**

Approved by the Board on 28 March 2024

Directors

John Hogan

John Kearns

Statement of Changes in Equity

As at 31 December 2023

	Note	Retained earnings €'000	Total equity €'000
At 1 January 2023		**604,568**	**604,568**
Profit for the financial year		78,647	78,647
Total comprehensive income		**78,647**	**78,647**
Dividends payable/paid during the year	9	(10,000)	(10,000)
At 31 December 2023		**673,215**	**673,215**
At 1 January 2022		**671,230**	**671,230**
Loss for the financial year		(48,327)	(48,327)
Total comprehensive income/(expense)		**(48,327)**	**(48,327)**
Dividends paid during the year	9	(18,335)	(18,335)
At 31 December 2022		**604,568**	**604,568**

Approved by the Board on 28 March 2024

Directors

John Hogan

John Kearns

Statement of Cash Flows

For the financial year ended 31 December 2023

	Note	2023 €'000	2022 €'000
Operating activities			
Gross premiums received		169,995	162,267
Retro rated premiums received		5,075	2,103
COVID-19 premium rebates paid		–	(21,839)
Reinsurance premiums paid		(38,834)	(31,952)
Commission received on reinsurance premiums paid		11,546	9,498
Commission paid to insurance brokers		(2,326)	(1,952)
Claims paid gross		(84,273)	(81,547)
Claims reinsurance recoveries		8,920	7,341
Interest received		15,282	8,157
Dividends received		3,892	4,097
Operating and other expenses paid		(30,654)	(33,858)
Cash generated from operating activities		**58,623**	**22,315**
Taxation paid		1,106	(4,486)
Net cash flows from operating activities		**59,729**	**17,829**
Investing activities			
Loans repaid by local authorities		1,879	2,149
Purchase of investments designated at fair value through profit or loss		(887,983)	(815,810)
Proceeds from sale of investments designated at fair value through profit or loss		759,193	774,133
Purchase/improvement of investment property		(847)	–
Property rental income		4,668	5,548
(Increase)/decrease in loans and receivables on deposit with credit institutions		46,754	(67,345)
Purchase/disposal of property and equipment		(428)	(139)
Gain/(loss) on FX currency contracts		314	(4,592)
Purchase of intangible assets		(124)	(148)
Net cash flows from/(used in) investing activities		**(76,574)**	**(106,204)**
Financing activities			
Dividends paid		(18,335)	(31,741)
Net cash flows used in financing activities		**(18,335)**	**(31,741)**
Net decrease/(increase) in cash and cash equivalents		(35,180)	(120,116)
Cash and cash equivalents at 1 January	21	95,266	215,382
Cash and cash equivalents at 31 December	**21**	**60,086**	**95,266**

Notes to the Financial Statements

/// 1. Corporate Information

IPB Insurance CLG, trading as IPB Insurance ("the company"), is a mutual company, limited by guarantee, incorporated and domiciled in Ireland. The principal activities of the company continue to be the provision of a comprehensive insurance and risk management service to its Members and customers.

The financial statements were authorised in accordance with a resolution of the Directors on 28 March 2024.

/// 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the financial statements are set out below.

The financial statements have been prepared in accordance with Financial Reporting Standard 102, (the Financial Reporting Standard applicable in the UK and Republic of Ireland) (FRS 102) and Financial Reporting Standard 103 (Insurance Contracts) (FRS 103).

The financial statements of IPB have been prepared on a going-concern basis. The Directors of the company have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

In accordance with FRS 103, the company has applied existing accounting policies for insurance contracts.

The financial statements comply with the European Union (Insurance Undertakings: Financial Statements) Regulations 2015, and the Companies Act 2014.

The financial statements have been prepared on a historical cost basis except for those financial assets and financial liabilities that have been measured at fair value through the Profit and Loss Account.

The financial statements are prepared in euro and all values are rounded to the nearest thousand (€'000) except where otherwise stated.

Judgements, Estimates and Assumptions

The company's accounting policies are integral to understanding and interpreting the financial results reported in the financial statements. Some of these policies require Management to make estimates and subjective judgements that are difficult and complex and often relate to matters that are inherently uncertain. The policies outlined below are considered to be particularly important to the presentation of the company's financial position and results because changes in the judgements and estimates could have a material impact on the financial statements. Judgements and estimates are adjusted in the normal course of business to reflect changes in underlying circumstances.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies

(a) Judgements

For certain accounting policies there are different accounting treatments permitted under FRS 102 that would have a significant influence on the basis on which the financial statements are reported. In the process of applying the company's accounting policies, Management have made judgements, apart from those involving estimations and assumptions, that have a significant effect on the amounts recognised in financial statements. These are discussed below.

(i) Fair value of financial instruments using valuation techniques

The Directors use their judgement in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the company uses other valuation techniques to measure such instruments. These techniques use 'market-observable inputs' where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items, or from other observable market data. For positions where observable reference data is not available for some or all parameters the company estimates the non-market observable inputs used in its valuation models.

For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates although some assumptions are not supported by observable market prices or rates.

(b) Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Insurance contract liabilities

The classes of business written by the company give rise to a significant degree of uncertainty concerning the ultimate cost of claims. Uncertainty arises for the following reasons in respect of the majority of policies written by the company:

- Whether an event has occurred that would give rise to a policyholder suffering an insured loss.
- The extent of policy coverage and limits applicable.
- The amount of insured loss suffered by the policyholder.
- The timing of a settlement to the policyholder.
- The costs associated with handling claims.

Estimates must be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. It can take a significant period of time before the ultimate claims cost can be determined with certainty.

The company uses estimation techniques, based on statistical analysis of past experience and future estimates, to calculate a range of estimated cost of claims outstanding at the reporting date, which is subjected to sensitivity analysis. These techniques take into account the characteristics of the company's business.

Provisions are calculated gross of any reinsurance recoveries. A separate provision is made for the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

(ii) Fair value of financial assets and liabilities

The determination of fair value for financial assets and liabilities for which no observable market price exists requires the use of valuation techniques as described in Note 14. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(c) Assumptions

The main assumption is that the development pattern of the current claims will be consistent with previous experience while considering the likely future costs. Qualitative judgement is used to assess the extent to which past trends may not apply in future. These changes or uncertainties may arise from issues such as the effects of one-off occurrences, changes in external or market factors such as public attitudes to claiming, levels of claims inflation and the legal environment, or internal factors such as business mix and claims handling procedures. This leads to the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved. Changes in assumptions about these factors could affect the reported fair value of insurance contract liabilities.

Insurance Contracts

(a) Product classification

Insurance contracts are those contracts under which one party, the insurer, accepts significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder if a specified uncertain future event, the insurance event, adversely affects the policyholder. Once a contract has been classified as an insurance contract it remains an insurance contract for the remainder of its lifetime even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. All insurance contracts entered into by the company meet the definition of insurance contracts.

Reinsurance contracts are those contracts issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant. Ceded reinsurance arrangements do not relieve the company from its obligations to policyholders. All reinsurance contracts entered into by the company meet the definition of reinsurance contracts.

(b) Premiums

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in gross written premiums.

Premium adjustments for retrospectively rated policies are recognised as accrued income when the related losses are paid. A provision for premium adjustments for retrospectively rated policies is also recognised when provision is made for the related losses within case reserves.

Reinsurance premiums comprise the total premiums payable for contracts entered into during the period and are recognised on the date on which the policy incepts. Reinsurance premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies

(c) Provision for unearned premiums

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums for gross premiums are calculated on the twenty-fourths basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums. Unearned premiums for reinsurance premiums are calculated on the twelfths basis as the main reinsurance contracts renew at 1 January every year.

At each reporting date the company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims over unearned premiums. The calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant technical provision. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognised in the Profit and Loss Account by setting up a provision for premium deficiency.

(d) Claims incurred

Gross claims incurred include all claims occurring during the year, whether reported or not; related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustment to claims outstanding from previous years.

Reinsurance claims are recognised when the related gross insurance claims are recognised according to the terms of the relevant reinsurance contract.

(e) Insurance contract liabilities

Insurance contract liabilities include the outstanding claims provision, a provision for unearned premium, a provision for unallocated loss adjustment expenses of 8.5% and, if required, a provision for premium deficiency. The provision for unallocated loss adjustment expenses has increased from 8.0% in 2022. A super-inflation provision was introduced in 2022, to allow for the expectation that inflationary pressures being observed will impact payments on current reserves in the near future.

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred less any payments on account or part payments at the reporting date, whether reported or not, together with related claims handling costs. In addition, the company provides for its share of the Motor Insurers' Bureau of Ireland levy for the following year, based on our estimated market share of the motor line of business in the current financial year as at the financial year-end date.

Delays can be experienced in the notification and settlement of certain types of claims; therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is calculated. A margin for uncertainty of 15% is included on insurance contract liabilities.

Insurance contract liabilities are accounted for in line with Central Bank Reserving Adequacy Guidelines. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

(f) Reinsurance assets

Reinsurance assets represent balances due from reinsurance companies. Reinsurance assets include the reinsurance outstanding claims provision and the reinsurers' share of the provision for unearned reinsurance premiums.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurers' policies and are in accordance with the related reinsurance contract. Amounts recoverable from reinsurers are adjusted for an estimate for potential disputes and defaults.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the company will receive from the reinsurer. The impairment loss is recorded in the Profit and Loss Account.

Reinsurance assets are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

(g) Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, the carrying amount of insurance receivables approximates to their fair value.

Insurance receivables are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

(h) Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration paid or payable less directly attributable transaction costs. Subsequent to initial recognition, insurance payables are measured at fair value.

Insurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

(i) Commission income

Commission income receivable on outward reinsurance contracts is deferred and earned on a straight-line basis over the term of the reinsurance contract.

Insurance agency commissions, which do not require the provision of further services, are recognised as revenue on the effective commencement or renewal date of the related insurance policies.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies

Financial Instruments

As permitted by FRS 102, the company has elected to apply the recognition and measurement provision of IAS 39 – Financial Instruments (as adopted for use in the EU) to account for all its financial instruments.

(a) Financial assets

Initial recognition and measurement

On initial recognition, financial assets may be categorised into one of the following categories:

- Financial assets at fair value through profit or loss.
- Loans and receivables.
- Held-to-maturity financial assets.
- Available-for-sale financial assets.

The classification depends on the purpose for which the investments were required. Management determines the classification of its investments at initial recognition.

The company designates investments in equity and debt securities at fair value through profit or loss. Equity securities also include managed funds. This is in accordance with the company's investment strategy, under which the investment return is internally managed and evaluated on the basis of the total return on the investment. Other financial investments consist of loans to local authorities and deposits with credit institutions with an original maturity date in excess of three months. These investments are designated as loans and receivables.

Financial assets arising from non-investment activities include cash and short-term deposits, and insurance and other receivables.

A financial asset is initially recognised at cost, then subsequently measured at fair value. Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in a marketplace are recognised on the trade date. In the case of all financial assets not classified at fair value through profit or loss, transaction costs are directly attributable to its acquisition.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value, with changes in fair value recognised in net investment return in the Profit and Loss Account. Loans and receivables are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Investment income is recognised in the Profit and Loss Account as part of the net investment return. Dividends on equity investments are recognised on the date at which the investment is priced 'ex-div'. Interest income on debt securities is accrued and recognised in the Profit and Loss Account using the coupon rate. Interest income on loans and receivables is recognised using the EIR method.

Gains and losses arising on financial assets are recognised in net investment income in the Profit and Loss Account.

De-recognition

A financial asset is derecognised when the rights to receive cash flows from the investment have expired or have been transferred and when the company has substantially transferred the risks and rewards of ownership of the asset.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies

(b) Financial liabilities

Initial recognition and measurement

The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are designated at fair value through the Profit and Loss Account and recognised initially at cost.

Subsequent measurement

Financial liabilities are carried in the Balance Sheet at fair value with changes in fair value recognised in the Profit and Loss Account. Gains or losses are recognised in the Profit and Loss Account.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

(c) Derivative financial instruments

The company uses forward currency contracts to limit its exposure to foreign currency transactions. These derivative financial instruments, which are designated as held for trading, are typically entered into with the intention to settle in the near future.

Derivatives are initially measured at fair value on the date the contract is entered into, and subsequently re-measured at fair value. Each derivative is carried as a financial asset when the fair value is positive and as a financial liability when the fair value is negative.

Gains or losses on assets or liabilities held for trading are recognised in net investment income in the Profit and Loss Account.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less in the Balance Sheet.

(e) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted exit price, without any deduction for transaction costs.

For financial assets and liabilities not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models.

(f) Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Where there is objective evidence that an impairment loss has been incurred for financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future expected credit losses that have not yet been incurred. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies

The carrying amount of the asset is reduced and the amount of the loss is recognised as an expense in the Profit and Loss Account. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the carrying amount of the asset is increased or decreased to the revised estimate of its recoverable amount, but only to a level that does not exceed the carrying amount that would have been determined had the impairment not been recognised.

