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Last year Vhi Healthcare's NurseLine 24/7 provided practical telephone medical support to over 57,000 customers.

Last year a Vhi Healthcare customer contacted the NurseLine 24/7 helpline as she was concerned about her husband who was generally feeling unwell and had on and off palpitations and chest pain. NurseLine immediately advised the customer to call an ambulance and go to an Accident and Emergency Department for immediate assessment. The gentleman in question subsequently contacted NurseLine to let them know that he was now home and well, having had a pacemaker fitted. He was delighted with the NurseLine service and was very grateful for the advice given.

## BOARD OF DIRECTORS



### 1. Bernard Collins

#### Chairman

Bernard Collins is Chief Executive Officer of Lifemed Consulting Limited. Mr. Collins received a BA Honours in Applied Industrial Psychology/Business from University College Cork. Mr. Collins maintains positions at Board level on many other companies in Ireland and in the USA. He served for 10 years as Vice President of International Operations at Boston Scientific Corporation until 2003.\*

### 2. Jimmy Tolan

#### BComm. FCA Chief Executive

Jimmy Tolan joined Vhi Healthcare as Chief Executive in May 2008. He was Chief Executive Officer of Fyffes plc since January 2007 and managed Fyffes' acquisition function since 1993. Jimmy Tolan is a qualified accountant, having trained with KPMG. He has a B.Comm Degree and a Diploma in Professional Accounting from University College Dublin.

### 3. Gillian Bowler

#### FMII FMGT

Chairman, Failte Ireland; Chairman, Irish Life & Permanent, Plc; Non-Executive Director, Grafton Group; Non-Executive Director, Clear Channel Ireland; Board Member, Michael Smurfit Graduate School of Business, UCD.\*

### 4. Humphrey Murphy

Managing Director, Global Stainless Ltd; Member of Governing Body, University College Cork 1997–2000, 2000–2003, 2004–2007 and 2007 to date. Chairman of UCC Audit Committee 2003–to date; Director of Cork Airport Authority.\*

### 5. Liam Twohig

#### B.Comm, FCA

Senior Partner, Baker Tilly Ryan Glennon, Business Partners and Accountants; Past President, German-Irish Chamber of Industry and Commerce; and Member, Institute of Chartered Accountants in Ireland, Disciplinary Appeals Committee.#

### 6. Jim Kelly

Director, KBC Asset Management; Chairman, Fold Housing Association Ireland; Fellow, Pensions Management Institute; Former Chief Executive, Mercer Human Resource Consulting; Founder Director, Pension & Investment Consultants Ltd; Former Chairman, Retirement Planning Council of Ireland.\*

### 7. Karen Hickey-Dwyer

#### FRIAI

Ms. Hickey-Dwyer is currently a Partner with Ivor Fitzpatrick & Company Solicitors, specialising in healthcare, family law, clinical negligence and insurance litigation. She was admitted to the Rolls of the Incorporate Law Society of Ireland in 1998. Member, Dublin Solicitors Bar Association; Member, Family Lawyers Association; Member, Law Society of Ireland; Member, Association of Personal Injury Lawyers and Member, International Bar Association.



### 8. Christy Cooney

#### Master of Education

Assistant Director General, FÁS; Director, Páirc an Chrocaigh Teoranta; Chairman, National Coaching & Games Development, GAA; Chairman, Munster GAA Council 2001–2003.<sup>#</sup>

### 9. Cathal Magee

#### BA, MSC

Managing Director, *eircom* retail since January 2002. Member, Board of Directors, *eircom* Group plc. Director, Employee Share Ownership Trust, ESOT, *eircom*; Non-Executive Director, EBS Building Society. Prior to joining *eircom*, Cathal worked for the National Australian Banking Group in the UK and Ireland.<sup>#</sup>

### 10. Declan Moran

#### Director, Marketing and Business Development, Vhi Healthcare

Declan Moran has a BSc in Computer Science and has been a Fellow of the Institute of Actuaries since 1994. He joined Vhi Healthcare in 1997 from the life and pensions industry. He is responsible for the management of Vhi Healthcare's product portfolio,

development of new products and services and provision of actuarial expertise within the organisation.

### 11. Baroness Neuberger

#### DBE

Liberal Democrat member, House of Lords; Trustee, Booker Prize Foundation; Trustee, Walter & Liesel Schwab Charitable Trust; Chair of Commission on the Future of Volunteering; President, Liberal Judaism; Author of *The Moral State We're In*, a study of morality and public policy in modern Britain and *Not Dead Yet – a manifesto for old age*. Former Member, Committee on Standards in Public Life; Former member, General Medical Council; Former Chief Executive, King's Fund. Honorary Fellow, Royal College of Physicians; Former Rabbi, South London Liberal Synagogue.

### 12. David Went

Mr David Went was Group Chief Executive of Irish Life & Permanent plc from 1998–2007, Chief Executive of the Coutts Group from 1994–1997 and prior to that Chief Executive of Ulster Bank

Group 1987 to 1994 having joined Ulster Bank in 1976. Mr Went spent six years with Citibank 1970–1976 in Dublin and Jeddah. He is currently Chairman of the Irish Times Ltd and Trinity Foundation. Mr Went holds a BA (Mod) Legal Science LL.B from Trinity College and also graduated from Kings' Inns as a Barrister at Law.

*Pat Farrell retired as Non Executive Director at the end of his term of office, February 2008 and Vincent Sheridan retired as Chief Executive in April 2008.*

\* Member of Remuneration Committee

# Member of Audit Committee



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## CHAIRMAN'S REVIEW

We are very pleased with the further progress which Vhi Healthcare has made in servicing the medical needs of its customers. During the year ended February 2008 Vhi Healthcare provided high quality, affordable health insurance to over 1.55 million customers and paid out €1 billion to meet their medical needs. In addition, 350,000 of our customers availed of our travel insurance product and over 100,000 people attended Vhi Swiftcare Clinics for treatment. It is also very satisfying that a recent survey of the private health insurance market carried out by the Health Insurance Authority confirmed that most of our customers view private health insurance as representing good value and have a high level of confidence in our products.

### Quality of Care

Vhi Healthcare is totally focused on ensuring that its customers can access very high quality healthcare at the most affordable price. During the year Vhi Healthcare announced that all new and existing private hospitals will be required to achieve accreditation by December 2008. The provision of healthcare treatment in the most appropriate setting is critical in terms of achieving the best medical outcome at the most affordable cost and over the last five years there has been a significant movement from the delivery of high quality medical services on an in-patient basis to a day-care and side-room basis. Over the next five years we intend to redirect the delivery of medical services so that a higher percentage of our customers' premium income will be spent on prevention and primary care strategies.

### Improving Financial Position

We made significant progress in the past year in improving the financial position of Vhi Healthcare. We generated an after tax surplus of €112.2m compared to €69.5m a year ago. This surplus of €112.2m comprises of two elements namely a surplus of €55.3m on day to day operations and the release of the unexpired risk reserve of €56.8m.

Our overall financial position also strengthened during 2007 and we ended the year with a solvency ratio of 35.3% compared to 27.9% a year ago. This excludes potential total Risk Equalisation receipts relating to 2006 and 2007 of €41.6m which would increase our solvency to 38.8%.

