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# In numbers: Why VHI, Laya and Irish Life are hiking prices and how their financials compare



Brian Walsh VHI, Declan Bolger Irish Life and Donal Clancy Laya Healthcare - how do the big three match up on the balance sheets?



Fionn Thompson

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In a story all too familiar to those with health insurance, 2025 started with the oft-repeated news that premiums were set to rise again.

The turn of the year brought with it price increases across 130 of Irish Life Health plans, 13 from Laya Health, and 11 from VHI.

This comes after numerous price hikes over the course of 2024.

However, since the Covid-19 pandemic, insurers have been adamant that rising claims costs and increased medical inflation has necessitated the need for persistent price adjustments.

“We expect demand for healthcare services to remain high resulting in continuous upwards pressure on claims costs and subsequently pricing,” said directors at VHI in its 2023 year-end results.

Everyone knows prices are only going one way, but what’s driving the increases and are they likely to continue?

## **State of play**

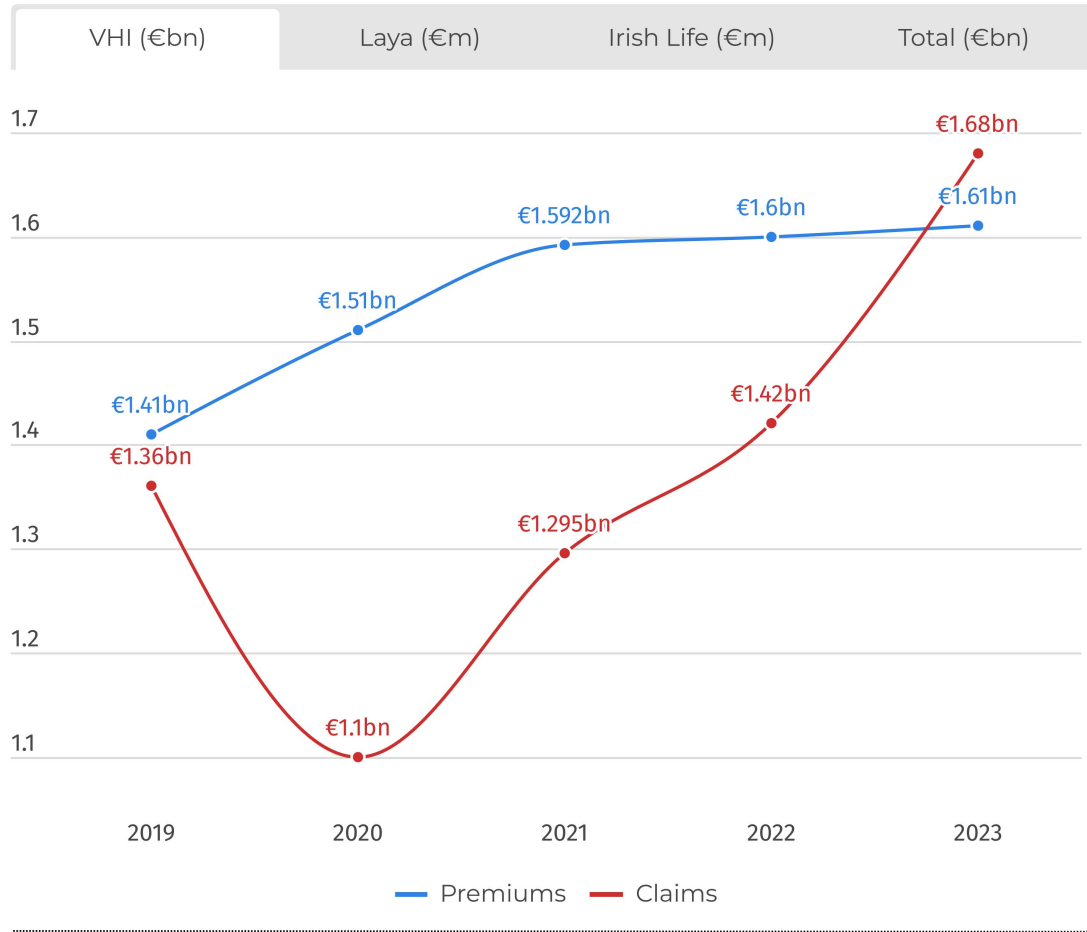
According to data from the Health Insurance Authority (HIA), claims against insurers have been rising since Covid.

While premium income has also increased, its growth has been less linear; the cost of claims has been growing at a faster pace than premium income.

## Premiums vs Claims by insurer

Source: Solvency and financial condition reports of VHI, Laya and Irish Life

VHI is the only insurer to see its claims surpass its premium income.