(g) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the Balance Sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Investment property

Investment property, comprising freehold and leasehold land and buildings, is held for long-term rental yields and capital appreciation. It is not occupied by the company and is stated at its fair value at the Balance Sheet date. Market valuations are carried out each year by an independent commercial real estate agent, using the RICS (Royal Institute of Chartered Surveyors) Valuation – Professional Standards. On an annual basis, valuations are carried out and valuation certificates are issued. Gains or losses arising from changes in the value of investment property are included in the investment return in the Profit and Loss Account for the period in which they arise.

Taxation

(a) Current tax

Tax assets and liabilities, for the current and prior periods, are measured at the amount expected to be recovered from or paid to the taxation authorities, using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset where a legally enforceable right exists to set off the recognised amounts and the company intends to settle on a net basis, or to release the asset and settle the liability simultaneously.

(b) Deferred tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised. The exception to this is where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside the Profit and Loss Account is recognised outside of the Profit and Loss Account in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to taxes levied by the same taxation authority.

Retirement Benefits

Defined contribution scheme

Contributions to defined contribution schemes are charged to the Profit and Loss Account on an accruals basis.

Members' Distribution Policy

Dividends are recognised as a liability when approved by the Board. See the Members' Distribution Policy in Note 27, Capital Management.

Other Accounting Policies

(a) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised on a straight-line basis over the assets' estimated useful lives as follows:

- IT software – 33% per annum.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and/or accumulated impairment losses, if any.

Depreciation is calculated on the straight-line method to write down the carrying value of assets to their residual values over their estimated useful lives as follows:

- Fixtures and fittings – 33% per annum
- IT hardware – 33% per annum
- Leasehold improvements – 20% per annum.

An item of equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is taken into the Profit and Loss Account in the period the asset is de-recognised.

The assets' residual values and useful lives are reviewed and adjusted prospectively, if appropriate, at each reporting date.

(c) Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount for the individual asset. The estimated recoverable amount is the higher of the asset's fair value less costs to sell or value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. This impairment loss shall be recognised immediately in the Profit and Loss Account in the expense category consistent with the nature of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the company estimates the recoverable amount of that asset. The carrying amount of the asset shall be increased to its recoverable amount. This increase is a reversal of an impairment loss and shall not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior periods. The reversal of an impairment loss for an asset shall be recognised immediately in the Profit and Loss Account, unless it is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(d) Foreign currency translation

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the reporting date.

All differences are taken to the Profit and Loss Account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transactions and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

(e) Provisions including Social Dividend

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event whereby it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

/// 3. Change in Accounting Estimate

An Accounting Estimate – Unallocated Loss Adjustment Expenses (ULAE) %

Following a review of inflationary market factors and claims trends it was decided to increase the ULAE rate from 8.0% to 8.5%. The impact of this change in 2023 was:

Analysis of the unallocated loss adjustment expenses change on the Profit and Loss Account	**2023 €'000**
Gross change in contract liabilities	(2,505)
Analysis of the unallocated loss adjustment expenses change on the Balance Sheet	**2023 €'000**
Claims outstanding	2,505

The amount of the effect in future periods is not reported because it is dependent on the level of outstanding claims reserves in future periods.

Notes to the Financial Statements

4. Segmented Analysis

/// 4. Segmented Analysis

Analysis of underwriting result by product 2023	Third-party liability €'000	Fire and other damage to property €'000	Motor €'000	Other €'000	Total €'000
Gross written premiums	106,685	41,091	9,295	14,665	171,736
Premium ceded to reinsurers	(9,458)	(29,349)	(833)	(2,179)	(41,819)
Change in the gross provision for unearned premiums	(765)	(2,254)	(26)	(447)	(3,492)
Change in the reinsurance provision for unearned premiums	25	335	–	–	360
Net earned premiums	**96,487**	**9,823**	**8,436**	**12,039**	**126,785**
Gross claims paid	(60,661)	(12,678)	(5,171)	(3,462)	(81,972)
Claims recovered from reinsurers	1,642	6,476	–	364	8,482
Gross change in contract liabilities	(7,980)	(14,902)	(242)	(4,030)	(27,154)
Change in contract liabilities recoverable from reinsurers	(1,742)	11,814	(114)	(96)	9,862
Claims incurred net of reinsurance	**(68,741)**	**(9,290)**	**(5,527)**	**(7,224)**	**(90,782)**
Technical underwriting result – net	**27,746**	**533**	**2,909**	**4,815**	**36,003**
Commission income	636	10,392	59	326	11,413
Operating expenses	(19,248)	(7,413)	(1,677)	(2,646)	(30,984)
Underwriting expenses	(1,318)	(2,852)	(54)	(145)	(4,369)
Underwriting result	**7,816**	**660**	**1,237**	**2,350**	**12,063**
Net investment return	48,139	18,541	4,194	6,617	77,492
Profit before taxation	**55,955**	**19,201**	**5,431**	**8,967**	**89,555**
Net insurance liabilities	**531,912**	**24,822**	**18,289**	**21,436**	**596,459**

Foreign exchange (FX) gains/losses on the insurance business (revaluation of GBP claims reserves) are included within net investment return.

Underwriting expenses relate to commission payable to brokers and surveyor report costs. The allocation of net investment return and operating expenses is based on the proportion of gross written premium across each product line.

Notes to the Financial Statements

4. Segmented Analysis

Analysis of underwriting result by product 2022	Third-party liability €'000	Fire and other damage to property €'000	Motor €'000	Other €'000	Total €'000
Gross written premiums	106,658	32,746	9,418	12,153	160,975
Premium ceded to reinsurers	(8,863)	(21,772)	(785)	(2,375)	(33,795)
Change in the gross provision for unearned premiums	(78)	53	158	(59)	74
Change in the reinsurance provision for unearned premiums	–	(57)	–	–	(57)
Net earned premiums	**97,717**	**10,970**	**8,791**	**9,719**	**127,197**
Gross claims paid	(64,830)	(9,527)	(5,288)	(1,602)	(81,247)
Claims recovered from reinsurers	3,354	4,474	–	252	8,080
Gross change in contract liabilities	14,833	(5,917)	1,042	(5,098)	4,860
Change in contract liabilities recoverable from reinsurers	(3,158)	465	1,291	(332)	(1,734)
Claims incurred net of reinsurance	**(49,801)**	**(10,505)**	**(2,955)**	**(6,780)**	**(70,041)**
Technical underwriting result – net	**47,916**	**465**	**5,836**	**2,939**	**57,156**
Commission income	667	8,610	61	160	9,498
Operating expenses	(19,710)	(6,051)	(1,740)	(2,246)	(29,747)
Underwriting expenses	(1,207)	(2,403)	(49)	(117)	(3,776)
Underwriting result	**27,666**	**621**	**4,108**	**736**	**33,131**
Net investment return	(58,661)	(18,010)	(5,180)	(6,684)	(88,535)
Loss before taxation	**(30,995)**	**(17,389)**	**(1,072)**	**(5,948)**	**(55,404)**
Net insurance liabilities	**521,449**	**19,815**	**17,908**	**16,863**	**576,035**

Foreign exchange (FX) gains/losses on the insurance business (revaluation of GBP claims reserves) are included within net investment return.

Underwriting expenses relate to commission payable to brokers and surveyor report costs. The allocation of net investment return and operating expenses is based on the proportion of gross written premium across each product line.

Notes to the Financial Statements

4. Segmented Analysis

Analysis of underwriting result by location	2023 Republic of Ireland €'000	2023 Northern Ireland €'000	2023 Total €'000	2022 Republic of Ireland €'000	2022 Northern Ireland €'000	2022 Total €'000
Gross written premiums	171,736	–	171,736	160,975	–	160,975
Premium ceded to reinsurers	(41,819)	–	(41,819)	(33,795)	–	(33,795)
Change in the gross provision for unearned premiums	(3,492)	–	(3,492)	74	–	74
Change in the reinsurance provision for unearned premiums	360	–	360	(57)	–	(57)
Net earned premiums	**126,785**	**–**	**126,785**	**127,197**	**–**	**127,197**
Gross claims paid	(81,563)	(409)	(81,972)	(80,882)	(365)	(81,247)
Claims recovered from reinsurers	8,482	–	8,482	8,080	–	8,080
Gross change in contract liabilities	(27,762)	608	(27,154)	3,750	1,110	4,860
Change in contract liabilities recoverable from reinsurers	9,862	–	9,862	(1,734)	–	(1,734)
Claims incurred net of reinsurance	**(90,981)**	**199**	**(90,782)**	**(70,786)**	**745**	**(70,041)**
Technical underwriting result – net	**35,804**	**199**	**36,003**	**56,411**	**745**	**57,156**
Commission income	11,413	–	11,413	9,498	–	9,498
Operating expenses	(30,984)	–	(30,984)	(29,747)	–	(29,747)
Underwriting expenses	(4,369)	–	(4,369)	(3,776)	–	(3,776)
Underwriting result	**11,864**	**199**	**12,063**	**32,386**	**745**	**33,131**
Net investment return	77,492	–	77,492	(88,535)	–	(88,535)
Profit/(loss) before taxation	**89,356**	**199**	**89,555**	**(56,149)**	**745**	**(55,404)**
Net insurance liabilities	**593,018**	**3,441**	**596,459**	**571,842**	**4,193**	**576,035**

The allocation of net investment return and operating expenses is based on the proportion of gross written premium in each geographical location.

Notes to the Financial Statements

/// 5. Commission Income

Analysis of commission income	2023 €'000	2022 €'000
Reinsurance commission income	11,413	9,498
Total commission income	**11,413**	**9,498**

Reinsurance commission reflects the amounts allowed by the company's reinsurers to cover administration and other expenses.

/// 6. Investment Return

Analysis of net investment return 2023	Investment income €'000	Net realised gains/ (losses) €'000	Net unrealised gains/ (losses) €'000	FX gains/ (losses) €'000	Investment expenses €'000	Total investment return €'000
Investment properties	5,460	–	(18,227)	–	–	(12,767)
At fair value through profit or loss						
– Debt securities	16,509	14,153	43,790	(254)	–	74,198
– Equity securities	3,923	6,761	3,342	(1,067)	–	12,959
Loans and receivables						
– Loans to local authorities	342	–	–	–	–	342
– Deposits with credit institutions	1,909	–	–	–	–	1,909
Cash and cash equivalents	1,478	–	–	–	–	1,478
Derivatives	–	–	–	257	–	257
FX gain/(loss) on insurance business	–	–	–	(168)	–	(168)
Investment income	**29,621**	**20,914**	**28,905**	**(1,232)**	**–**	**78,208**
Investment expenses	–	–	–	–	(716)	(716)
Total net investment return	**29,621**	**20,914**	**28,905**	**(1,232)**	**(716)**	**77,492**

Analysis of net investment return 2022	Investment income €'000	Net realised gains/ (losses) €'000	Net unrealised gains/ (losses) €'000	FX gains/ (losses) €'000	Investment expenses €'000	Total investment return €'000
Investment properties	5,419	–	(12,710)	–	–	(7,291)
At fair value through profit or loss						
– Debt securities	9,363	(15,893)	(62,352)	(144)	–	(69,026)
– Equity securities	4,142	(261)	(14,591)	1,684	–	(9,026)
Loans and receivables						
– Loans to local authorities	56	–	–	–	–	56
– Deposits with credit institutions	257	–	–	–	–	257
Cash and cash equivalents	(510)	–	–	–	–	(510)
Derivatives	–	–	–	(2,712)	–	(2,712)
FX gain/(loss) on insurance business	–	–	–	(241)	–	(241)
Investment income	**18,727**	**(16,154)**	**(89,653)**	**(1,413)**	**–**	**(88,493)**
Investment expenses	–	–	–	–	(42)	(42)
Total net investment return	**18,727**	**(16,154)**	**(89,653)**	**(1,413)**	**(42)**	**(88,535)**

Investment income includes interest earned on debt securities, interest income calculated using the effective interest rate on loans to local authorities, interest incurred on cash and cash equivalents and deposits with credit institutions for a period of three months or more, and dividends receivable on equity securities. Investment expenses are also included in net investment return. FX gains/losses on the insurance business are included within net investment return.

/// 7. Net Operating Expenses

7(a) Operating Expenses

Analysis of other operating expenses	Note	2023 €'000	2022 €'000
Directors' remuneration	7(b)	1,954	1,854
Employee benefits expense	7(c)	19,119	16,431
Amortisation on intangibles	10	583	613
Depreciation on property, plant and equipment	11	164	186
Auditors' remuneration	7(d)	279	195
Legal and professional fees		1,164	866
Marketing and Member engagement		686	3,356
Other expenses		7,035	6,246
Total operating expenses		**30,984**	**29,747**

The decrease in marketing expenses in 2023 relates primarily to a top-up of €3m in the Corporate Social Engagement (CSE) fund in 2022.

Notes to the Financial Statements

7. Net Operating Expenses

7(b) Directors' Remuneration

Analysis of Directors' remuneration	2023 €'000	2022 €'000
Directors' remuneration – salaries, benefits and fees	1,757	1,686
Directors' remuneration – PRSI	99	120
Directors' remuneration – pensions	98	48
Total Directors' remuneration	**1,954**	**1,854**

Directors' remuneration includes salaries paid to executive Directors during the period. All payments in respect of Directors' pensions are payments to a defined contribution scheme.