### Community Rating and Risk Equalisation

We are pleased that the Court of First Instance in Europe has strongly upheld the principle of Community Rating and Risk Equalisation and this decision has not been appealed. We are awaiting a decision from the Supreme Court in relation to the BUPA appeal of the High Court decision which also upheld the system of Community Rating and Risk Equalisation. We passionately believe that our customers and Irish society benefit from a community rated system of private health insurance as it ensures that the medically more vulnerable

members of society can avail of affordable private health insurance. In order for Community Rating to be sustainable in the medium-term the private health insurance market will require a more equitable and sophisticated form of Risk Equalisation than is being currently applied and we intend to pursue this with the Health Insurance Authority and the Government.

### Financial Regulation

The Minister for Health and Children, Mary Harney, guided the Vhi Amendment Bill through the Oireachtas and into legislation in April 2008. The Act stipulates that Vhi Healthcare should obtain an insurance licence and be regulated by the Financial Regulator with effect from 1st January 2009. Vhi Healthcare is committed to achieving this objective and we are in the process of filing an application with the Financial Regulator.

The new legislation also affords Vhi Healthcare greater commercial freedom and will allow it to introduce new products and services and also to broaden its geographic base once we have obtained a licence from the Financial Regulator. We are actively planning to take advantage of this freedom to enhance our competitive position.

### Our Employees

The business results achieved during the year owe much to the combined efforts and enthusiasm of the management and staff of Vhi Healthcare. Once again our employees have demonstrated a determination to adapt to the demands of ever changing market conditions by providing innovative products and a best-in-class service to our customers. I would like to express my thanks and that of the Board of Directors to management and staff for the manner in which they have met the very considerable challenges over the last twelve months.

### Board and Advisory Groups

The year under review was a challenging one for the Board given the significant market, legislative and regulatory changes which occurred. I would like to pay tribute to my

fellow Board members for their considerable efforts and dedication during this time. In particular I would like to acknowledge the contribution made by Mr Pat Farrell who stepped down during the year having completed two consecutive terms of office, since joining the Board in 1997.

I would also like to acknowledge the input of both The Medical Advisory Group and The Members Advisory Council. These two groups are voluntary and meet on a regular basis throughout the year to provide us with expert advice and support on matters that directly and positively impact on the service which we provide to our customers.

#### **Retirement of Vincent Sheridan**

I would like to extend my gratitude, and that of the Board, its employees, and customers to the immense contribution made by Vincent Sheridan who retired from his position as Chief Executive at the end of April 2008. Throughout his seven year tenure, Vincent has guided Vhi Healthcare very successfully through challenging market and regulatory conditions. Many new and innovative products and services were brought to market during this period including Vhi MultiTrip travel insurance, Vhi SwiftCare Clinics, Vhi DeCare Dental, Vhi Corporate Solutions, LifeStage Choices plans and many other services. In addition, Vincent campaigned for the introduction of a Risk Equalisation scheme which is essential to support the public policy of Community Rating. Under his stewardship Vhi Healthcare became a much stronger organisation, well capable of meeting all of the challenges which it faced, and which it will continue to face, in the coming years. Working closely with Vincent has been a privilege and I wish him a long, healthy and active retirement.

#### **Medium-Term Strategy**

On 1 May 2008 Jimmy Tolan took over as Chief Executive of Vhi Healthcare. A person with a proven ability to innovate and respond creatively to changing environments, I have every confidence that Jimmy will steer Vhi Healthcare through the next stage of its development including the transition to regulation by the Financial Regulator.

Over the next five years we will remain focused on ensuring that our customers can avail of the highest quality medical services in the most appropriate setting. Vhi Healthcare will continue to deliver innovative solutions to meet our customers' medical needs and intends to direct a higher percentage of our customers' income in the key areas of prevention and primary care.

Once we obtain the licence from the Financial Regulator we will have greater commercial freedom to develop products for our customers. Vhi Healthcare has

been very innovative in meeting its customers' needs by developing products like MultiTrip Travel, Dental and Vhi Swiftcare Clinics and we intend to continue to innovate in the years ahead.

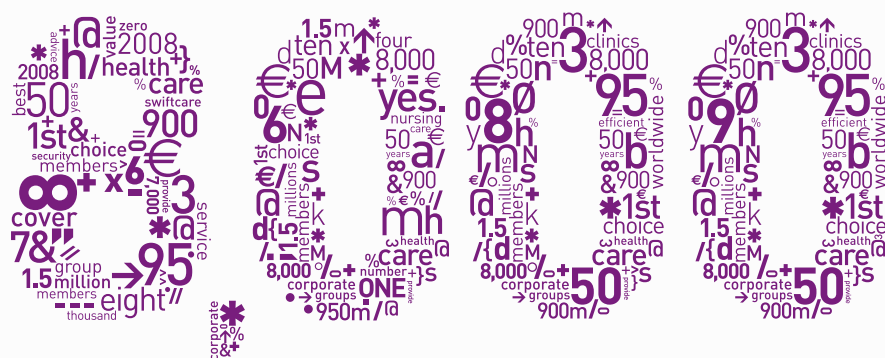
#### **Customers**

Vhi Healthcare remains the only not for profit, dedicated and specialist high quality, health insurer in the Irish marketplace and will continue to work for, and serve the needs of, our customers over the next fifty years as we have done over the past fifty. Finally, I would like to thank our customers for their continuing support and confidence in Vhi Healthcare and its products.



**Bernard Collins**

Chairman



Vhi Healthcare has provided health insurance in Ireland for over 50 years and our 8,000 corporate group schemes believe our dedicated account management team, really are... dedicated!

Vhi Healthcare have a direct relationship with all our corporate and group schemes through our own dedicated team of account managers and administrative support.

Vhi Healthcare processes our own claims, manages all contact with customers, administers our own policies and uses our own provider management team to secure the best deals for our customers.

We also offer unparalleled online group services which can reduce the administration requirements on our corporate groups by up to 80%.

## OPERATIONS REVIEW

The Chairman in his review has given a summary of the key activities and achievements to year end February 2008. I am happy to report that the year under review was a good one, both from a financial and operational perspective.

Membership has held steady at year end and totalled 1.55 million customers. For the first time in its history, Vhi Healthcare paid out in excess of €1 billion in settlement of customers' claims during 2007/08. In day-to-day terms this means that on average over €4 million was paid out every working day.

Vhi Healthcare continues to provide cover for the widest range of facilities and provides cover for the latest drugs and technologies available on the market. Our focus is to ensure that our customers can access quality healthcare at affordable prices and we believe that there is now a growing recognition of the importance of quality healthcare. Vhi Healthcare has a highly talented and experienced medical team and our aim is to continue to be at the forefront of future developments in order to best serve our customers' needs.

### **Community Rating and Risk Equalisation**

I am pleased that the European Court of First Instance in Luxembourg upheld the principles of both Community Rating and Risk Equalisation and their judgement is entirely consistent with the findings of the High Court. We are awaiting the decision of the Supreme Court in relation to the appeal by BUPA who are seeking to reverse the decision of the Government to introduce Risk Equalisation. The current Risk Equalisation system continues to encourage and reward risk selection and consequently we intend to pursue a more sophisticated and equitable risk equalisation scheme with the Government and the Health Insurance Authority. Competition in this community rated private health insurance market will only prove to be beneficial to consumers if insurers are not rewarded for competing on the basis of risk selection.

