



## **Ark Life Announces Annual Results**

**12th January 2005**

Ark Life, AIB's life assurance and pensions company today reported continued growth in its pensions business during 2004 with a very strong showing in the sale of new single premium pension products.

Reporting its new business results for 2004, Ark Life;

Increased sales of New Regular Pensions to Eur 36.2million, up from Eur 29.7 million in 2003

Doubled its New Single Premium Pensions business with sales of Eur 70.2 million, up from Eur 35.6 million in 2003.

Increase New Regular Premium Business to Eur 60.4 million (2003 figure Eur 56.2 million)

Sales of Single Premium Investments were Eur 398 million, down from Eur 475 million in 2003.

When measured using the accepted industry norm of APE (Annual Premium Equivalent, which is 10 per cent of new Single Premium sales plus 100 per cent of new Regular Premium sales) Ark Life achieved Eur 100.2 million, broadly in line with its 2003 performance (Eur 103.7 million). Of this, New Pensions APE was Eur 43.2 million (an increase of close to Eur 10million on the 2003 figure of Eur 33.3 million).

Billy Finn, managing director, Ark Life, said that the performance reflected Ark Life's focus on its efforts in pensions, as well as the decision to withdraw from the Guaranteed Bond market.

"In 2004 we renewed our focus on the pensions market, and this is reflected in a strong growth of 30 per cent in new pensions APE. Not only did Ark Life consolidate its position as a leader in the PRSA market, but we made substantial inroads in high end single premium pensions market where we almost doubled our new business.

"The fall in our investment business, reflects our decision to withdraw from the Guaranteed Bond Market in the middle of the year. This was a major area of business for us but in the face of continued low interest rates it did not offer investors adequate returns on their investment. However, the very strong pensions performance meant that we maintained our business performance in line with 2003. This was a strong performance by the entire Ark Life team," he said

Mr. Finn expressed satisfaction with Ark Life's performance in the PRSA market. "We are very pleased with our performance in the PRSA market. Ark Life's PRSA business at Eur 21 million is up 71 per cent on last year. Our strong performance I believe, reflects our decision to introduce a standard only PRSA, which is easily understood by savers. Latest available figures puts us at almost a quarter of the entire PRSA market and, as the preferred PRSA provider for more than 20,000 Irish employers we are well positioned to take advantage of the opportunities presented in this market.

"However, in general the market is not achieving the sales levels which would enable the Government to achieve its targets for pensions coverage. There is a need to re-examine how we facilitate people saving for their retirement. The introduction of other types of savings products which would encourage long term savings should be considered by the Government," he said.

Mr Finn argues that sales of regular savings plans remain exceptionally low and that while a large number of people invested in an SSIA product, many are not looking beyond their SSIA. "Many savers are taking a short term view of their SSIA and have not considered reinvesting or continuing their savings once their SSIA matures. This obviously needs to be addressed and there are any number of proposals being put to Government in this regard.

"However our concern is that a new generation of savers are being denied the fiscal incentives which it is generally recognised are needed to encourage long term savings. There is a need to introduce some sort of tax incentive in this year's Finance Bill which would encourage savings, perhaps along the lines of the UK Investment Savings Accounts.

"ISAs allow savers to build up an investment which is entirely free from income and capital gains taxes, saving a maximum amount annually. We have seen the success of SSIA's in encouraging savings and ISAs could have an even bigger long term impact. However the key will be to introduce a standard, easy to understand product. One of the issues with PRSAs is that the introduction of a non-standard product led to confusion for savers," he said.

Mr. Finn said Ark Life would be making submissions to the Department of Finance in relation to its proposals for the introduction of an ISA style savings product.

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