7(c) Employee Benefits Expense

Analysis of employee benefits expense	Note	2023 €'000	2022 €'000
Staff costs – salaries and benefits		16,302	13,736
Staff costs – PRSI		1,431	1,489
Staff costs – pensions	26	1,386	1,206
Total employee benefits expense		**19,119**	**16,431**

The average number of full-time equivalents employed by the company in the financial year is shown in the table below:

Employee numbers	2023	2022
Permanent staff	155	147
Total	**155**	**147**

The actual number of full-time equivalents employed by the business at 31 December 2023 was 157.5 (2022: 151.1).

Notes to the Financial Statements

7. Net Operating Expenses

8. Tax Charge on Profit on Ordinary Activities

7(d) Auditors' Remuneration

An analysis of the auditors' remuneration is set out below:

Analysis of auditors' remuneration	2023 €'000	2022 €'000
Fees and expenses paid to our statutory auditors are analysed as follows:		
– Audit of the financial statements	190	152
– Other assurance services	89	43
Total auditors' remuneration	**279**	**195**

Auditors' remuneration (excluding value added tax) in 2023 for audit services is €0.190m (2022: €0.152m), other assurance services fees amount to €0.089m (2022: €0.043m). The other assurance services relate to a Solvency II review and pension audit. The Board and the Audit Committee review on an on-going basis the level of fees and are satisfied that they have not affected the independence of the auditors.

/// 8. Tax Charge on Profit on Ordinary Activities

8(a) Current Tax Year Charge

Tax charge on profit on ordinary activities	2023 €'000	2022 €'000
Analysis of charge for year		
Tax charge based on the results for the year is as follows:		
Current tax		
– In respect of current year	(9,956)	6,065
– In respect of prior years	4	4
Total current tax credit/(charge)	**(9,952)**	**6,069**
Deferred tax		
– Origination and reversal of temporary differences	(956)	1,008
Total deferred tax charge	**(956)**	**1,008**
Total income tax expense recognised in the current year relating to continuing operations	**(10,908)**	**7,077**

Trading income is subject to corporation tax at the rate of 12.5%.

Notes to the Financial Statements

8(b) Tax Charge on Profit on Ordinary Activities

The tax assessed for the year differs from the standard rate of corporation tax due to the differences as explained below:

Tax charge on profit on ordinary activities analysis	2023 €'000	2022 €'000
Profit on ordinary activities before tax	89,555	(55,405)
Profit on ordinary activities multiplied by standard rate of corporation tax of 12.5%	11,194	(6,926)
Effect of		
– Expenses not deductible for tax purposes	123	482
– Adjustment in respect of prior years	(4)	(4)
– Income taxed at higher rate (25%)	85	14
– Income not subject to tax	(490)	(614)
– Temporary tax differences	–	(29)
Total current tax credit/(charge)	**10,908**	**(7,077)**

The total tax charge in future periods will be affected by any changes in the corporation tax rate.

Current tax assets and liabilities

The current tax asset of €0.8m (2022: €11.8m) relates to dividend withholding tax amounts that have been deducted and are recoverable by the company (€0.3m (2022: €0.3m)) and a corporation tax asset of €0.5m. The corporation tax asset of €0.5m consists of the current year tax liability of (€10.9m) offset by €0.9m of taxes already deducted from certain investments, losses carried forward from 2022 of €0.9m and refunds due of €9.6m relating to 2021 and 2022.

/// 9. Dividends Paid and Proposed

Dividend proposed/paid	2023 €'000	2022 €'000
Declared and payable during the year		
– Special dividend	10,000	–
– Interim dividend	–	18,335
Total dividends proposed/paid in the year	**10,000**	**18,335**

The payment of a distribution in any year is at the sole discretion of the Board, with a requirement for regulatory referral with recommendation to the Members required in respect of any distributions determined as final in a particular period. Payment in any one year does not entitle Members to payment in subsequent years. Any dividend payment respects the sanctity of the financial strength of the company.

A change to the dividend model was introduced for 2018 and beyond whereby up to 40% of profit after tax can be paid as Members' Commercial Dividend. This is payable one year in arrears to facilitate cashflow planning for our Members'. As per our dividend model there will be no Members' Commercial Dividend proposed for the 2023 financial year as the company has suffered a loss for the 2022 year. However, in light of the very strong underwriting result for the 2022 financial year, along with the exceptionally strong capital position that exists, a Special Dividend of €10m will be paid to Members in 2024.

Notes to the Financial Statements

10. Intangible Assets

/// 10. Intangible Assets

Intangible assets 2023 & 2022	IT software €'000	Total €'000
Cost		
Balance at 1 January 2022	4,803	4,803
Additions during the year	148	148
Balance at 1 January 2023	4,951	4,951
Additions during the year	124	124
Balance at 31 December 2023	**5,075**	**5,075**
Amortisation		
Balance at 1 January 2022	(3,547)	(3,547)
Amortisation for the year	(613)	(613)
Balance at 1 January 2023	(4,160)	(4,160)
Amortisation for the year	(583)	(583)
Balance at 31 December 2023	**(4,743)**	**(4,743)**
Carrying amounts		
Balance at 31 December 2022	791	791
Balance at 31 December 2023	**332**	**332**

Notes to the Financial Statements

/// 11. Property, Plant and Equipment

Property, plant and equipment 2023 & 2022	Fixtures & fittings €'000	Leasehold improvements €'000	IT hardware €'000	Total €'000
Cost				
Balance at 1 January 2022	395	1,576	956	2,927
Additions	–	–	140	140
Balance at 1 January 2023	395	1,576	1,096	3,067
Additions	269	67	92	428
Balance at 31 December 2023	**664**	**1,643**	**1,188**	**3,495**
Depreciation				
Balance at 1 January 2022	(360)	(1,553)	(775)	(2,688)
Depreciation for the year	(31)	(15)	(140)	(186)
Balance at 1 January 2023	(391)	(1,568)	(915)	(2,874)
Depreciation for the year	(22)	(9)	(133)	(164)
Balance at 31 December 2023	**(413)**	**(1,577)**	**(1,048)**	**(3,038)**
Carrying amounts				
Balance at 31 December 2022	4	8	181	193
Balance at 31 December 2023	**251**	**66**	**140**	**457**

/// 12. Investment Properties

Investment properties	2023 €'000	2022 €'000
Balance at 1 January	77,220	88,930
Additions	847	1,000
Movement in fair value	(18,227)	(12,710)
Balance at 31 December	**59,840**	**77,220**
Rental income derived from investment properties	5,460	5,419
Direct operating expenses generating rental income	(43)	(45)
Direct operating expenses not generating rental income	(160)	738
Income for the period	**5,257**	**6,112**

/// 13. Derivative Financial Instruments

The company is exposed to currency risks arising from the foreign currency investments it holds, mainly Danish debt securities as well as US and UK equity securities. The company enters into forward currency agreements, normally for a six-month period, to reduce foreign currency risk. These derivative instruments are held for trading and not as hedging instruments.

The following table shows the fair value of derivative financial instruments, recorded as net assets or liabilities on an individual contract basis, together with their underlying principal.

Derivative financial instruments – held for trading	Assets €'000	Liabilities €'000	Nominal value '000
Balance at 31 December 2023			
Forward foreign exchange contracts – GBP	36	32	GBP 12,000
Forward foreign exchange contracts – USD	1,124	–	USD 57,000
Forward foreign exchange contracts – CHF	–	60	CHF 2,000
Forward foreign exchange contracts – DKK	–	1	DKK 30,000
Total financial instruments held for trading	**1,160**	**93**	
Balance at 31 December 2022			
Forward foreign exchange contracts – GBP	151	64	GBP 13,000
Forward foreign exchange contracts – USD	1,061	16	USD 32,000
Forward foreign exchange contracts – CHF	–	1	CHF 1,000
Forward foreign exchange contracts – DKK	–	7	DKK 70,000
Total financial instruments held for trading	**1,212**	**88**	

/// 14. Other Financial Assets and Liabilities

Financial instruments other than derivative financial instruments are summarised by the following categories:

Other financial assets	2023 €'000	2022 €'000
Designated at fair value through profit or loss		
– Debt securities	916,578	739,212
– Equity securities	189,117	174,080
Total financial assets designated at fair value through profit and loss	**1,105,695**	**913,292**
Loans and receivables		
– Loans to local authorities	7,801	9,680
– Deposits with credit institutions	40,842	87,596
Total loans and receivables at amortised cost	**48,643**	**97,276**
Total other financial assets	**1,154,338**	**1,010,568**

The company ceased providing new loans to local authorities in 2009 (see Note 31). Balances outstanding are monitored on a monthly basis.

Determination of Fair Value and the Fair Value Hierarchy

The company held the following financial instruments carried at fair value: debt securities, equity securities and derivatives.

The company held the following loans and receivables at amortised cost: loans to local authorities and deposits with credit institutions.

The valuation technique for determining and disclosing the fair value hierarchy of financial instruments is as follows:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2 – When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.
- Level 3 – If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

The following tables provide an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Fair value hierarchy 2023	**Level 1 €'000**	**Level 2 €'000**	**Level 3 €'000**	**Total fair value €'000**
Derivative financial assets	–	1,160	–	1,160
Financial assets designated at fair value through profit or loss				
– Debt securities	905,658	10,920	–	916,578
– Equity securities	122,687	5,627	60,803	189,117
Loans and receivables				
– Loans to local authorities	–	–	7,801	7,801
– Deposits with credit institutions	–	–	40,842	40,842
Total assets	**1,028,345**	**17,707**	**109,446**	**1,155,498**
Derivative financial liabilities	–	93	–	93
Total liabilities	**–**	**93**	**–**	**93**

Notes to the Financial Statements

14. Other Financial Assets and Liabilities

Fair value hierarchy 2022	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Derivative financial assets	–	1,212	–	1,212
Financial assets designated at fair value through profit or loss				
– Debt securities	670,880	47,539	20,793	739,212
– Equity securities	94,507	79,573	–	174,080
Loans and receivables				
– Loans to local authorities	–	–	9,680	9,680
– Deposits with credit institutions	–	–	87,596	87,596
Total assets	**765,387**	**128,324**	**118,069**	**1,011,780**
Derivative financial liabilities	–	88	–	88
Total liabilities	**–**	**88**	**–**	**88**

Some of our managed funds have been transferred from Level 2 to Level 3. The managed funds consist of funds which invest in sectors such as renewable energy including solar and wind, telecommunications including fibre, roads and utilities, healthcare, logistics and office/retail funds. These funds are independently audited and net asset valuations are provided on a monthly/quarterly basis from independent investment managers. As each of these funds are unique and there is not readily available market details on recent transactions of these types of funds, they are now categorised as Level 3.

Movement in Level 3 Financial Instruments Measured at Fair Value

The following table shows a reconciliation of Level 3 fair value measurement of financial assets.

Reconciliation of Level 3 measurement of financial instruments	2023 €'000	2022 €'000
Balance at 1 January	118,069	54,881
Purchases	–	–
Sales	(20,793)	–
Transfer from Level 1	–	–
Transfer from Level 2	60,803	–
Movement in loans and receivables	(48,633)	65,426
Movement in fair value	–	(2,238)
Balance at 31 December	**109,446**	**118,069**

The movement in Level 3 financial instruments is comprised of the repayment of legacy loans to local authorities and transfers to new longer-term deposits with a credit institution along with managed funds as mentioned above.

Sensitivity of Level 3 Financial Instruments Measured at Fair Value to Changes in Key Assumptions

Level 3 investment classification is based on the assumption that it relates to securities in liquidation, securities carried at amortised cost and assets where the market is not active, and the fair value is estimated by using a valuation technique to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

The company assumes that all loans and receivables are fully recoverable. The following table shows the impact on the fair value of Level 3 instruments of using reasonable possible alternative assumptions by class of instrument:

	2023		2022	
Sensitivity of Level 3 financial instruments measured at fair value to changes in key assumptions	**Carrying amount €'000**	**Effect of reasonable possible alternative assumptions (+/-)**	**Carrying amount €'000**	**Effect of reasonable possible alternative assumptions (+/-)**
Financial assets designated at fair value through profit or loss				
– Debt securities	–	–	20,793	–
– Equity securities	60,803	–	–	–
– Loans and receivables	48,643	–	97,276	–
Balance at 31 December	**109,446**	**–**	**118,069**	**–**

/// 15. Insurance Assets

Insurance assets relate to retro-rated premiums that may become due from customers. Retro-rated premium arises where certain customers pay a minimum level of premium for a particular underwriting year but may be subject to further levels of premium depending on the claims experience for that underwriting year. Additional premium may not become payable for a number of years until claims fully develop for the underwriting year in question.