## Financial Results

The financial highlights can be summarised as follows:

- Total earned premium income increased by 13.0% to €1.15 billion. This increase can be attributed to a number of factors including: revenue deriving from the premium increase of September 2006, together with good customer sales and retention results.
- Claims costs increased by 8.0% and exceeded the €1 billion mark for the first time. This was due to the increasing cost of providing modern high quality healthcare including the coming on-stream of new hospitals and facilities over the past 18 months; and also an increase in claims volumes.
- Claims as a percentage of earned premium came to 87.2% which is significantly higher than our competitors.
- Operating expenses grew by 9.7% to €91.4m. This increase reflects the significant investment in technology which will help us to drive greater efficiency in the longer term. The crucial operating expense ratio (operating expenses as a percentage of earned premium income) has fallen to 7.9% from 8.2%. This is less than any other insurance business in Ireland and compares favourably with the most efficient health insurers globally.
- Vhi Healthcare generated an underwriting surplus from operations of €56.6m compared to €6.1m a year ago. This operating surplus equates to 4.9% of premium income.
- Vhi Healthcare generated a total surplus after tax of €112.2m compared to €69.5m a year ago. This surplus of €112.2m comprises of two elements, namely a surplus of €55.3m on day to day operations and the release of the unexpired risk reserve of €56.8m.
- The solvency ratio i.e. the relationship of free reserves to premium income has increased from 27.9% to 35.3%. This excludes any potential Risk Equalisation receipts relating

to 2006 and 2007 of €41.6m which would increase our solvency level to 38.8%. In April 2008, the Vhi Amendment Act 2007 was passed by the Oireachtas. The Act stipulates that Vhi Healthcare should obtain an insurance licence and be regulated by the Financial Regulator with effect from 1st January 2009. Vhi Healthcare is totally committed to this objective. The improvement in underlying solvency and increase in reserves is a necessary pre-requisite to the application for an insurance licence.

## Key Activities

### Customer Base and Sales

Vhi Healthcare now insures over 2 million lives between our health insurance business and our diversified product portfolio. Despite a slowing economy, increased competitive pressures and a mature health insurance market, at year end 1.55 million people are insured under our hospital plans. Some 450,000 customers have also now purchased from our diversified insurance portfolio.

### Quality of Care

Vhi Healthcare's key business objective is to provide customers with access to quality healthcare, in settings which are appropriate to current best practice, and at the most affordable price. To achieve this we constantly review, discuss and negotiate the keenest prices and the most favourable terms with our providers of healthcare including hospitals, consultants, doctors, ambulance companies, laboratories, scanning providers and many more.

In addition to providing cover with more than 100 hospitals and treatment centres, successive customer surveys have illustrated the high value that our customers place on the full cover scheme, a concept that is supported by 99% of the 2,029 hospital consultants registered with Vhi Healthcare. This leaves our customers free from the worry of receiving a 'balance bill' at a time of illness and possible high stress.

Our focus has always been on the overall quality of patient care in the private hospitals and our annual patient satisfaction surveys clearly show that standard of care and quality really matters to our customers. During the year Vhi Healthcare announced that all new and existing private hospitals seeking cover will be required to achieve accreditation with one of the approved accreditation bodies by December 2008. While Vhi Healthcare is not a regulatory body, it has always been our policy to support private hospitals seeking accreditation. It is now a requirement that all private hospitals reach the required standards by December 2008 and this condition is now written into our agreements with hospitals. We remain of the view that a strict licensing requirement applicable to all hospitals is critical to ensuring the attainment and maintenance of a high standard of quality in our hospitals.

The provision of healthcare treatment in the most appropriate setting is crucial both in terms of achieving the optimum medical outcome for the customer and at the most affordable cost. The increased use of day care and side-room facilities has enabled us to provide our customers with more treatments, more convenience, and with less discomfort and disruption to aid recovery than would have been possible ten years ago. In addition, this concept has also had a positive effect on helping to control the cost of healthcare provision. Between 2002 and 2007 the number of patients treated annually on an in-patient basis declined from 180,000 to 163,000 whilst patients treated on a day care basis increased from 92,000 to 111,000 and in side-rooms increased from 153,000 to 261,000. We also believe in the years ahead that a higher percentage of our customers' premium income should be focused on the prevention of certain illnesses and primary care.

#### New Private Hospital Capacity

It is likely that there will be a significant increase in private hospital capacity over the next five years. Vhi Healthcare intends to work closely with the private hospital providers to try to ensure that new facilities are focused on meeting unmet demand and do not result in significant excess medical capacity in certain areas and shortages in other areas.

#### New cover for Sports Surgery Clinic and Best Doctors®

Vhi Healthcare continued to provide its customers with innovative products and services during 2007/08 with the addition to the list of hospitals approved for cover of The Sports Surgery Clinic in Santry Demesne, Dublin, and with the introduction of a new second opinion service called Best Doctors®.

Customers who are suffering from a serious medical condition can now contact NurseLine 24/7 to organise a second opinion through Best Doctors®. This free

service provides access to a worldwide database of 50,000 top medical specialists across more than 400 subspecialties who can work in tandem with your local consultant when a second opinion may be required.

#### Vhi SwiftCare Clinics

In October 2007 Vhi opened its third Vhi SwiftCare Clinic in Swords, Co Dublin, joining previously established clinics at Balally and Dublin City University (Collins Avenue). Approximately 100,000 people have already been treated at these walk-in urgent care facilities, which were the first of their kind to cater for minor injuries in Ireland. In 2008 a further three Clinics are planned for Waterford, Cork and West Dublin.

#### Vhi MultiTrip Travel Insurance

MultiTrip from Vhi Healthcare is now the leading travel insurance product in Ireland. With over 350,000 people insured, it accounts for some 36% share of the market.

#### Vhi Global Health Insurance

This product provides health insurance for the growing number of Irish people who choose to live, travel or work abroad for periods of six months or longer. It also provides a seamless transfer back to Vhi health insurance plans on return to Ireland.

#### Vhi DeCare Dental

This is Ireland's first and only dental insurance plan. Changes made to pricing and the product offering during 2007 have resulted in a significant increase in customers, with almost 38,000 people now having dental cover with this product.

#### Vhi Corporate Solutions

Vhi Corporate Solutions delivers occupational health and employee assistance solutions for corporate clients of all sizes throughout the country. For example, Employee Assistance Programmes (EAP) from Vhi Corporate Solutions are available as a support to all teachers employed by the Department of Education and Science.

#### Sponsorships

Our largest sponsorship is the very exciting Vhi/GAA Cúl Camps (the official GAA summer camps). A record 80,000 children attended these camps in 2007 which was an increase of 5,000 on 2006. The target is to involve over 82,000 children at home and abroad in 2008. Vhi Healthcare also partnered with the Ladies Gaelic Football Association by sponsoring the All Ireland Club Championships at junior, intermediate and senior levels.

Finally, Vhi Healthcare Corporate Solutions joined with the GAA on a nationwide initiative to help clubs tackle the phenomenon of Sudden Arrhythmia Death Syndrome. The GAA purchased high-quality Automated External Defibrillators (AED), to be installed at every county ground and Vhi Healthcare agreed to provide training sessions on how to use the Automated External Defibrillators to 125 clubs nationwide.

#### Technology Development

With 2 million people covered across a range of insurance products, Vhi Healthcare processes many millions of transactions annually. Six years ago we embarked on an ambitious programme to increase investment in technology in order to improve both the efficiency of our operations and the service we provide to our customers. Three distinct phases of this programme were identified as being key areas for development:

- i A new policy administration system which was completed in 2004.
- ii A new claims system which will be completed during Autumn 2008.
- iii A new customer relationship management system has just commenced.