By year-end 2023, the three main insurers received just under €3.2 billion in premium income. However, claims increased by over €1 billion from 2020 to €2.8 billion.

“What’s happened is that as well as the increased volume of claims coming from the private hospitals, the actual cost of those claims, right across the board, has increased quite significantly,” Dermot Goode, head of healthcare at Lockton Insurance Brokers, said.

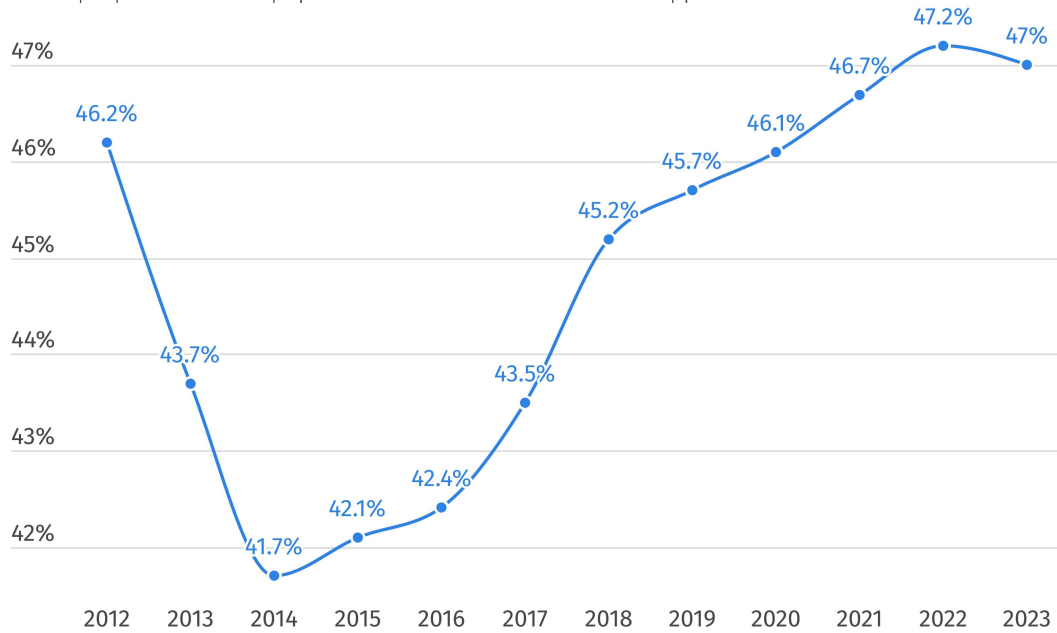
Goode said that private hospitals, since the pandemic, have become much better at customer turnover, helping to see more patients every day and thus pushing up the number of claims they can process.

## Percentage of population covered by health insurance

Source: Health Insurance Authority

The rate of increase in health care customers has fallen in recent years, driven by an increasing population and lower cover levels from younger customers.

The proportion of the population with health insurance dropped in 2023.



“We're seeing more people going to the private hospitals. But also, we're seeing the private hospitals, over the last year to two years, becoming much more efficient in terms of claims management.”

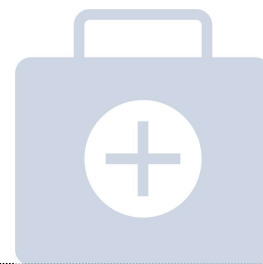
The scale of premiums versus claims also differs among insurers, which often have different types of customer bases. Looking at the main insurers, all these factors influence their financial performance in various ways.

## Financial statements for VHI Group, Laya Healthcare and Irish Life

	VHI		Laya		Irish Life	
YEAR	WRITTEN PREMIUM (Billion)	CLAIMS PAID (Billions)	PROFIT/LOSS	DIVIDEND	RETURNED TO CUSTOMERS	MARKET SHARE
2023	1.61	1.68	-55.4	16	-2	48.9
2022	1.6	1.42	29.3	19	44.3	48.4
2021	1.592	1.295	60	75	142.2	49.1
2020	1.51	1.1	54.1	20	264.5	49.3
2019	1.41	1.36	44.8	77.4	N/A	49.91

All figures in millions unless otherwise stated.

Source: Solvency and financial condition reports of VHI, Laya and Irish Life



## VHI

VHI, the former state monopoly and largest health insurer with just under 49 per cent of the market, has been most impacted by rising claims.

The insurer, led by Brian Walsh, the group chief executive, earned gross premiums of €1.61 billion by the end of 2023 – a 14 per cent rise on 2019.

However, the insurer saw claims shoot up from €1.1 billion in 2020 to €1.68 billion in 2023, a 52 per cent increase. In 2019, claims came to €1.3 billion.