Insurance assets	**2023 €'000**	**2022 €'000**
Insurance assets – retro-rated premiums	117	5,596
Balance at 31 December	**117**	**5,596**

Notes to the Financial Statements

/// 16. Insurance Contract Liabilities And Reinsurance Assets

(a) Analysis of the Insurance Contract Liabilities

Contract liabilities	2023 Insurance contract liabilities €'000	2023 Reinsurance assets €'000	2023 Net €'000	2022 Insurance contract liabilities €'000	2022 Reinsurance assets €'000	2022 Net €'000
Projected outstanding case reserves	416,177	42,511	373,666	428,391	31,777	396,614
Projected IBNR	61,557	(27)	61,584	26,450	(510)	26,960
Projected future unallocated loss adjustment expenses	42,584	–	42,584	38,515	–	38,515
Provision for reinsurance bad debts	–	(338)	338	–	(447)	447
Provision for adverse development						
– Margin for uncertainty	81,535	7,184	74,351	77,993	5,898	72,095
– Expected value of binary event provision	23,250	5,750	17,500	26,600	8,500	18,100
Outstanding claims provision	**625,103**	**55,080**	**570,023**	**597,949**	**45,218**	**552,731**
Provision for unearned premiums	23,301	313	22,988	20,264	–	20,264
Provision for adverse development	–	–	–	–	–	–
– Margin for uncertainty	3,495	47	3,448	3,040	–	3,040
Unearned premium reserve	**26,796**	**360**	**26,436**	**23,304**	**–**	**23,304**
Total contract liabilities	**651,899**	**55,440**	**596,459**	**621,253**	**45,218**	**576,035**

Notes to the Financial Statements

16. Insurance Contract Liabilities and Reinsurance Assets

(b) Movement in the Gross and Reinsurance Claims Provision

Movements in gross outstanding claims provision	2023 €'000	2022 €'000
Carrying amount at 1 January	597,949	602,809
Claim losses and expenses incurred in the current year	145,898	113,713
Decrease in estimated claim losses and expenses incurred in prior years	(33,422)	(53,426)
Change in binary event provision	(3,350)	16,100
Incurred claims losses and expenses	109,126	76,387
Less		
Payments made on claims incurred in the current year	(13,598)	(8,003)
Payments made on claims incurred in prior years	(68,374)	(73,244)
Claims payments made in the year	(81,972)	(81,247)
Carrying amount at 31 December	625,103	597,949

Movements in outstanding reinsurance claims provision	2023 €'000	2022 €'000
Carrying amount at 1 January	45,218	46,952
Claim losses and expenses incurred in the current year	27,941	5,885
Increase/(decrease) in estimated claim losses and expenses incurred in prior years	(4,847)	2,961
Change in binary event provision	(4,750)	(2,500)
Incurred claims losses and expenses	18,344	6,346
Less		
Recoveries received on claims incurred in the current year	(6,911)	(1,794)
Recoveries received on claims incurred in prior years	(1,571)	(6,286)
Recoveries on claim payments	(8,482)	(8,080)
Carrying amount at 31 December	55,080	45,218

Notes to the Financial Statements

(c) Provision for Unearned Premiums

The following changes have occurred in the provision for unearned premiums during the year.

Provision for unearned premiums	2023 €'000	2022 €'000
Carrying amount at 1 January	**23,304**	**23,378**
Gross premium written during the year	171,736	160,975
Gross premium earned during the year	(168,244)	(161,049)
Changes in unearned premium recognised as income/(expense)	3,492	(74)
Carrying amount at 31 December	**26,796**	**23,304**

(d) Assumptions

Please refer to Risks Management Note 28 for a description of the assumptions used to calculate insurance liabilities.

/// 17. Insurance Receivables

Debtors arising out of insurance operations	2023 €'000	2022 €'000
Due from policyholders	7,622	4,000
Total current receivables	**7,622**	**4,000**

/// 18. Reinsurance Receivables

Debtors arising out of insurance operations	2023 €'000	2022 €'000
Due from policyholders	3,642	4,213
Total current receivables	**3,642**	**4,213**

Notes to the Financial Statements

/// 19. Other Receivables

Other receivables	2023 €'000	2022 €'000
Other receivables	66	66
Investments trade in transit	2,657	1,757
Total	**2,723**	**1,823**

/// 20. Prepayments and Accrued Income

Prepayments and accrued income	2023 €'000	2022 €'000
Retrospective premium receivable	1,758	1,023
Interest on debt securities	8,458	3,308
Interest on cash and cash equivalents	89	74
Accrued property rental income	45	9
Dividends receivable	28	4
Accrued Income – real estate funds	–	210
Other accrued income	580	557
Prepayments	912	792
Total	**11,870**	**5,977**

/// 21. Cash And Cash Equivalents

Cash and cash equivalents	2023 €'000	2022 €'000
Cash at banks and on hand	14,050	25,458
Short-term deposits	46,036	69,808
Total	**60,086**	**95,266**

Movement in cash and cash equivalents	2023 €'000	2022 €'000
Balance at beginning of reporting year	95,266	215,382
Balance at end of reporting year	60,086	95,266
Increase/decrease in cash and cash equivalents	**(35,180)**	**(120,116)**

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and incur interest at the respective short-term deposit rates.

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

Notes to the Financial Statements

/// 22. Deferred Tax Assets

Deferred taxation assets	**2023 €'000**	**2022 €'000**
Balance at 1 January	1,137	129
Movement in origination and reversal of temporary differences	(956)	1,008
Balance at 31 December	**181**	**1,137**
Tax deferred on trading losses	–	978
Temporary differences on property, plant and equipment	181	159
Balance at 31 December	**181**	**1,137**

A deferred tax asset is in place for temporary differences between the NBV (net book value) of property, plant and equipment and the tax written down value of those assets.

The deferred tax asset on trading losses in 2022 has been offset against the corporation tax liability in 2023.

/// 23. Insurance Payables

Insurance payables	**2023 €'000**	**2022 €'000**
Due to policyholders	4,459	5,233
Due to reinsurers	5,318	2,333
Total	**9,777**	**7,566**

The insurance payables due to policyholders mainly relates to insurance renewals paid in advance of renewal date.

Notes to the Financial Statements

/// 24. Trade And Other Payables

Trade and other payables	2023 €'000	2022 €'000
Trade creditors	721	(311)
Prepayment – property rental income	490	1,245
Dividend payable	10,000	18,335
Social Dividend payable	3,562	3,950
Short-term employee benefits	4,404	3,761
Member escrow balances	1,520	2,026
Tax and social welfare	588	520
Total	**21,285**	**29,526**
Tax and social welfare		
– PAYE	381	325
– PRSI	183	157
– VAT	24	38
Total	**588**	**520**

/// 25. Accruals

Accruals	2023 €'000	2022 €'000
Operating and other expenses	2,335	2,061
Total	**2,335**	**2,061**

/// 26. Pension Costs

The company participates in a defined contribution pension scheme.

2023 employer contributions for the employees' defined contribution pension schemes amounted to €1.484m (2022: €1.253m). There was €0.202m in outstanding pension contributions at 31 December 2023 (2022: €0.018m).

Notes to the Financial Statements

27. Capital Management

/// 27. Capital Management

The Central Bank of Ireland (Central Bank) requires the company to maintain an adequate regulatory solvency position. With effect from 1 January 2016, SI 485/2015 – European Union (Insurance and Reinsurance) Regulations 2015 transposed into Irish law the Solvency II Directive (Directive 2009/138/EC) as amended by the Omnibus II Directive (Directive 204/51/EC). The Solvency II Directive, amongst other requirements, established new economic risk-based solvency requirements across all EU member states. Solvency II introduced a risk-based capital as measured by the Solvency Capital Requirement (SCR) that reflects the risk profile of the insurer, as well as a Minimum Capital Requirement (MCR). IPB uses the Solvency II standard formula to measure these risk-based capital requirements. IPB must manage its own funds (as measured under Solvency II valuation rules) to ensure it has capital of sufficient quality to cover the SCR and MCR.

The company has complied with the Solvency II directive on an ongoing basis throughout the year. The capital available to the company is of a very high quality (Tier 1), consisting entirely of retained earnings. In addition, the assets that comprise the available assets are invested in a very balanced portfolio with limited risk accepted within the parameters of the Board-approved Risk Appetite Statement.

The company's capital levels are consistent with the highest credit rating agency financial strength levels. The company has developed risk metrics to quantify the risks to which the business is exposed. A capital model is used to quantify the risks of the business, taking into account diversification effects. This is done in the context of the company's Own Risk and Solvency Assessment (ORSA), which continues to evolve in parallel with Solvency II guidelines and industry best practice. The company considers overall solvency needs including risks that are beyond the scope of the capital model. This is achieved using a range of sensitivity tests and scenario analysis over the short, medium and long-term horizon. The appropriateness of the capital model is regularly assessed. The company considers capital requirements and capital efficiency in the context of profitability, expenses and market position relative to peers.

During 2023 the company also paid a Members' dividend of €18.3m and will be paying a special Members' dividend of €10.0m in 2024.

Members' Distribution Policy

The payment of a distribution in any year is at the sole discretion of the Board, with a requirement for recommendation to the Members of any distributions determined as final in a particular period. Payment in any one year does not entitle Members to payment in subsequent years. Any proposed dividend payment must, prior to payment, be made known to the Central Bank and must be acknowledged without objection by the Central Bank. Any dividend payment must respect the sanctity of the financial strength of the company. The Board operates the following restrictions on distribution payments:

- No Member distribution that may be payable should result in the reduction of the solvency cover below 200% of the required Solvency Capital Requirement (SCR) as specified by Solvency II, plus a provision for any anticipated medium-term capital utilisation plans. The distribution should not result in any non-compliance with the company's risk appetite as defined in the operating limits of the Risk Appetite Statement. In addition, any distribution should not materially weaken the company's liquidity position or negatively impact the company's credit rating. The Board reserves the right to cancel, amend or defer any impending dividend or Retained Earnings Distribution on the occurrence of an unforeseen event or action that materially reduces the company's capital strength.

Dividends are recognised as a liability when approved by the Board and are accordingly noted within the regulatory returns as such and within the Annual Stakeholder Report as required.

Members' Dividend

- The Members' Dividend payment in any year should be no more than €25m, to be determined at the sole discretion of the IPB Board.
- The Members' Dividend payment in any year should be no more than 40% of the surplus after tax in the previous financial year, unless otherwise determined at the sole discretion of the IPB Board.
- The Members' Dividend should be allocated to current Members in proportion to the gross written premium income (including retro rated premiums collected and excluding any premiums generated from loss portfolio transfers) derived from the Member in the previous year.
- No Members' Dividend should be payable where an underwriting loss, defined as premium earned (including other technical income) less claims incurred less commission and expenses (all elements to be net of reinsurance), has been made in the previous financial year. The Board may override this restriction if it is satisfied that the underwriting loss does not impact the current or future solvency of the business in a material way and where it has been notified to the Central Bank.
- To ensure certainty on the amount of any Member Commercial Dividend Payable the amount payable is confirmed based on the surplus after tax generated in the period and payable 12 months post confirmation. For example, in Year 1, if IPB records a surplus after tax of €10m. A Member Commercial Dividend of €4m (i.e. 40% of the surplus after tax for the period) is confirmed in April of Year 2 and is payable in April Year 3. In this scenario Members and all other Stakeholders have certainty as to the Member Commercial Dividend in Year 2 when they are compiling their budgets for Year 3. The same process is repeated annually.

Future Member Dividends

The IPB Board has recently reviewed the IPB Capital Management & Distribution Policy, arising from feedback received from Members in relation to the current volatility in the level of year-on-year Dividends. Based on this review a new Solvency based Dividend calculation methodology will be introduced for payments from financial year 2025 onwards. The new methodology will generate a much less volatile Member Dividend in future periods. Additional details will be shared with Members as part of the 2024 financial reporting cycle.

Retained Earnings Distributions

- Retained Earnings Distributions in any given year will only be made if the Board is satisfied that the resulting reduction in capital will not result in the capital position of the company falling below the operating limits of the IPB Risk Appetite Statement, to be determined at the sole discretion of the IPB Board.
- Any Retained Earnings Distribution will be subject to annual review encompassing stress testing and simulation of IPB's capital and financial sensitivities and assessment of the wider trading environment prior to approval of any distribution in each year. As a regulated entity, the company must communicate any such activity to the Central Bank of Ireland.

/// 28. Risk Management

The company recognises the critical importance of effective and efficient risk management. In accordance with the company's policies, key management personnel have primary responsibility for the effective identification, measurement, management, monitoring and reporting of current and emerging risks. The Board defines the overall level of risk and types of risk that the company is prepared to accept in its Risk Appetite Statement and Operating Limits. In addition, the Board ensures that robust monitoring and assurance processes are followed. The major risks the company faces are described below.

Strategic Risk

Strategic risk arises from adverse business strategies, the prospect of failure to implement business strategies and unanticipated changes in the business environment.

The company takes its strategic direction from the Board. The business plan is reviewed annually and is subject to Board approval. The Board monitors progress against the business plan. The company monitors changes in the business environment and considers their impact on the business. The company also considers the implications that changes in the operating model might have for the quality and efficiency of the service that is provided to Members and other policyholders. Other strategic considerations relate to the efficient use of capital and the company's ability to raise capital in the medium to long term.