#### eBusiness

With 170,250 registered customers our website [www.vhi.ie](http://www.vhi.ie) continues to attract significant volumes of traffic from customers and non-customers alike wishing to get online quotes for our health insurance products, obtain information on a range of

different health and lifestyle topics, ask advice through our 'Ask the Experts' facility and participate in forums dealing with health issues such as pregnancy, childbirth, and parenting.

### Human Resources

Extensive and regular market research has helped Vhi Healthcare recognise the importance of the 'customer experience' and we insist that all of our customer communications and key customer services are provided and managed by our own employees based here in Ireland.

By not outsourcing our key processes we provide our customers with a best-in-class customer service which is as personal as it is efficient – attributes that our customers have told us they appreciate.

Consequently, we internally manage all customer contacts, process our claims, administer our policies, and manage the relationship with our corporate group schemes. To help us provide this level of service we have 969 (or 888 whole time equivalent) people employed across eight prime locations countrywide. The newest of these locations, Vhi Healthcare Gweedore, opened during 2007.

Considerable investment in training and development of our people is undertaken and our employee retention rate of 94% reflects the fact that we retain and continue to develop our employees without incurring the unnecessary costs of training large numbers of new recruits. In June 2007 Vhi Healthcare received an O2 Ability Award (in association with The Aisling Foundation) for our policy of including people with a disability in the workplace.

### Outlook

#### Period Ended 31st December 2008

We anticipate a higher level of claims as a percentage of revenue than the previous period, primarily due to new facilities coming on-stream and consequently we currently estimate that we will generate a surplus from operations of €15-25 million for the ten months ended 31st December 2008 prior to risk equalisation receipts.

#### Medium Term Strategy

Over the next five years we will remain very focused on ensuring that our customers can avail of the highest quality medical services at the lowest possible cost. In the last five years there has been a significant reshaping in how medical services have been delivered to our customers and in future we believe it is in our customers' best

medical interests that a higher percentage of their premium income will be utilised in the areas of prevention and primary care.

Post regulation we will have greater commercial freedom to develop new products to further add value to our customers' lives. We will also have the opportunity to extend the geographic scope of the business.

Over the past five years we have invested significant capital in technology and we will continue to invest to further improve operating efficiencies in order to retain our status as the most efficient operator in the Irish health insurance market with the highest service levels.

#### **Vincent Sheridan**

Finally I would like to wish Vincent Sheridan, my predecessor all the best for the future. Vincent has very successfully led the development of Vhi Healthcare since 2001 and always put the needs of its customers at the centre of Vhi Healthcare's actions during his tenure.



Jimmy Tolan  
**Chief Executive**



98% of all claims made by Vhi Healthcare customers are settled without delay up to the full limit of cover. Last year we processed over 550,000 claims and paid out €4 million every working day, over €1 billion in total, on behalf of our customers' healthcare needs.

Though typically most people think of health insurance as being of most relevance to older people, Vhi Healthcare pays out substantial sums each year on our younger customers and also on children. For example last year we paid out approximately €35,000 on behalf of a young Plan B customer who received treatment for cervical cancer.

## EXECUTIVE MANAGEMENT TEAM

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### **1. Jimmy Tolan**

#### **BComm, FCA, Chief Executive**

Jimmy Tolan joined Vhi Healthcare as Chief Executive in May 2008. He was Chief Executive Officer of Fyffes plc since January 2007 and managed Fyffes' acquisition function since 1993. Jimmy Tolan is a qualified accountant, having trained with KPMG. He has a B.Comm Degree and a Diploma in Professional Accounting from University College Dublin.

### **2. Dr. Bernadette Carr**

#### **MD, FRCPI, MPH, LFOM, Director – Medical**

Dr. Bernadette Carr is a physician and epidemiologist with extensive clinical and research experience. A graduate of UCC, her qualifications include Fellow in Geriatrics, UCLA 1989, Doctorate in Medicine TCD 1992, Licentiate of Faculty of Occupational Medicine 1991, and Masters Public Health 1994. She was elected to Fellowship of the Royal College of Physicians in Ireland 1996. Bernadette joined Vhi Healthcare in 1994 as Medical Director and her responsibilities include: provider relations and contract negotiations; medical and healthcare development assessment.

### **3. Willie Shannon**

#### **BBS, FCA, Director – Finance**

Willie Shannon is a graduate of TCD, having obtained his BBS in 1974. He qualified as a chartered accountant in 1977 and joined a large firm of insurance brokers in 1987. He was subsequently appointed Group

Finance Director in 1989. He joined Vhi Healthcare as Director of Finance in 2002. He serves on several committees in the Institute of Chartered Accountants. He is also a past Chairman of the Finance Committee of the Insurance Institute of Ireland and past President of the Financial Executives Association.

### **4. Tony McSweeney**

#### **Director – Individual and Corporate Business**

Tony McSweeney, a member of the Marketing Institute of Ireland and a Fellow of the Sales Institute of Ireland, joined Vhi Healthcare from the life and pensions industry in 1996. He is responsible for customer services, customer administration and sales.

### **5. John Creedon**

#### **Director – Claims**

John Creedon is responsible for the overall service, administration and payment of claims. He has held a number of senior positions within Vhi Healthcare, most recently as Director of Information Technology, prior to his current appointment in 2006.

### **6. Margaret Molony**

#### **Director – Information Technology**

Margaret Molony has over 22 years experience in Vhi Healthcare and is responsible for information technology services in the organisation. Margaret joined Vhi Healthcare in 1986 and has held a number of senior positions prior to her current appointment in 2008.

### **7. Declan Moran**

#### **Director – Marketing and Business Development**

Declan Moran has a BSc in Computer Science and is a Fellow of the Institute of Actuaries since 1994. He joined Vhi Healthcare in 1997 from the life and pensions industry. He is responsible for the management of Vhi Healthcare's product portfolio, development of new products and services and provision of actuarial expertise within the organisation.

### **8. Michael Owens**

#### **Director – Human Resources**

Michael Owens is a Chartered Fellow of CIPD and he joined Vhi Healthcare in August 1999 with over 20 years experience in HR Management, mostly gained in financial services.

## REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their 51st Annual Report in accordance with Section 20 (1) of the Voluntary Health Insurance Act 1957. The Accounts of the Board and the related notes which form part of the Accounts are included in this report, and have been prepared in accordance with accounting standards generally accepted in Ireland and comply with the European Communities (Insurance Undertakings: Accounts) Regulations, 1996.

### **1. Principal Activities**

The Voluntary Health Insurance Board is a statutory corporation established by the Voluntary Health Insurance Act 1957 and has as its objective the provision of a financing system for private healthcare, carried out on a mutual assistance basis.

### **2. Results**

The results for the year are set out in the Income and Expenditure Account.

### **3. Business Review and Future Developments**

A review of business transacted during the year, together with the Board's views of likely future developments is contained in the Chairman's Review.

### **4. Directors' Responsibilities**

The Directors are required to prepare accounts for each financial period, which give a true and fair view of the state of affairs of the Board and of the surplus or deficit of the Board for that period.

In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Board will continue in business.