More importantly, claim costs overtook premiums by €70 million by the end of 2023. The fact that premium income grew by just 6.6 per cent between 2020 and 2023 being a significant factor in that shift.

This saw VHI report after-tax losses of more than €55 million in 2023, after posting over €188 million in accumulated profits in the four years before.

Its dividend payouts fell from a €77 million high in 2019 to €16 million by the end of 2023. In 2021, it paid a dividend of €75 million alongside returning €142 million to customers in refunds.

## Laya Healthcare

Cork-based Laya Healthcare, which was acquired by French insurance giant Axa for €650 million in October 2023, also saw a premium income and claims costs converge.

Laya's premiums increased from €688 million in 2019 to €841 million by 2023, a jump of 22 per cent.

In the same time frame, its claims rose from €590 million to €759 million – a rise of 28.6 per cent. By the close of 2023, its premiums were 10.2 per cent higher than the cost of claims.

The insurer, which is led by managing director Dónal Clancy, was remarkably consistent with its dividend payment, notching up a €20 million dividend in every year to 2022. It then rose to €25 million.

It recorded its most profitable year in 2022, recording a €31.7 million post-tax profit. However, this dropped by 75 per cent to just €7.7 million a year later.

## Irish Life Health

The smallest of the three health insurers, Irish Life Health, also saw its claims increase but its financials remain the healthiest of the three.

The insurer saw the smallest difference in premium and claim inflation, with its premium income growing by 26 per cent, from €520.6 million to €656.3 million while its claims climbed by 30 per cent, from €372.2 million to €484.1 million.

It also enjoyed a comfortable 30.1 per cent difference between its written premiums and net claims by the end of 2023.

A healthy premiums/claims ratio means that it has become the only insurer to actually grow its profit from before the pandemic to now.

The Declan Bolger-run insurer is owned by Canadian firm Great-West Lifeco.

After posting a €5.7 million loss – and no dividend payment – in 2019, the insurer posted a string of profitable years afterwards. By 2023, it reported accumulated profits of €105 million. It paid out €96 million in dividends.

## International comparison

While some of the factors driving premiums higher in Ireland are localised to the country, there are global issues at play too.

Data from the European Insurance and Occupational Pensions Authority (Eiopa), an EU financial regulatory agency, shows that EU health insurers saw claims rise post-Covid, while they also earned more in premiums.

In order to determine how healthy premium income is for insurers, we can use a claims-to-premium ratio. The lower the number, the healthier the insurance industry's balance sheet is.

In 2019, some €442 billion in premiums were written by health insurers in the European Economic Area (EEA), with claims coming in at around €290 billion – a claims-to-premium ratio around 0.65.

By the end of 2023, a total of €548 billion in premiums came against €369 billion in claims – a ratio of around 0.67, a slight increase.

Ireland's ratio, for context, was 0.58 in 2023, virtually unchanged from 2019. This suggests Irish health insurers are in a comparatively better place financially than the EU average.

Using Greece as a comparison is interesting to put Ireland's premium increases into context.

The country has been facing premium price hikes as high as 14 per cent annually, which insurers have said is as a result of medical inflation, as reported by Greek

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Data from the Eiopa shows that Greek insurers faced gross claims of €879 million in 2019 – but this figure increased to €1.4 billion by 2023, a 59 per cent increase.

Gross premiums in Greece have struggled to keep pace, only rising by 21 per cent over the same time period.

For context, Ireland's claims rose by just 12 per cent in the same time frame, according to the Eiopa data, while its premiums rose over 33 per cent.

However, when taking reinsurance and other metrics into account, Greece and Ireland's health insurance start showing more differences than similarities.

Greece's net claims rose by 41 per cent over the four-year period, while its premiums rose 25 per cent.

Ireland's net claims, including reinsurance, rose by an astonishing 99.9 per cent over the same period, while its net premiums rose by a similar 101 per cent.

Greece's growth in claims costs relative to its premiums can be explained by a number of factors, but natural disasters can take effect as well.

The country's claims growth was the highest of 39 surveyed OECD countries, with deadly floods experienced during 2023 contributing to the sudden rise.

## **Lay of the land**

For the Irish health insurance market, there is signs of hope that the scale or speed of rates will decrease.

The entrant of a new health insurer, Level Health, is likely to have some impact on competition.

The insurer launched a simple menu of four plans late last year, with a 10 per cent discount on each plan. However, two of these discounts have now been discontinued.

There is hope too that medical inflation could ease somewhat to between 6 per cent and 8 per cent, instead of some of the double-digit increases seen since post-Covid.



Goode said that while it is a certainty that premiums will increase over the year, the outlook is “slightly better” for 2025, with insurance companies less vocal about concerns as it looks like they have a “better handle on projected claims”.

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