Underwriting Risk

Underwriting risk arises from uncertainty in the occurrence, amounts and timing of non-life insurance obligations. The key risk associated with any insurance contract is the possibility that an insured event occurs and that the timing and amount of actual claim payments differ from expectations. The principal lines of business covered by the company include public liability, employers' liability, motor and property with cyber becoming a growing line in more recent years. The company manages underwriting risk through its underwriting strategy, claims handling and reinsurance arrangements.

The Board-approved underwriting policy establishes the underwriting strategy and principles. It defines underwriting limits, risk selection, authorities, escalation procedures and actuarial review requirements. The underwriting policy is implemented by means of underwriting guidelines. The company has developed its underwriting strategy to diversify the type of insurance risks written, and within each of the types of risk to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. The underwriting strategy includes the employment of appropriately qualified underwriting personnel, the targeting of certain types of business, a constant review of pricing policy using up-to-date statistical analysis and claims experience, and the surveying of risks carried out by experienced personnel.

The frequency and severity of claims can be affected by several factors, most notably the level of awards, inflation on settling claims and the subsequent development of long-term claims. The history of claims development is set out below, both gross and net of reinsurance.

Before the effect of reinsurance, the loss development table is:

Gross of reinsurance													
Underwriting year	**Before Pre 2013 €'000**	**2013 €'000**	**2014 €'000**	**2015 €'000**	**2016 €'000**	**2017 €'000**	**2018 €'000**	**2019 €'000**	**2020 €'000**	**2021 €'000**	**2022 €'000**	**2023 €'000**	**Total €'000**
At end of underwriting year		94,457	95,706	126,215	128,210	128,292	140,503	140,673	145,380	119,535	114,945	146,696	
One year later		93,603	93,057	119,315	109,530	115,883	127,826	136,053	115,655	100,377	96,576	–	
Two years later		85,311	95,578	113,652	110,208	111,692	123,428	126,827	106,927	98,460	–	–	
Three years later		79,526	96,998	110,016	108,917	105,686	115,229	120,114	96,748	–	–	–	
Four years later		78,849	95,933	128,177	104,682	100,382	115,288	119,016	–	–	–	–	
Five years later		78,388	94,589	122,085	100,824	100,156	115,786	–	–	–	–	–	
Six years later		78,056	92,041	122,317	100,144	99,660	–	–	–	–	–	–	
Seven years later		78,018	89,682	120,915	102,303	–	–	–	–	–	–	–	
Eight years later		78,148	89,625	118,958	–	–	–	–	–	–	–	–	
Nine years later		76,784	88,234	–	–	–	–	–	–	–	–	–	
Ten years later		76,059	–	–	–	–	–	–	–	–	–	–	
Ultimate claims losses incurred	**418,248**	**76,059**	**88,234**	**118,958**	**102,303**	**99,660**	**115,786**	**119,016**	**96,748**	**98,460**	**96,576**	**146,696**	**1,576,744**
At end of under-writing year		(5,073)	(5,236)	(6,251)	(6,765)	(5,490)	(7,145)	(6,830)	(4,965)	(5,682)	(5,763)	(12,533)	
One year later		(15,599)	(15,729)	(19,411)	(16,915)	(15,314)	(18,276)	(18,623)	(14,621)	(13,888)	(14,047)	–	
Two years later		(25,709)	(25,231)	(30,128)	(28,990)	(26,963)	(29,735)	(28,649)	(21,069)	(21,456)	–	–	
Three years later		(34,249)	(36,628)	(42,178)	(40,393)	(38,086)	(41,613)	(42,620)	(28,496)	–	–	–	
Four years later		(44,358)	(51,820)	(60,805)	(48,348)	(48,929)	(53,655)	(55,202)	–	–	–	–	
Five years later		(52,866)	(62,192)	(70,717)	(56,672)	(56,366)	(65,666)	–	–	–	–	–	
Six years later		(58,528)	(67,329)	(75,329)	(64,981)	(64,069)	–	–	–	–	–	–	
Seven years later		(61,388)	(73,439)	(80,074)	(70,881)	–	–	–	–	–	–	–	
Eight years later		(63,343)	(76,325)	(82,896)	–	–	–	–	–	–	–	–	
Nine Years Later		(66,734)	(77,621)	–	–	–	–	–	–	–	–	–	
Ten years later		(67,841)	–	–	–	–	–	–	–	–	–	–	
Cumulative payments to date	**(390,933)**	**(67,841)**	**(77,621)**	**(82,896)**	**(70,881)**	**(64,069)**	**(65,666)**	**(55,202)**	**(28,496)**	**(21,456)**	**(14,047)**	**(12,533)**	**(951,641)**
Total gross non-life insurance outstanding claims provisions per the Balance Sheet	**27,315**	**8,218**	**10,613**	**36,062**	**31,422**	**35,591**	**50,120**	**63,814**	**68,252**	**77,004**	**82,529**	**134,163**	**625,103**

After the effect of reinsurance, the loss development table is:

Net of reinsurance Underwriting year	Before Pre 2013 €'000	2013 €'000	2014 €'000	2015 €'000	2016 €'000	2017 €'000	2018 €'000	2019 €'000	2020 €'000	2021 €'000	2022 €'000	2023 €'000	Total €'000
At end of underwriting year		88,553	85,647	118,742	119,344	123,032	135,424	132,157	130,137	110,527	108,012	118,048	
One year later		87,827	89,712	108,555	103,004	112,858	124,316	123,955	105,456	91,614	92,628	–	
Two years later		82,695	91,795	104,216	103,550	108,566	117,393	116,134	97,986	91,668	–	–	
Three years later		76,924	93,308	101,065	102,053	101,150	110,347	108,139	89,351	–	–	–	
Four years later		76,467	91,565	100,694	97,155	96,621	110,855	109,868	–	–	–	–	
Five years later		76,075	90,736	94,787	93,854	96,713	111,952	–	–	–	–	–	
Six years later		75,748	88,431	95,506	93,495	96,659	–	–	–	–	–	–	
Seven years later		75,301	86,378	94,470	92,586	–	–	–	–	–	–	–	
Eight years later		75,639	86,420	92,527	–	–	–	–	–	–	–	–	
Nine Years Later		74,678	85,528	–	–	–	–	–	–	–	–	–	
Ten years later		74,034	–	–	–	–	–	–	–	–	–	–	
Ultimate claims losses incurred	**355,889**	**74,034**	**85,528**	**92,527**	**92,586**	**96,659**	**111,952**	**109,868**	**89,351**	**91,668**	**92,628**	**118,048**	**1,410,738**
At end of underwriting year		(4,352)	(4,234)	(5,587)	(4,766)	(4,563)	(5,456)	(5,988)	(3,859)	(5,221)	(4,946)	(5,781)	
One year later		(13,780)	(14,066)	(16,299)	(13,238)	(13,581)	(15,925)	(15,078)	(9,957)	(11,296)	(12,431)	–	
Two years later		(23,723)	(23,036)	(26,706)	(24,512)	(24,615)	(27,091)	(24,054)	(15,784)	(18,559)	–	–	
Three years later		(32,263)	(34,439)	(38,634)	(34,545)	(35,678)	(38,091)	(35,789)	(23,122)	–	–	–	
Four years later		(42,371)	(49,438)	(51,860)	(42,599)	(46,269)	(50,112)	(46,427)	–	–	–	–	
Five years later		(50,879)	(59,329)	(60,062)	(50,893)	(53,703)	(62,123)	–	–	–	–	–	
Six years later		(56,541)	(64,345)	(64,634)	(59,218)	(61,411)	–	–	–	–	–	–	
Seven years later		(59,401)	(70,454)	(69,378)	(64,878)	–	–	–	–	–	–	–	
Eight years later		(61,356)	(73,341)	(72,199)	–	–	–	–	–	–	–	–	
Nine Years Later		(64,747)	(74,965)	–	–	–	–	–	–	–	–	–	
Ten years later		(65,853)	–	–	–	–	–	–	–	–	–	–	
Cumulative recoveries to date	**322,966**	**(65,853)**	**(74,965)**	**(72,199)**	**(64,878)**	**(61,411)**	**(62,123)**	**(46,427)**	**(23,122)**	**(18,559)**	**(12,431)**	**(5,781)**	**(840,715)**
Total net non-life insurance outstanding claims provisions per the Balance Sheet	**22,923**	**8,181**	**10,563**	**20,328**	**27,708**	**35,248**	**49,829**	**63,441**	**66,229**	**73,109**	**80,197**	**112,267**	**570,023**

The Board-approved reinsurance policy establishes the reinsurance strategy and principles. The reinsurance programme reduces the variability of the underwriting result. For its motor, employers' liability and public liability as well as cyber business, the company has in place excess of loss reinsurance treaties. For its property business, the company operates proportional and catastrophe reinsurance treaties.

A primary objective of the company is to ensure that sufficient reserves are available to cover liabilities. The company uses an appropriately qualified and experienced in-house actuarial team supported by external reviews to assist with the estimation of liabilities to ensure that the company's reserves are adequate. Should the reserves be deemed to be inadequate, any deficiency is recognised immediately in the Profit and Loss Account.

Almost all of the underwriting risk is concentrated in the Republic of Ireland. This geographical concentration may increase the risk from adverse weather events such as windstorm, flood and freeze. Business is also concentrated by line of business, being predominately public liability, employers' liability and property. The other significant insurance risk concentration relates to the fact that the company primarily insures public-sector organisations.

While keeping the insurance needs of Members at the top of the agenda, the company endeavours to apply core underwriting competencies to further diversify the insurance portfolio into complementary lines and policyholders. In any case, all concentrations are significantly mitigated by an appropriate reinsurance programme. There are no other significant underwriting risk concentrations.

Market Risk

Market risk arises from financial instrument market price volatility. It reflects the structural mismatch between assets and liabilities, particularly with respect to duration. It includes interest rate risk, equity risk, property risk, spread risk, currency risk and asset concentration risk. Asset concentration risk arises where there is a lack of diversification, e.g. by issuer.

The Board-approved Investment Policy outlines how market risks are managed. Investments are limited to assets whose risks can be properly identified, monitored and managed. The company employs appropriately qualified and experienced personnel to manage the investment portfolio. Assets held to cover insurance liabilities are invested in a manner appropriate to the nature and duration of the insurance liabilities.

The Risk Appetite Statement is reviewed and approved annually by the Board of Directors. It defines the extent of permissible market risk exposures in terms of specific operational limits.

Compliance with policy and risk appetite is monitored daily and exposures and breaches are reported to the appropriate governance fora.

Currency risk

Currency risk relates to the sensitivity of the value of assets and liabilities to changes in currency exchange rates. The company's liabilities are mostly denominated in euro. The company holds investment assets in foreign currencies, which gives rise to exposure to exchange rate fluctuations. The company is only exposed to high-quality currencies including British Pounds (GBP), US Dollars (USD), Danish Krone (DKK) and Swiss Francs (CHF)). Currency risk is mitigated using currency forward contracts.

The carrying amount of the company's foreign currency-denominated assets at the reporting date is as follows:

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Carrying amount of the company's foreign currency denominated assets 2023	Foreign currency gross €'000	Foreign currency derivatives €'000	Net €'000
British Pounds (GBP)	13,776	13,787	(11)
Danish Krone (DKK)	5,819	4,026	1,793
Swedish Krona (SEK)	–	–	–
Swiss Francs (CHF)	5,569	2,167	3,402
US Dollars (USD)	56,386	51,202	5,184
Total	**81,550**	**71,182**	**10,368**

Carrying amount of the company's foreign currency denominated assets 2022	Foreign currency gross €'000	Foreign currency derivatives €'000	Net €'000
British Pounds (GBP)	14,655	14,570	85
Danish Krone (DKK)	14,935	9,418	5,517
Swedish Krona (SEK)	800	–	800
Swiss Francs (CHF)	3,956	1,018	2,938
US Dollars (USD)	30,535	29,727	808
Total	**64,881**	**54,733**	**10,148**

The net foreign exchange exposure after currency hedges is €10.4m (2022: €10.1m).

Interest rate risk

Interest rate risk relates to the sensitivity of the values of assets and liabilities to changes in the term structure of interest rates. The company faces a significant interest rate risk due to the nature of its investments and liabilities. Interest rate risk arises primarily from the company's investments in fixed-interest debt securities and from insurance liabilities.

Asset liability matching is used to minimise the impact of an unintended mismatch between assets and liabilities. The characteristics of assets are matched to the characteristics of liabilities as far as possible, including by amount, type, duration and currency. The Risk Committee regularly reviews the appropriate level of exposure to interest rate risk in tandem with the Investment Committee and the Board.

The interest rate stresses are based on an immediate shock to the company's portfolio of a change in the interest rate or yield curve. The results show the impact of an increase in interest rates of 100 basis points and a decrease of 25 basis points. The numbers have been calculated in accordance with the methodology prescribed by Solvency II, with the yield curve based on swap rates.

At the reporting date, the company held the following assets that are exposed to interest rate risk:

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Financial assets subject to interest rate risk	2023 €'000	2022 €'000
Debt securities		
– Irish Government fixed-interest bonds	53,334	44,804
– Other government fixed-interest bonds – eurozone	353,165	293,619
– Other government fixed-interest bonds – non-eurozone	39,925	34,341
– Corporate bonds	470,154	280,444
Total	**916,578**	**653,208**

The duration profile of the fixed interest earning investments, categorised by maturity date, is analysed in the following table. The table excludes floating rate notes and non-interest-earning investment assets such as equities, managed funds, property and amounts held on deposits with credit institutions.