The Directors are responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the organisation and enable them to ensure that the accounts are prepared in accordance with accounting standards generally accepted in Ireland and comply with the European Communities (Insurance Undertakings: Accounts) Regulations 1996. They are also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## 5. Corporate Governance

The Directors support the principles of Corporate Governance outlined in the Combined Code of Corporate Governance. The Financial Reporting Council revised the Combined Code on Corporate Governance in June 2006. While not itself a listed company, the Board has sought to comply with the provisions of the Code that are applicable and hence reports below on compliance throughout the year with the Code.

The Directors consider that the Board has in place the procedures to comply with the provisions laid out in section 1 of the Combined Code: Code of Corporate Governance and Code of Best Practice, except in respect of the appointment and terms of office of Directors, which are the responsibility of the Minister for Health and Children. For this reason, the Board does not have a Nomination Committee or a Senior Independent Director.

### Board of Directors

The roles of Chairman and Chief Executive are separate and during the Financial year only the Chief Executive was an Executive member of the Board. All non-executive Directors are appointed by the Minister for Health and Children for 5 year terms of office.

The Board meets at least eight times annually and has a formal schedule of matters specifically reserved to it for decision which includes approval of the overall strategic plan, annual budgets, annual report and accounts and major corporate activities. Board papers are sent to each member in sufficient time before meetings. Appropriate training and briefing is available to all directors on appointment to the Board, with further training available subsequently, as required. The Board has also drawn up procedures for Directors to take independent professional advice. All Directors have access to the advice and services of the Secretary. The Board has Director's liability insurance cover in place. The Board has put in place a process for appraisal of its performance.

## Attendance at Board Meetings held during the financial year

	Board	Audit	Remuneration
Bernard Collins	9		4
Pat Farrell (Resigned February 2008)	7		
Gillian Bowler	6		4
Humphrey Murphy	6		4
Liam Twohig	9	4	
Joseph O'Leary (Retired March 2007)	1		
Christy Cooney (Appointed to audit September 2007)	7	2	
Jim Kelly (Retired from audit June 2007, Appointed to remuneration July 2007)	8	2	2
Julia Neuberger	5		
Cathal Magee	7	3	
Karen Hickey-Dwyer	8		
Vincent Sheridan (Retired April 2008)	9		
David Went (Appointed March 2007)	6		

The Board reviews the arrangements in place that allow employees to raise any concerns about possible wrong doings in financial reporting or other matters. If required, it will ensure that appropriate investigation and follow-up action is taken.

The Board has appointed an Audit Committee which is comprised of three non-Executive Directors. The Audit Committee meets at least four times a year and reviews the annual accounts, internal control and compliance matters and the effectiveness of internal and external audit. The members of the Audit Committee also address the issue of risk, the purpose of which is to ensure that appropriate risk management procedures and reporting protocols are in place. The Audit Committee makes recommendations to the Board in relation to the appointment of the external auditors and assess their objectivity and independence. The external audit plan and findings from the audit of the financial statements are also reviewed. The main roles and responsibilities of the Audit Committee are set out in written terms of reference and are available on request.

The Audit Committee has a process in place to ensure the independence of the audit is not compromised, which includes monitoring the nature and extent of services provided by external auditors through its annual review of fees paid to the external auditors for audit and non-audit services.

The Board has also appointed a Remuneration Committee comprising of three non-Executive Directors. This committee is responsible for recommending candidates for senior management appointments and remuneration policies.

During the year, following the retirement of the Chief Executive, the Remuneration Committee undertook the process of identifying and appointing a new Chief Executive.

### **Internal Control**

The Board has given effect to the recommendations of Internal Control: Guidance for Directors on the Combined Code (The Turnbull Guidance) which was published in September 1999 and revised in 2005.

The Directors are responsible for the Board's system of internal control and for reviewing its effectiveness and meet this responsibility through regular meetings of the Audit Committee. They have assigned responsibility for the implementation of this system to Executive Management.

The system of internal control provides reasonable, but not absolute, assurance of the safeguarding of assets against unauthorised use or disposition and the maintenance of proper accounting records and the reliability of the information they produce, for both internal use and publication.

The key elements of the system are:

- formal policies, procedures and organisational structures are in place which support the maintenance of a strong control environment;
- the business strategy, planning and budgetary process includes analysis of the major business risks which affect the organisation. Risk assessment is a continuous process on which the Board places significant emphasis;
- a comprehensive set of management information and performance indicators is produced promptly on a monthly basis. This enables progress against longer term objectives and annual budgets to be monitored, trends to be evaluated and variances to be acted upon. Detailed budgets are prepared annually in the context of longer term strategic plans and are updated regularly;
- accounting procedures are documented, transaction cycles are defined, accounting timetables are detailed, automated interfaces are controlled, review and reconciliation processes are carried out, duties are segregated and authorisation limits are checked. Experienced and qualified staff have been allocated responsibility for all major business functions;
- the Internal Audit function prepares an Internal Audit plan which is approved by the Audit Committee. Internal Audit reports to the Audit Committee on an ongoing basis.

### Going Concern

The accounts have been prepared on the going concern basis and, in accordance with the requirements of the Combined

Code, the Director's report that they have satisfied themselves that the Board 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 Board's budget for 2008/2009 and the medium term plans as set out in the corporate strategy of the Board.

### 6. Directors' Remuneration

Annual remuneration levels for the Chairman and each Director have been set by Government at €24,000 and €14,000 respectively. Non-executive Directors do not receive any other remuneration nor do they have any service agreements or contracts with the Board.

### 7. Principal risks and uncertainties

Irish company law now requires companies to give a description of the principal risks and uncertainties which they face. Notwithstanding that the Board is not subject to company law provisions, the Directors consider it sound corporate governance to provide such a description.

The principal risks facing the business are:

- i the continuing uncertainty over the Risk Equalisation scheme represents a major threat to the business. The Minister for Health and Children accepted the recommendations of the Health Insurance Authority and declared that the Risk Equalisation scheme be activated with effect from 1 January 2006. This represents a major reduction in the level of risk but uncertainty continues because of a number of legal challenges initiated by competitors against this decision. The Minister for Health and Children has now confirmed that Vhi Healthcare will be required to be in a position to apply for an Insurance Licence from the Financial Regulator by the end of 2008. Consideration is being given to the amount and potential sources of capital that may be required to achieve this.
- ii a related risk to (i) above is the dependency for profitability on a relatively small number of key group schemes

which have very young age profiles. The introduction of an effective Risk Equalisation scheme will significantly reduce this risk.

iii there are enormous pressures on the cost of healthcare which could, by driving up insurance premiums, seriously reduce the take-up of private health insurance in the market. These cost drivers include:

- a very significant increase in the availability of private bed capacity, because a characteristic of the healthcare market is that demand will expand to match supply.
- an ageing population.
- the development of expensive new drugs and technologies both for treatment and diagnostic procedures and higher expectations with regard to quality and access deriving from increased affluence and medical information.
- medical inflation running ahead of normal inflation.

A related risk is that the actual claims experience shall exceed the carrying amount of the insurance liabilities. This could occur if the frequency and/or cost of claims are greater than estimated. The frequency and cost of claims are impacted by several factors including those noted above. The cost of outstanding claims and unexpired risk reserves are determined using appropriate actuarial techniques to project the claims for which the Board will be liable.

Vhi Healthcare uses a number of Key Performance Indicators throughout its various activities and the most significant are set out in the Annual Report.