	2023		2022	
Investments analysis	**Market value €'000's**	**Weighted average interest rate %**	**Market value €'000**	**Weighted average interest rate %**
In one year or less	49,288	1.05	99,551	0.51
In more than one year, but less than two years	150,966	1.35	80,042	0.86
In more than two years, but less than three years	105,586	1.68	126,711	0.92
In more than three years, but less than four years	–	–	81,494	0.82
In more than four years, but less than five years	225,468	2.25	104,584	1.31
More than five years	385,270	2.93	160,826	4.07
Total	**916,578**	**2.26%**	**653,208**	**1.68%**

The Board-approved Investment Policy sets out the requirements of asset liability matching. The primary objective of the 'matched portfolio' is to ensure that the company meets policyholder obligations as they fall due. This implies high-quality, secure and liquid investments with characteristics that approximately match those of the liabilities.

The Board-approved Risk Appetite Statement defines detailed operating limits to limit the extent of mismatch between assets and liabilities.

Spread risk

Spread risk mainly relates to changes in the market value of bonds due to changes in the credit standing of the issuer. The company limits the credit quality of bonds in which the company may invest. The following table provides information regarding the market risk exposure of the company by classifying debt securities by credit rating:

Market risk exposure by credit rating 2022 to 2023	AAA €'000	AA €'000	A €'000	BBB €'000	BB €'000	B €'000	Not rated €'000	Total €'000
Financial assets at fair value through profit or loss								
Debt securities								
2023	80,367	247,810	280,391	267,182	5,813	–	35,015	916,578
2022	135,174	185,665	262,159	132,639	18,947	4,628	–	739,212

Credit ratings as determined by a number of credit rating agencies are taken into consideration by the company. The company also carries out its own credit assessments for key credit counterparties. Where several ratings are available for a given credit exposure, the second-best rating is applied. For unrated bonds, the issuer rating is used as a proxy if the unrated bond does not exhibit any specificities that detriment credit quality, e.g. subordination.

Equity risk

Equity risk relates to the volatility of equity market prices. This volatility may be caused by factors specific to the individual financial instrument, factors specific to the issuer or factors affecting all similar financial instruments traded in the market. Equity risk excludes changes due to currency movements, which is considered as a separate risk type. The company is subject to equity risk due to changes in the market values of its holdings of quoted shares, unquoted shares and managed funds.

Equity risk is managed in line with the Board-approved Investment Policy. The Risk Appetite Statement places operating limits on the size of any single shareholding and on exposure to certain sectors. This imposes a diversification discipline within the equity portfolio. Consequently, there are no significant equity risk concentrations.

Other market risks

Property risk relates to the volatility of real estate market prices. The company's exposure to property risk is aligned to the limits set out in the company's Risk Appetite Statement.

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28. Risk Management

Credit Risk

Credit risk arises from an unexpected default or deterioration in the credit standing of counterparties and debtors, including reinsurance and premium receivables. The company is exposed to credit risk from its operating activities, primarily customer and reinsurer receivables, from cash deposits and bonds from the investment portfolio, and from its loans to local authorities. In the company's Risk Management Framework, credit risk relating to investments is managed as market risk.

The Risk Appetite Statement sets out the operating limits for each reinsurance counterparty, cash counterparty and other credit exposures. The Risk Appetite Statement is regularly assessed for appropriateness and is approved by the Board annually.

The Risk Appetite Statement requires diversification by reinsurance counterparty. In particular, no reinsurance counterparty may exceed 15% of the total reinsurance asset. This limit is increased to 25% for reinsurance counterparties with the very highest credit ratings, typically equivalent to S&P AA- or better. The limits are monitored on a regular basis, and exposures and breaches are reported to the appropriate governance fora. At each reporting date the company performs an assessment of creditworthiness and considers whether its reinsurance assets are impaired.

Cash balances with credit institutions are generally with financial institutions that have a strong credit rating. Balances may also be maintained with other institutions for operational reasons and these balances are kept to minimum levels. The minimum requirements and exposure limits for each counterparty are set out in the Risk Appetite Statement. The limits are monitored on a regular basis and exposures and breaches are reported to the appropriate governance fora. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum credit exposure.

Trade and other receivables are balances due from customers. The recoverability of trade and other receivables is monitored on a monthly basis, and provision for impairment is made, where appropriate.

The following table shows the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired, and assets that have been impaired.

2023	Neither past due nor impaired €'000	Past due less than 30 days €'000	Past due 31 to 60 days €'000	Past due 61 to 90 days €'000	Past due more than 90 days €'000	Carrying amount €'000
Debt securities	916,578	–	–	–	–	916,578
Other investments	189,117	–	–	–	–	189,117
Reinsurance assets (outstanding claims and receivables)	58,261	–	–	–	461	58,722
Loans and receivables	48,643	–	–	–	–	48,643
Insurance receivables	7,301	73	228	–	20	7,622
Total	**1,219,900**	**73**	**228**	**–**	**481**	**1,220,682**

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28. Risk Management

2022	Neither past due nor impaired €'000	Past due less than 30 days €'000	Past due 31 to 60 days €'000	Past due 61 to 90 days €'000	Past due more than 90 days €'000	Carrying amount €'000
Debt securities	739,212	–	–	–	–	739,212
Other investments	174,080	–	–	–	–	174,080
Reinsurance assets (outstanding claims and receivables)	47,690	–	1,614	–	127	49,431
Loans and receivables	97,276	–	–	–	–	97,276
Insurance receivables	3,788	72	9	–	131	4,000
Total	**1,062,046**	**72**	**1,623**	**–**	**258**	**1,063,999**

The company has the following provisions for doubtful debts at the reporting date. The reinsurance debtors provision is a probability-weighted estimate of the likelihood of future reinsurer counterparty default over the lifetime of a claim, combined with an allowance for the likelihood of possible reinsurance disputes. The reinsurance debtor provision below is included in the claims outstanding balance, whereas the other debtors balance is included in insurance receivables.

Bad debt provisions	2023 €'000	2022 €'000
Reinsurance debtors	338	447
Other debtors	80	80
Total	**418**	**527**

The following table shows aggregated credit risk exposure for assets with external credit ratings. The credit rating for debt securities is included under spread risk.

Reinsurance assets are reinsurers' share of outstanding claims, IBNR and reinsurance receivables. They are allocated below on the basis of reinsurer credit ratings for claims-paying ability.

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28. Risk Management

Loans and receivables from policyholders and intermediaries generally do not have a credit rating.

Market risk exposure by credit rating 2023	AAA €'000	AA €'000	A €'000	BBB €'000	BB €'000	B €'000	Not rated €'000	Total €'000
Derivative financial instruments assets	–	–	1,160	–	–	–	–	1,160
Equity securities	2,962	20,310	37,695	25,931	1,212	927	100,080	189,117
Investment property	–	–	–	–	–	–	59,840	59,840
Reinsurance assets (outstanding claims and receivables)	–	25,754	32,648	–	–	–	320	58,722
Loans and receivables	–	–	40,842	–	–	–	7,801	48,643
Insurance receivables	–	–	–	–	–	–	7,622	7,622
Cash and cash equivalents	–	–	59,995	91	–	–	–	60,086
Total	**2,962**	**46,064**	**172,340**	**26,022**	**1,212**	**927**	**175,663**	**425,190**

Market risk exposure by credit rating 2022	AAA €'000	AA €'000	A €'000	BBB €'000	BB €'000	B €'000	Not rated €'000	Total €'000
Derivative financial instruments assets	–	–	672	540	–	–	–	1,212
Equity securities	1,124	12,179	18,107	17,920	–	–	124,750	174,080
Investment property	–	–	–	–	–	–	77,220	77,220
Reinsurance assets (outstanding claims and receivables)	–	23,531	25,464	–	–	–	436	49,431
Loans and receivables	–	–	60,237	27,359	–	–	9,680	97,276
Insurance receivables	–	–	–	–	–	–	4,000	4,000
Cash and cash equivalents	–	–	85,967	9,299	–	–	–	95,266
Total	**1,124**	**35,710**	**190,447**	**55,118**	**–**	**–**	**216,086**	**498,485**

Where several ratings are available for a given credit exposure, the second-highest rating available is applied. The company considers a number of credit rating agencies and also carries out its own credit assessment for key credit counterparties.

Liquidity Risk

Liquidity risk is the risk that the company does not have sufficient liquid financial resources, such as cash, to meet its financial obligations when they fall due. Liquidity risk also arises where assets can only be liquidated at a material cost. The company is exposed to daily calls on its cash resources, mainly for claims and other expense payments.

The Board-approved Investment Policy sets out the assessment and determination of what constitutes liquidity risk for the company. Compliance with the policy is monitored and exposures and breaches are reported to the appropriate governance fora. The policy is reviewed annually. Guidelines are set for asset allocations, portfolio limit structures and the maturity profile of assets in order that sufficient funding is available to meet insurance contract obligations. Asset liquidity is such that it is sufficient to meet cash demands under extreme conditions. Localisation of assets is such that it ensures their availability. The Investment Policy specifies a contingency funding plan should a liquidity shortfall arise.

The company has mitigated much of its liquidity risk through holding liquid assets such as cash and sovereign bonds as well as assets and liability matching. The tables below show the maturity analysis of financial assets and financial liabilities based on the remaining undiscounted contractual obligations, including interest receivables or, where relevant, on the following assumptions:

- Loans and other receivables – cash flows for loans to local authorities and deposits with credit institutions are based on agreed principal and interest repayment schedules and are assumed to be repaid on the contracted maturity date.
- Financial assets at fair value through profit or loss – debt securities are assumed to be repaid on the contractual maturity date. However, the company sells debt securities prior to maturity to take advantage of yield curve opportunities. The maturity analysis is based on the assumption that debt securities redeem at par or the gross value as at 31 December 2023 in the case of index-linked bonds. Amortising bonds are stated at their nominal value as at 31 December 2023 in their final year of maturity. Coupon payments are not reflected. Equity securities are assumed to have no maturity date.
- Insurance contract liabilities – maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities.
- Cash and cash equivalents – cash flows include interest earned to the end of the reporting period.

Notes to the Financial Statements

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Maturity analysis (contracted undiscounted cash flow basis) 2023	Carrying value €'000	Within 1 year €'000	Within 1 to 5 years €'000	After 5 years €'000	No maturity date €'000	Total €'000
Financial assets						
Derivative financial instruments	1,160	1,160	–	–	–	1,160
Financial assets at fair value through profit or loss						
– Debt securities	916,578	44,900	493,491	389,560	–	927,951
– Equity securities	189,117	–	–	–	189,117	189,117
Loans and receivables						
– Loans to local authorities	7,801	2,048	6,034	550	–	8,632
– Deposits with credit institutions	40,842	26,148	16,313	–	–	42,461
Insurance assets	117	29	65	24	–	118
Reinsurance assets						
– Claims outstanding	55,080	21,481	23,850	9,694	–	55,025
– Debtors	11,264	11,264	–	–	–	11,264
Other receivables	2,723	2,723	–	–	–	2,723
Cash and cash equivalents	60,086	60,086	–	–	–	60,086
Total	**1,284,768**	**169,839**	**539,753**	**399,828**	**189,117**	**1,298,537**
Financial liabilities						
Insurance contract liabilities						
– Claims outstanding	625,103	168,778	338,181	117,519		624,478
Derivative financial instruments	93	93	–	–	–	93
Insurance payables	9,777	9,777	–	–	–	9,777
Trade and other payables	21,285	21,374	–	–	–	21,374
Accruals	2,335	2,335	–	–	–	2,335
Total	**658,593**	**202,357**	**338,181**	**117,519**	**–**	**658,057**

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28. Risk Management

Maturity analysis (contracted undiscounted cash flow basis) 2022	Carrying value €'000	Within 1 year €'000	Within 1 to 5 years €'000	After 5 years €'000	No maturity date €'000	Total €'000
Financial assets						
Derivative financial instruments	1,212	1,212	–	–	–	1,212
Financial assets at fair value through profit or loss						
– Debt securities	739,212	97,167	500,294	169,324	12,611	779,396
– Equity securities	174,080	–	–	–	174,768	174,768
Loans and receivables						
– Loans to local authorities	9,680	2,045	6,525	1,256	–	9,826
– Deposits with credit institutions	87,596	68,928	20,157	–	–	89,085
Insurance assets	5,596	1,326	3,195	1,074	–	5,595
Reinsurance assets						
– Claims outstanding	45,218	11,531	25,458	8,230	–	45,219
– Debtors	8,213	8,213	–	–	–	8,213
Other receivables	1,823	1,823	–	–	–	1,823
Cash and cash equivalents	95,266	95,266	–	–	–	95,266
Total	**1,167,896**	**287,511**	**555,629**	**179,884**	**187,379**	**1,210,403**
Financial liabilities						
Insurance contract liabilities						
– Claims outstanding	597,949	147,693	338,439	111,219	–	597,351
Derivative financial instruments	88	88	–	–	–	88
Insurance payables	7,566	7,566	–	–	–	7,566
Trade and other payables	29,525	29,599	–	–	–	29,599
Accruals	2,061	2,061	–	–	–	2,061
Total	**637,189**	**187,007**	**338,439**	**111,219**	**–**	**636,665**

Operational Risk

Operational risk arises from inadequate or failed internal processes, from personnel and systems, or from external events. Operational risk includes legal and regulatory compliance risk but excludes strategic and reputational risk. In particular, the company's operational risk includes outsourcing risks, including bankruptcy of service providers, disruption of services and failure to achieve standards.

The company regularly reviews all major operational risks. The Risk Committee reviews the risk assessment to ensure that all operational risks are identified and evaluated for recommendation to the Board. Each operational risk is assessed by considering the potential impact and the likelihood of the event occurring. The effectiveness of internal controls on controlling operational risk is also measured.

Compliance monitoring is carried out on an ongoing basis, according to an annual compliance plan that is approved by the Audit Committee and the Board.

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Internal audit is carried out on a continuous basis, in accordance with a rolling internal audit plan approved by the Audit Committee. The internal audit findings are updated on a monthly basis and circulated to the Audit Committee and Board.

The company has a business continuity plan for the restoration of functions should critical business processes be disrupted.

The company outsources certain functions to service providers. Outsourced arrangements are governed by the company's outsourcing policy as well as service level agreements. Service providers are required to adhere to company policy. Service providers are subject to detailed reporting requirements.

Cyber risk is a risk that continues to emerge as a significant threat to insurance companies. The company has a responsibility to ensure that it has made every effort to secure the data on its network and to ensure that the systems it utilises are secure and reliable so that it may best serve its Members and clients. IPB has in place an established Information Security Framework that details the roles, responsibilities and governance structure put in place by the company to support its information security objectives as well as the policies, procedures and standards that are in force in the company.

The scope of the company Risk Framework covers all risk types. For example:

- Reputational risk – risk arising from negative perception of the business among Members, customers, the Central Bank, counterparties, business partners and other stakeholders.
- Emerging risk – risks that may emerge in the future and have the potential to materially affect the solvency or the operations of the company, e.g. climate change and emerging technologies.
- Strategic risk – risk arises from inappropriate business strategies, failure to implement business strategies and unanticipated changes in the business environment. Strategic risk is principally managed by the Board and all strategic decisions are subject to a robust governance process which includes qualitative and quantitative risk assessments.
- Climate risk encompasses physical risks – this concerns an increase in the frequency and severity of extreme events such as floods, windstorms and wildfires coupled with volatile weather patterns.
- Transition risks – this concerns the move towards a low-carbon economy, the speed at which the transition occurs and the associated impact on valuation of assets.
- Reputational risks – concerns relating to the risk of failing to respond to changing customer expectations.
- Geopolitical risk – a series of interlinked dynamics are exacerbating volatility in global markets including the Middle East conflict, Russia's invasion of Ukraine, and US China competition. Geopolitical flashpoints pose cascading risks, notably the threat of a major terrorist attack as well as the looming threat of a cyber-attack disrupting physical and digital infrastructure. In addition, threats of a tariff war remain between the US, China, and EU also continue. 2024 will be a record year for elections as over 4 billion people across 76 countries go to the polls. The US election in November will dominate the global headlines as US policy outcomes can reverberate strongly across the world. Closer to home, local government elections are due to be held in mid-year and the likely outcome of these is currently quite uncertain. A general election is expected early next year and election issues are similar to those prevalent across the EU with housing, health and immigration at the forefront of voter considerations.

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28. Risk Management

Correlations Between Risks

Risk categories and specific risks are correlated to each other to a greater or lesser extent. Risks are correlated where an unfavourable outcome in one risk tends to be accompanied by an unfavourable outcome in another risk. For example, equity risk and property risk are correlated in the sense that a fall in property values can often be accompanied by a fall in equity values.

Risks have little correlation where it is unlikely that both risks will experience an unfavourable outcome at the same time. Such risks are said to be largely uncorrelated or independent.

The result is a 'diversification benefit'. For example, lapse risk may be somewhat independent of premium risk as lapse rates are unlikely to increase when premium rates are inadequate.

As the same capital resources are used to manage many different sources of risk, it is necessary to manage risk as a portfolio. An isolated change in risk in one part of a portfolio will also influence the capital required to finance other risks due to correlations. Consequently, it is necessary to explicitly model the correlations between risks. The quantification of correlations is highly uncertain, and the capital model relies on the 'dependency structure' defined in the Solvency II Standard Formula Technical Specification.

The Risk Report includes quantification of the diversification benefits assumed in the capital model. It also considers key correlations between certain specific risks, often quantitatively, but sometimes in a qualitative manner.

Sensitivity Analysis

The tables below provide sensitivity analysis on the company's key risks. The impact of a change in a single factor is shown with other assumptions left unchanged for each of the risk types.

Risk	Risk methods and assumptions used in preparing the sensitivity analysis
Underwriting risk	The impact of an increase in net loss ratios for general insurance business by 5%.
Currency risk	The impact of a change in foreign exchange rates by ± 10%.
Interest rate risk	The impact of a change in the yield curve on IPB's fixed interest portfolio by 100 basis points and negative 25 basis points. The stress excludes the impact of the change in cashflows from floating rate notes. The underlying yield curve is based on prevailing swap rates as at year-end 2023.
Equity risk	The impact of a change in equity market values by ±10%.

The above sensitivity factors have the following impacts on profit before tax and equity:

Sensitivity analysis Impact on profit before tax		2023 €'000	2022 €'000
Underwriting risk	5.00%	(6,339)	(6,360)
Currency risk	10.00%	1,037	1,015
Currency risk	-10.00%	(1,037)	(1,015)
Interest rate risk	1.00%	(27,755)	(16,776)
Interest rate risk	-0.25%	23,654	15,027
Equity risk	10.00%	18,912	17,408
Equity risk	-10.00%	(18,912)	(17,408)

Notes to the Financial Statements

28. Risk Management

Sensitivity analysis Impact on equity		2023 €'000	2022 €'000
Underwriting risk	5.00%	(5,547)	(5,565)
Currency risk	10.00%	907	888
Currency risk	-10.00%	(907)	(888)
Interest rates	1.00%	(24,286)	(14,679)
Interest rates	-0.25%	20,697	13,149
Equity risk	10.00%	16,548	15,232
Equity risk	-10.00%	(16,548)	(15,232)

In addition, the impact of changes in the assumptions used to calculate general insurance liabilities and sensitivities are indicated in the following table. The gross impact in the following table is calculated by multiplying the gross Incurred But Not Reported (IBNR) reserve and real yield provision by 10%, while the net impact is estimated at 80% of the gross figure.

Sensitivity analysis 2023	Change in assumptions (note 28)	Reduction in gross technical reserves €'000	Estimated reduction in net technical reserves €'000	Impact on profit before tax €'000	Increase in equity €'000
Third-party liability and other	10.00%	(8,091)	(6,473)	6,473	5,664
Motor	10.00%	(592)	(474)	474	415
Fire and other damage to property	10.00%	(354)	(283)	283	248
Total		**(9,037)**	**(7,230)**	**7,230**	**6,327**

Sensitivity analysis 2022	Change in assumptions (note 29)	Increase in gross technical reserves €'000	Estimated increase in net technical reserves €'000	Impact on profit before tax €'000	Reduction in equity €'000
Third-party liability and other	10.00%	(4,187)	(3,350)	3,350	2,931
Motor	10.00%	(597)	(478)	478	418
Fire and other damage to property	10.00%	(340)	(272)	272	238
Total		**(5,124)**	**(4,100)**	**4,100**	**3,587**

It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. Reserve projections are subject to a substantial degree of uncertainty and should be viewed as only part of a wider range of possible values produced by alternative assumptions. Particular areas of uncertainty in the projections include:

- The possibility of a future reduction in the level of real yields underlying the determination of Irish bodily injury awards as outlined in Note 2 on judgements, estimates and assumptions.
- The long-term impact of the new Personal Injury Guidelines on the cost of claims.
- The possible emergence of new types of latent claims that are not allowed for in the projections.

- The potential for stress claims to arise significantly more frequently in the current economic climate than past data would suggest.
- Changes in the level of claims inflation.

The methods used for deriving sensitivity information did not change from the previous period.

Limitations of sensitivity analysis

The tables in this section demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. The sensitivity analysis does not take into consideration that the company's assets and liabilities are actively managed.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risks that only represent the company's view of possible near-term market changes that cannot be predicted with any certainty, and the assumption that all interest rates move in an identical fashion.

/// 29. Lease Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

Analysis of lease commitments	2023 €'000	2022 €'000
Within 1 year	1,302	1,302
Between 1-5 years	5,209	5,209
After 5 years	4,775	6,077

/// 30. Contingencies and Regulations

(a) Capital Commitments

The company has no capital commitments at the reporting date.

(b) Legal Proceedings and Regulations

The company is not involved in any material legal proceedings other than proceedings that relate to the settlement of claims.

The company is subject to insurance regulation in Ireland and has complied with these regulations. There are no contingencies associated with the company's compliance or lack of compliance with such regulations.

/// 31. Related Party Disclosures

The company enters into transactions with related parties in the normal course of business. Transactions with related parties are at normal market prices. Details of significant transactions carried out during the year with related parties are outlined below.

Key Management Personnel

For the purpose of the disclosure requirements the term 'Key Management Personnel' (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly) comprises the Board of Directors and includes the Chief Executive Officer and Finance Director, who manage the business and affairs of the company. Disclosure in relation to the 2023 and 2022 compensation entitlements of the Board of Directors is provided in Note 7(b). There were no loans outstanding between the company and its Directors at any time during the financial year nor is it the policy of the company to engage in such transactions.

Loans to Local Authorities

The company formerly issued a number of loans to local authorities for the purpose of developing local community initiatives (including local authority premises, roads and amenities). The company ceased providing these loans with effect from 2009; therefore, there were no loan advances made to local authorities during the year. Loan capital repayments and interest payments made by local authorities during the year amounted to €1.9m (2022: €2.1m). Loan balances outstanding at year-end amounted to €7.8m (2022: €9.7m).

All loans were issued unsecured and with interest rates at normal commercial terms. During the period interest income on these loans totalled €0.3m (2022: €0.1m) and is treated as non-trading investment income and recognised in the Profit and Loss Account. Interest is payable by the authorities on a bi-annual basis. The loans are reviewed for impairment at each reporting date and the Directors do not recommend any impairment provisions as of 31 December 2023.

Members

The percentage of total gross premiums written with Members in 2023 was 75% (2022: 78%). One of the investment properties held by the company is leased to a Member organisation on a commercial basis. The rental income included in the profit & loss account for the year for this lease is €0.3m (2022: €0.3m).

Please refer to page 147 for details of our Members.

/// 32. Corporate Social Engagement

During 2023 there was no company contribution to the Social Dividend Fund as part of its corporate social engagement (CSE) framework. The total contributions paid into the fund from 2012 to 2023 is €16m. The company has continued to make payments from the fund to appropriate recipients and has paid out €12.4m to date.

/// 33. Approval of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2024.

Other Information

/// Our Members

The company's Members must all be local authorities as defined by the 1926 to 1935 Local Authorities (Mutual Assurance) Acts and no local authority shall be capable of becoming a Member unless insured, or about to be insured, either against fire risk or employers' liability risk or in respect of any other risk normally insured against by the company and the act of insuring against any such risk is deemed to constitute Membership. If a local authority ceases to be insured against fire risk or employers' liability risk or in respect of any other risk normally insured against so that it is no longer insured with the company against any of such risks, it shall ipso facto immediately cease to be a Member. This also applies to the Regional Assemblies, Education and Training Boards and HSE legal entities to which the legislative provisions particular to local authorities per the Local Authorities (Mutual Assurance) Acts apply.

/// Legal Status of the Company

The company is limited by guarantee and does not have any share capital. This guarantee is provided by its Members. However, the Members' guarantee is limited based on the following rule:

"Every Member of the company undertakes to contribute to the assets of the company in the event of its being wound up while he is a Member, or within one year afterwards, for payment of the debts and liabilities of the company contracted before he ceases to be a Member, and of the costs, charges and expenses of winding-up, and for adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding Twelve Euro and Seventy Cents (€12.70)".