#### **8. Prompt Payment of Accounts Act, 1997**

Voluntary Health Insurance Board is included as a listed purchaser of goods and services in the schedule to the Prompt Payments of Accounts Act, 1997. The Directors acknowledge their responsibility for ensuring compliance, in all material respects, with the provisions of the Act. The Board's payment practice is one of ensuring that properly completed and agreed invoices for goods and services supplied to the Board will be discharged within the prescribed payment period. Procedures have been implemented which provide reasonable assurance against material non-compliance with the Act.

### 9. Books of Account

The Directors are responsible for ensuring that proper books of account are maintained by the Board and this has been achieved by the employment of appropriately qualified accounting personnel and by maintaining appropriate accounting systems. The books of account are located at the head office of the Board at Vhi House, Lower Abbey Street, Dublin 1.

### 10. Auditors

The auditors Deloitte & Touche, Chartered Accountants, continue in office in accordance with Section 19 (2) of the Voluntary Health Insurance Act 1957.

On behalf of the Board:



**Bernard Collins**  
Chairman



**Liam Twohig**  
Director

12 June 2008



INNOVATIVE  
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Vhi Healthcare was first with travel insurance, corporate online services and occupational health solutions, first with dental cover and first with urgent care clinics – no wonder we're first choice for over 1.5 million customers!

Vhi Healthcare takes pride in constantly innovating to meet and exceed the needs of our customers, that's why 95% of our customers gave us a great satisfaction rating when it came to handling their claims. As a not-for-profit organisation we pay out €87 in claims for every €100 in premium, which is significantly more than any other insurer. We don't charge extra for customers choosing to pay by monthly direct debit, we offer a 10% discount to group scheme customers

and we don't discriminate between our customers by offering promotional discounts for the same cover to attract new customers. What you see is what you get – when you need us, we're there!

## REPORT OF THE AUDITORS

### **Independent Auditors' report to the Directors of the Board of the Voluntary Health Insurance Board.**

We have audited the financial statements of Voluntary Health Insurance Board for the year ended 29 February 2008 which comprise of the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the statement of accounting policies and the related notes 1-20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Directors of the Board of the Voluntary Health Insurance Board, in accordance with Section 19 of the Voluntary Health Insurance Act 1957. Our audit work has been undertaken so that we might state to the Directors those matters we are required to state to them in an auditors' 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 Board and the Directors as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and Auditors**

The Directors are responsible for preparing the Annual Report, including as set out in the Statement of Directors' Responsibilities, the preparation of the financial statements in accordance with applicable law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility, as independent auditors, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with the European Communities (Insurance Undertakings: Accounts) Regulations, 1996.

We review whether the corporate governance statement reflects the Board's voluntary compliance with the nine provisions of the FRC Codes specified for our review and we report if it does not. We are not required to form an opinion on the effectiveness of the Board's corporate governance procedures or its internal controls.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. The other information comprises only the Directors' Report, which includes the corporate governance statement, the Chairman's Review, the Operations Review and the Comparative Results Table Review. Our responsibilities do not extend to other information.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Board, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland and the European Communities (Insurance Undertakings: Accounts) Regulations, 1996, of the state of the affairs of the company as at 29 February 2008 and of the surplus for the year then ended.

#### **Emphasis of matter - Other Technical Provisions and Risk Equalisation**

In forming our opinion, which is not qualified, we have considered the adequacy of disclosures in Note 10 to the accounts which sets out the assumptions on which no provision for unexpired risk has been made and Note 17 which sets out that no account has been taken for the contingent asset arising from the Risk Equalisation scheme. In view of the significance of these uncertainties and the potential impact of these uncertainties on the Board, we consider that these matters should be drawn to your attention.

#### **Deloitte & Touche**

Chartered Accountants and Registered Auditors  
Dublin

12 June 2008

# STATEMENT OF ACCOUNTING POLICIES

## Basis of Preparation

The accounts are prepared in accordance with accounting standards generally accepted in Ireland, the European Communities (Insurance Undertakings: Accounts) Regulations, 1996 and the Statement of Recommended Practice on Accounting for Insurance Business (SORP) as adopted by the Association of British Insurers.

## The following are the principal accounting policies adopted:

### Basis of Accounting

The accounts are prepared under the historical cost convention modified by the revaluation of investments.

The preparation of accounts in accordance with generally accepted accounting principles requires the exercise of judgement in the process of applying the Board's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the accounts, relate primarily to provisions for claims outstanding and unexpired risks, and are documented in the accounting policies below. The provisions for outstanding claims and unexpired risks are based on actuarial methods of calculation reviewed by the Board's consulting actuaries, Watson Wyatt LLP.

### Premiums Written

Gross premiums written consist of the premium income receivable from customers in respect of policies commencing in the financial year.

Unearned premiums represent the proportion of premiums written in the year that relate to the un-expired term of policies in force at the balance sheet date, calculated on a time apportionment basis.

### Claims Incurred

Claims incurred comprise claims and related expenses paid in the year and changes in provisions for outstanding claims, including provisions for the estimated cost of claims reported

but not yet paid, claims incurred but not reported and related handling expenses.

### Unexpired Risks

Provision is made, based on information available at the balance sheet date, for any estimated underwriting deficits related to unexpired risks after taking into account relevant investment return. Prudent assumptions are made so that the provision should be sufficient in reasonably foreseeable adverse circumstances, refer to note 10.

### Deferred Taxation

Deferred taxation is provided on timing differences between the taxable surplus of the Board and its surplus as stated in the accounts. The provisions are made at the taxation rates which are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax assets are recognised to the extent that it is probable that they will be recovered.

### Tangible Assets

Tangible assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of the assets over their estimated useful lives on a straight line basis as follows:

Motor vehicles	4 years
Computer equipment and software	4 years
Furniture, fittings and office equipment	5 years

Expenditure incurred on the development of computer systems which is substantial in amount and is considered to have an economic benefit to the Board lasting more than one year into the future is capitalised and depreciated over the period in which the economic benefits are expected to arise. This period is subject to a maximum of four years. In the event of uncertainty regarding its future economic benefit, the expenditure is charged to the Income and Expenditure account.

### Investments

Investments in securities, including investments in government and government guaranteed stocks, are stated at market value. Market value represents the middle market price less accrued interest at the balance sheet date. Realised gains/losses on investment transactions are determined on an average cost basis and recorded in the Income and Expenditure account.

Land and buildings are valued annually on an open market value basis. Valuations are made by independent professionally qualified valuers. All properties occupied by the Board are maintained in a continual state of sound repair. As a result, the Directors consider that the economic lives and residual values of these properties are such that any depreciation is insignificant and is therefore not provided.

### Investment Income

Interest on fixed interest stocks and bank deposits is taken to include income as earned on a day-to-day basis. Income from equities is included on the basis of dividends received during the financial year.

### Investment Return

Operating results are reported on the basis of longer term investment return. The longer term investment return is calculated based on rates which are reviewed annually and reflect both historical experience and the Directors' current expectations for investment returns. The short term fluctuation in investment return, representing the difference between the longer term return and the actual return, is incorporated in arriving at surplus/(deficit) before taxation.

The allocation of investment return from the non-technical account to the technical account is based on the longer term return on investments attributable to the insurance business.

### Retirement Benefits

The cost of providing benefits and the liabilities of defined benefit plans are determined, using the projected unit credit

method, with actuarial valuations being carried out at each balance sheet date.