Source: IPB Insurance Company Limited by Guarantee Constitution, 29 April 2016

/// List of Members at the Year Ended 31 December 2023

County Councils

- Carlow County Council
- Cavan County Council
- Clare County Council
- Cork City Council
- Cork County Council
- Donegal County Council
- Dublin City Council
- Dún Laoghaire Rathdown County Council
- Fingal County Council
- Galway City Council
- Galway County Council
- Kerry County Council
- Kildare County Council
- Kilkenny County Council
- Laois County Council
- Leitrim County Council
- Limerick City & County Council
- Longford County Council
- Louth County Council
- Mayo County Council
- Meath County Council
- Monaghan County Council
- Offaly County Council
- Roscommon County Council
- Sligo County Council
- South Dublin County Council
- Tipperary County Council
- Waterford City & County Council
- Westmeath County Council
- Wexford County Council
- Wicklow County Council

Education Training Boards

- Cavan and Monaghan ETB
- City of Dublin ETB
- Cork ETB
- Donegal ETB
- Dublin and Dún Laoghaire ETB
- Galway and Roscommon ETB
- Kerry ETB
- Kildare and Wicklow ETB
- Kilkenny and Carlow ETB
- Laois and Offaly ETB
- Limerick and Clare ETB
- Longford and Westmeath ETB
- Louth and Meath ETB
- Mayo, Sligo and Leitrim ETB
- Tipperary ETB
- Waterford and Wexford ETB

Other

- Northern & Western Regional Assembly
- Southern Regional Assembly
- Eastern & Midland Regional Assembly
- The Health Service Executive

/// Glossary

Below is a simple explanation of some of the key technical terms used within this report and in the industry generally.

Term	Definition
Binary events	The best estimate being the probability weighted average of future cash-flows, some weight has to be given to losses with low probability but high cost within the best estimate valuation.
Capacity	Largest amount of insurance available from a company. Can also refer to the largest amount of insurance or reinsurance available in the marketplace.
Capital	The money invested in the company. This includes the money invested by Members and profits retained within the company.
Claims Frequency	Average number of claims per policy over the year.
Claims Handling Expenses	The administrative cost of processing a claim (costs of running claims centres, etc. and allocated shares of the costs of head office units). Not the cost of the claim itself.
Claims Reserve (Provision for Losses and Loss Adjustment Expenses)	Reserve established by the company to reflect the estimated cost of claims payments and related expenses that is estimated will ultimately be required to pay.
Claims Severity	Average cost of claims incurred over the period.
Gross Combined Operating Ratio %	Calculated as: $\frac{\text{Gross Incurred Claims + Operating Expenses (including acquisition commissions)}}{\text{Gross Earned Premiums}}$
Net Combined Operating Ratio %	Calculated as: $\frac{\text{Net Incurred Claims + Operating Expenses (including acquisition commissions and less reinsurance commissions received)}}{\text{Net Earned Premiums}}$
Commission	An amount payable/receivable to/from an intermediary such as a broker for generating business.
Commission Ratio	Ratio of net commission costs to net earned premiums.
Central Bank of Ireland (Central Bank)	The regulatory authority for Ireland's insurance industry.
Current Year Result on Underwriting	The underwriting profit or loss earned from business for which protection has been provided in the current financial period.

Term	Definition
Deferred Tax Assets/ Liabilities	The calculation of deferred tax is based on tax loss carry forwards, tax credit carry forwards and temporary differences between the carrying amounts of assets or liabilities in the published financial position and their tax base. The tax rates used for the calculation are local rates. Changes to tax rates already adopted at the reporting date are taken into account.
Defined Contribution Pension Plans	Defined contribution plans are funded through independent pension funds or similar organisations. Contributions fixed in advance (e.g. based on salary) are paid to these institutions and the beneficiary's right to benefits exists against the pension fund. The employer has no obligation beyond payment of the contributions and is not participating in the investment success of the contributions.
Discount Rate	The interest rate used in discounted cash flow analysis to determine the present value of future cash flows. The discount rate takes into account the time value of money (the idea that money available now is worth more than the same amount of money available in the future because it could be earning interest) and the risk or uncertainty of the anticipated future cash flows (which might be less than expected).
Earned Premium	The portion of an insurance premium for which the company already provided protection.
Economic Capital	The company's assessment of the capital the company must hold to have a high confidence of meeting its obligations.
Effective Interest Rate (EIR)	The rate that exactly discounts estimated future cash flows through the expected life of the financial asset/liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.
Exposure	A measurement of risk the company is exposed to through the premiums it has written. For example, in motor insurance one vehicle insured for one year is one unit of exposure.
FRS 102 & 103	FRS 102 & 103 are Irish GAAP Standards. As such, accounts prepared in accordance with FRS 102/103 must be compliant with Irish company legislation. The presentation of the Balance Sheet and Profit and Loss Accounts of Irish insurance companies is guided by SI 262/2015 European Union (Insurance Undertakings: Financial Statements) Regulations 2015.
Gross Written Premium (GWP)	Total premium written or processed in the period, irrespective of whether it has been paid, gross of reinsurance.
Gross/Net	In insurance terminology the terms gross and net mean before and after deduction of reinsurance, respectively. In the investment terminology the term "net" is used where the relevant expenses (e.g. gross dividends less funds charges) have already been deducted.

Term	Definition
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already-approved standards will continue to be cited as International Accounting Standards (IAS).
IBNR (Incurred but Not Reported)	A reserve for claims that have occurred but which have not yet been reported to the company.
Incurred Loss Ratio (gross and net)	Proportionate relationship of incurred losses to earned premiums expressed as a percentage. The company uses the gross loss ratio as a measure of the overall underwriting profitability of the insurance business the company writes and to assess the adequacy of its pricing. The net loss ratio is meaningful in evaluating the financial results, which are net of ceded reinsurance, as reflected in the financial statements.
Members' Dividend	This term relates to the share of the surplus or profits (normally post tax surplus or profits) paid to the Members of a mutual company. The Members' Dividend is usually allocated based on the level of Member business conducted with the mutual.
Net Asset Value (NAV)	The value of the company calculated by subtracting the company's total liabilities from the company's total assets.
Net Claims Ratio (Loss Ratio)	The Net Claims Ratio for any period of time is the ratio of net losses plus loss adjustment expenses incurred during such period to net premium earned for such period.
Net Earned Premium (NEP)	The portion of net premiums for which the company has already provided protection. This is included as income in the period.
Net Expense Ratio	The percentage of net earned premiums which is paid out in operating expenses, e.g. salaries, premises costs, etc. The ratio does not include claims-related expenses but can include commission costs.
Net Incurred Claims (NIC)	The total claims cost incurred in the period less any share to be paid by reinsurers. It includes both claims payments and movements in claims reserves in the period.
Net Written Premium (NWP)	Net written premium is premium written or processed in the period, irrespective of whether it has been paid, less the amount payable in reinsurance premiums.
Net Underwriting Result	This is a measure of how well the company has done excluding its investment performance and is calculated as: NEP – net claims (including claims handling expenses) – expenses (including commissions).

Term	Definition
Operating Profit	The profit generated by the ordinary activities of the company including both insurance and investment activity.
Portfolio Management	Management of a group of similar risks; these are usually grouped by line of business.
Premium Rate	The price of a unit of insurance based on a standard risk for one year. Actual premium charged to the customer may differ from the rate due to individual risk characteristics and marketing discounts.
Prior Year Result on Claims	Profit or loss generated by settling claims incurred in a previous year at a better or worse level than the previous estimated cost.
Property General Insurance	Property insurance covers loss or damage through fire, theft, floods, storms and other specified risks.
Real Yield	The return from an investment adjusted for the effects of inflation.
Reinsurance	The practice whereby the company transfers part of the risk it has accepted to another insurer (the reinsurer).
Retained Earnings Distribution	A Retained Earnings Distribution is a distribution of Members' or shareholders' equity which has been accumulated net of taxation in prior periods and reported in the equity section of the Balance Sheet.
Retro	Refers to retro-rated premium whereby policyholders' premiums are calculated for liability insurance retrospectively based on the insured's actual claims experience during the policy term. As the lifespan of a claim can span a number of years, the claims experience or losses may result in Retro premium balances accruing over time. Elimination of these historic balances and this basis of rating provides greater certainty regarding the insured's annual insurance costs, aiding their budgeting process.
Return on Equity (ROE)	A measure of the profits the company earns relative to funds attributable to ordinary shareholders or Members.
Social Dividend	IPB's Social Dividend is a process for distributing some surplus generated by IPB's profits in a systematic way through IPB's Corporate Social Engagement Framework. It provides our stakeholders and ultimately society with a share of the profits generated by IPB.
Solvency II	Capital adequacy regime for the European insurance industry. Establishes a revised set of EU-wide capital requirements and risk management standards. It came into force on 1 January 2016.
Solvency Capital Requirement (SCR)	This is the amount of funds that the company is required to hold based on a standard calculation defined by the Central Bank under the EU Solvency II directive.

Term	Definition
Total Equity Return	A measure of performance based on the overall value to equity holders of their investment in the company over a period of time. It includes the movement in the share price and dividends paid, expressed as a percentage of the share price at the beginning of the period.
Technical Underwriting Result – Net	Net premiums earned less net claims incurred. It excludes operating costs and commissions paid or earned.
Unallocated Loss Adjustment Expense (ULAE)	Indirect costs that are not readily attributable to specific claims, that are not included in allocated loss adjustment expenses.
Unearned Premium	The portion of premium that relates to future periods, for which protection has not yet been provided, irrespective of whether the premium has been paid or not.
Yield	Rate of return on an investment in percentage terms. The dividend payable on a share expressed as a percentage of the market price.

/// Company Information

Main Banker
Allied Irish Banks plc
7/12 Dame Street
Dublin 2

Solicitors
Arthur Cox
Solicitors
10 Earlsfort Terrace
Dublin 2

Independent Auditor
KPMG
Chartered Accountants & Statutory Audit Firm
1 Stokes Place
St Stephens Green
Dublin 2

Actuarial Peer Review
Mazars
Block 3
Harcourt Centre
Dublin 2

Company Registration Number
7532

Registered Office
1 Grand Canal Square
Grand Canal Harbour
Dublin D02 P820

/// Our People

40+ Years

Lorraine Scanlan
Caroline Young

35+ Years

Jacinta Gill
Margaret O'Connor
Marian Weston

30+ Years

Niamh Corrigan
Yvonne Loughran
David Malone
Paddy Moran

20+ Years

Fiona Carey
Maria Carroll
Ann Feely
Brendan Mahady
Caroline Quinn
Anne Rice
Gerard Ryan
Rory Walsh

10+ Years

Colm Bryson
Fergus Carolan
Michelle Carroll
Louise Conlon
David Connolly
Mairead Conway
Frank Cunneen
Enda Devine
Peter Doyle
Gerard Fallon
Aoife Jones
Tom Keane
Dean Kelly
Adrian Leonard
Conor McCourt
Maeve Moore
Ellen O'Carroll
Martha O'Connor
Graham Orr
Anne Marie Sheridan
John Sheridan
Adam Sykes
Barry Wallace
Christine Waters
Fiona Wolfe

Up to 10 Years

Katie Bell
Yong Bom
Daniel Boyce
Margaret Brennan
Edel Buckley
Tiernan Burford-Murray
Alan Burke
Ciara Butler
Darragh Callaghan
Oisin Cannon
Stephanie Carey
Neil Carmody
Jerome Casserly
John Caulfield
Peter Christian
James Cleary
Jean Conway
Conor Cooke
Fintan Corrigan
Sarah Coughlan
Ivan Cummins
Nicola Cummins
Ciaran Dempsey
Aoife Dennedy
Gerry Denvir
Darren Devereux
Margaret Devlin
Keith Di Cioccio
Chloe Downing
Cathy Doyle
Lesley Doyle
David Dunne
Niamh Ebbs
Aisling Farrell
Mary Farrell
Alison Farrelly
Richard Fitzgerald
Colin Flood
Alice Foley
Niall Foley
Joyce Foley
Alan Foster
Vanessa Franca
Paschal Garrett
Harry Geraghty
Mark Gleeson
Eileen Griffin
Joan Guy
Ivor Heavey
Hannah Hughes
Julie Hunter
Amy Hurst
Frank Kavanagh
Shauna Kavanagh
Jakub Kawalec
JJ Keane
John Kearns
Paul Kearns
Brian Kelleher
Nicola Kelly
Brenda Kerbey Thornton
Chris Kiernan
Claire Kiernan
Liam Kilmartin
Arthur Kroth
Quetili Lamperth
Joseph Lee
Diane Lehany
Joanne Lonergan
Craig Lyons
Vincent Lyons
Gearoid Magner
Sean Maguire
Conor Mahon
Leona McEvoy
Tiernan McGrattan
Dermot McInerney
Paul McMillan
Kevin McNamee
Ann-Marie McPartlin
Evan Millar
Amy Mooney
Robert Moore
Brian Moriarty
Shane Mulligan
Gerard Mulvaney
Darren Murphy
Lindsey Murphy
Lyndsey Noonan
Sophie O'Brien
Hannah Odunjo
Wendy O'Dwyer
Stephanie O'Halloran
Philomena Phelan
Laura Pielaszkiewicz
Mark Price
Cathy Quigley
Damian Quilligan
Wayne Rafferty
Tracey Reale
James Reid
Colm Reilly
Niamh Reilly
Katarzyna Rejmoniak
Josephine Rice
Fiona Richardson
Deborah Royal
Evelyn Savage
James Smith
Laura Smith
Lizanne Sorohan
Christopher Taaffe
Jeannine Tanner
Anthony Thorpe
Jonny Walshe
Michael Ward
Emma Warde
Brendan Watson
Michael Whelehan
Barry Whitelaw

As of 28 March 2024

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