Current service cost, interest cost and return on scheme assets are recognised in the income and expenditure account. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Past service cost is recognised immediately. The net surplus or deficit on the defined benefit pension scheme is recognised, net of deferred taxation, on the balance sheet.

In addition, the Board also provides benefits to certain retirees in respect of health insurance cover, which are unfunded. The Board's obligation in respect of these benefits is measured using the projected unit credit method and is discounted to present value, with actuarial valuations carried out at each balance sheet date. The full amount of the Board's obligation is recognised on the balance sheet and the charge for the year is included in the income and expenditure account.

### Deferred acquisition costs

The costs incurred during the financial year that are directly attributable to the acquisition of new business are expensed in the same accounting period as the premiums to which they relate are earned. All other acquisition costs are recognised as an expense when incurred.

Subsequent to initial recognition, these costs are deferred commensurate with the unearned premiums provision. In other words, the amount that has been deferred is the proportion of the total acquisition costs which the unearned premiums provision bears to gross written premiums. Amortisation is recorded in the income and expenditure account.

Deferred acquisition costs are reviewed at the end of each reporting period and are written-off where they are no longer considered to be recoverable from expected future margins.

## INCOME & EXPENDITURE ACCOUNT

TECHNICAL ACCOUNT: HEALTH INSURANCE	Notes	YEAR TO END FEBRUARY	
		2008 €m	As re-stated 2007 €m
<b>Continuing Activities</b>			
<b>Earned Premium:</b>	1		
Gross premiums written		1,194.8	1,087.9
Change in the provision for unearned premiums		(41.8)	(67.8)
		<b>1,153.0</b>	1,020.1
<b>Allocated investment return transferred from the non-technical account</b>		<b>33.3</b>	37.5
		<b>1,186.3</b>	1,057.5
<b>Claims incurred:</b>			
Claims paid		(1,007.4)	(886.8)
Change in the provision for claims		2.4	(43.8)
		<b>(1,005.0)</b>	(930.7)
<b>Other technical provisions:</b>			
Unexpired risk reserve	10	<b>64.9</b>	40.7
<b>Net operating expenses</b>	2	<b>(91.4)</b>	(83.3)
<b>Balance on the health insurance technical account</b>		<b>154.8</b>	84.3

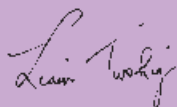
# INCOME & EXPENDITURE ACCOUNT

NON-TECHNICAL ACCOUNT: HEALTH INSURANCE	Notes	YEAR TO END FEBRUARY	
		2008 €m	As re-stated 2007 €m
<b>Continuing Activities</b>			
<b>Balance on the health insurance technical account</b>		<b>154.8</b>	84.3
Longer term investment return	3	33.3	37.5
Allocated investment return transferred to the health insurance technical account		(33.3)	(37.5)
<b>Operating surplus</b>		<b>154.8</b>	84.3
Short term fluctuations in investment return	3	(25.5)	(9.7)
<b>Surplus on ordinary activities before taxation</b>		<b>129.3</b>	74.6
<b>Taxation on ordinary activities</b>	4	(17.1)	(5.1)
<b>Surplus on ordinary activities after taxation carried to reserves</b>	5	<b>112.2</b>	69.5

The accounts were approved by the Board on 12 June 2008, and signed on its behalf by:



**Bernard Collins**  
Chairman



**Liam Twohig**  
Director

## BALANCE SHEET

ASSETS		AS AT 29 FEBRUARY	
	Notes	2008 €m	As re-stated 2007 €m
<b>Investments</b>			
Land and buildings	6	44.5	44.7
Other financial investments	7	810.7	774.6
<b>Intangible assets</b>			
Deferred acquisition costs	9	10.1	8.0
<b>Debtors</b>			
Debtors from members arising out of insurance operations		503.5	469.4
Other debtors		0.9	0.4
<b>Other Assets</b>			
Tangible assets	8	38.1	25.6
Cash at bank and in hand		1.6	0.9
<b>Deferred taxation</b>	11	0.7	-
<b>Prepayments and accrued income</b>			
Prepayments		1.0	0.4
Accrued interest		7.1	9.8
<b>Total Assets</b>		<b>1,418.2</b>	<b>1,333.8</b>

# BALANCE SHEET

## LIABILITIES

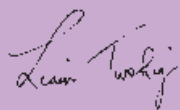
AS AT 29 FEBRUARY

	Notes	2008 €m	As re-stated 2007 €m
<b>Reserves</b>			
General reserve		415.1	299.8
<b>Technical provisions</b>			
Provision for unearned premiums		575.0	533.2
Claims outstanding		321.7	335.3
Other technical provisions	10	-	64.9
<b>Deferred taxation</b>	11	-	1.1
<b>Creditors</b>			
Creditors arising out of insurance operations		52.2	41.0
Other creditors and accruals	12	21.5	20.1
Bank overdraft		3.4	6.6
<b>Retirement Benefits Liability</b>	20	29.3	31.8
<b>Total Liabilities</b>		<b>1,418.2</b>	<b>1,333.8</b>

The accounts were approved by the Board on 12 June 2008, and signed on its behalf by:



**Bernard Collins**  
Chairman



**Liam Twohig**  
Director

## CASH FLOW STATEMENT

	Notes	YEAR TO END FEBRUARY	
		2008 €m	2007 €m
Net cash inflow from operating activities	13	94.5	87.1
Taxation paid		(21.0)	-
Capital expenditure		(24.6)	(17.1)
		<b>48.9</b>	70.0
<b>Cash flows were invested as follows:</b>			
Increase/(decrease) in cash holdings		4.1	(1.8)
Net portfolio investment	14 & 16	44.8	71.8
<b>Net investment of cash flows</b>	15	<b>48.9</b>	70.0

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	YEAR TO END FEBRUARY	
		2008 €m	As re-stated 2007 €m
Surplus for the financial year		112.2	69.5
Actuarial gain on pension fund	20	3.1	1.2
<b>Total surplus recognised since last annual report</b>		<b>115.3</b>	<u>70.7</u>
Prior year adjustment	9	8.0	
<b>Total surplus recognised since last annual report</b>		<b>123.3</b>	

## NOTES TO THE ACCOUNTS

### 1. Earned premium

The insurance business of the Board is substantially health insurance and earned premium relates mainly to this class of business. Amounts from ancilliary products are minimal. All business written is in the Republic of Ireland.

	2008 €m	As re-stated 2007 €m
<b>2. Net operating expenses</b>		
Administrative expenses	72.5	66.2
Acquisition costs	18.9	17.1
	<b>91.4</b>	<b>83.3</b>

	<b>2008</b>	<b>2007</b>
The average number of persons, including part time employees, employed by the Board was:	893	837
	<b>2008</b>	<b>2007</b>
	<b>€m</b>	<b>€m</b>
Staff costs were:		
Wages and salaries	47.0	40.5
Social security costs	4.8	4.1
Retirement benefits	5.9	6.0

The Chief Executive is retained on a consultancy basis. Total fees paid to the Chief Executive and included in net operating expenses in the year to February 2008 amounted to €454,499, (February 2007: €422,000).

### 3. Investment return

#### a. Longer term investment return

The rates of investment return underlying the calculation of the longer term investment return are set out below.

	<b>2008</b>	2007
	%	%
Land and buildings	6.1	6.1
Shares and other variable yield securities	7.2	7.2
Debt securities/fixed interest securities	3.8	3.9
Deposits with credit institutions	3.0	2.0

#### b. Comparison of longer term investment return with actual return

	<b>2008</b>	2007
	€m	€m
Actual return:		
Income from land and buildings	-	0.2
Income from other investments	25.6	22.3
Losses on realisation of investments	(7.6)	(0.3)
Unrealised (losses)/gains on investments	(9.0)	6.7
Investment management expenses	(1.2)	(1.1)
	<b>7.8</b>	27.8
Longer term investment return	(33.3)	(37.5)
Short term fluctuations	<b>(25.5)</b>	(9.7)

A transfer of the full amount of the longer term investment return has been made from the non-technical account to the technical account on the basis that the reserves of the Board are lower than the solvency margin level required by the regulator and therefore all reserves are deemed to be in support of the technical provisions.

## NOTES TO THE ACCOUNTS (CONTINUED)

<b>4. Taxation on ordinary activities</b>	<b>2008</b>	<b>2007</b>
	<b>€m</b>	<b>€m</b>
The taxation charge in the income and expenditure account comprises:		
Current taxation for year	18.9	5.5
Deferred taxation - credit	(1.8)	(0.4)
	<b>17.1</b>	<b>5.1</b>

Factors affecting the current taxation charge for the year

The current taxation for the year is calculated at a rate different to the standard rate of corporation tax in Ireland of 12.5% (2007: 12.5%).

The differences are explained below:		As re-stated
	<b>2008</b>	<b>2007</b>
	<b>€m</b>	<b>€m</b>
Surplus on ordinary activities before taxation	129.3	74.6
Surplus on ordinary activities multiplied by standard rate of corporation taxation of 12.5% (2007: 12.5%)	16.2	9.4
Effects of:		
Expenses allowed/(deductible) for taxation purposes	2.1	(0.7)
Losses carried forward	-	(3.7)
Depreciation in excess of capital allowances for period	0.6	0.5
<b>Current taxation for year</b>	<b>18.9</b>	<b>5.5</b>

<b>5. Surplus on ordinary activities after taxation carried to reserves</b>	<b>2008</b>	2007
	<b>€m</b>	€m
The surplus for the year is stated after charging:		
Depreciation of tangible fixed assets	12.1	9.9
Board remuneration	0.2	0.2
Auditors remuneration		
Audit fee	0.1	0.1
Audit related fees	0.1	0.1
Non audit fees	0.1	0.1

<b>6. Land and buildings</b>	<b>2008</b>	2007
	<b>€m</b>	€m
Valuation:		
At 1 March	44.8	40.9
(Loss)/gain on revaluation	(0.3)	3.8
At end of year	<b>44.5</b>	44.7

Land and buildings included above are occupied by the Board for its own activities and are mainly freehold.

Land and buildings were valued at 29 February 2008 at open market value in accordance with Royal Institute of Chartered Surveyors (RICS) appraisal and valuation standards. These valuations were made by Thornton & Partners, Hamilton Osborne King, DTZ Sherry Fitzgerald and O'Keeffe Auctioneers.

If the land and buildings had not been revalued they would have been included at the following amounts which represent the lower of cost or net realisable value.

	<b>2008</b>	2007
	<b>€m</b>	€m
Opening cost	19.5	19.5
<b>Closing cost</b>	<b>19.5</b>	19.5

## NOTES TO THE ACCOUNTS (CONTINUED)

<b>7. Other financial investments</b>	<b>2008 Market Value €m</b>	<b>2008 Cost €m</b>	<b>2007 Market Value €m</b>	<b>2007 Cost €m</b>
Shares and other variable yield securities	229.2	228.1	209.7	205.8
Debt securities/fixed interest securities	549.0	554.6	536.3	536.4
Other investments	0.8	2.0	0.4	1.2
Deposits with credit institutions	31.7	31.7	28.2	28.2
	<b>810.7</b>	<b>816.4</b>	<b>774.6</b>	<b>771.6</b>
<b>8. Tangible assets</b>	<b>Motor vehicles €m</b>	<b>Fixtures, furnishings and fittings €m</b>	<b>Computer/Office Equipment &amp; Software €m</b>	<b>Total €m</b>
Cost				
At 1 March 2007	2.3	7.6	68.5	78.4
Additions	0.8	0.5	23.5	24.8
Disposals	(0.8)	-	(7.8)	(8.6)
<b>At 29 February 2008</b>	<b>2.3</b>	<b>8.1</b>	<b>84.2</b>	<b>94.6</b>
Depreciation				
At 1 March 2007	(1.5)	(5.1)	(46.2)	(52.8)
Charge for the year	(0.5)	(1.0)	(10.6)	(12.1)
Eliminated in respect of disposals	0.7	-	7.7	8.4
<b>At 29 February 2008</b>	<b>(1.3)</b>	<b>(6.1)</b>	<b>(49.1)</b>	<b>(56.5)</b>
<b>Net book value at 29 February 2008</b>	<b>1.0</b>	<b>2.0</b>	<b>35.1</b>	<b>38.1</b>
Net book value at 1 March 2007	0.8	2.5	22.3	25.6

## 9. Deferred acquisition costs

We have refined our accounting policy for acquisition costs. These costs are now expensed as the premiums to which they relate are earned.

The amount of €10.1m provided for at 29 February 2008 (2007: €8.0m) is in respect of costs incurred during the financial year which are directly attributable to the acquisition of new business. All other acquisition costs are recognised as an expense when incurred.

The prior year adjustment arises from the change in this accounting policy. The effect of the re-statement on last year's profit figure was €0.8m. (Original profit €70.3m, re-stated profit €69.5m)

## 10. Other technical provisions

Each year the Board assesses whether it will incur losses on contracts that it is obliged to incept or renew based on its commitment to certain levels of price increase. The estimate of these losses is based on a model using appropriate actuarial practice standards. The principal uncertainty relates to the cost and volume of future claims. Among the factors affecting future costs are:

- a** the availability of private bed capacity, because a characteristic of the healthcare market is that demand will expand to match supply;
- b** the cost of private beds in public hospitals which is determined by the Minister for Health and Children;
- c** the development of new drugs and technologies;
- d** legal challenges to the Risk Equalisation scheme;
- e** medical inflation running ahead of normal inflation.

The assumptions relating to these factors are based on the most up-to-date market information and past experience.

No unexpired risk reserve has been provided in February 2008 (February 2007: €64.9m) on the basis that the business taken on with the price increase on 1 September 2008 will not be loss making.

The Board's consulting actuaries Watson Wyatt have confirmed that no provision is required at February 2008.

In December 2005, the Minister for Health & Children activated the Risk Equalisation scheme (RES) with effect from 1 January 2006. As the scheme and its activation are the subject of legal proceedings, no account has been taken of any benefit which might arise on the activation of the scheme in calculating the provision and an amount receivable has not been recognised in the Balance Sheet.

In the event of a Risk Equalisation scheme not being activated within a market which remains a community rated market, there is a high likelihood of Vhi Healthcare incurring significant losses in future years.

## NOTES TO THE ACCOUNTS (CONTINUED)

### 11. Deferred Taxation

Provision has been made in respect of deferred taxation for the following timing differences:

	2008 €m	2007 €m
Unrealised loss/(gain) on investment valuation	1.1	(0.4)
Other timing differences	(0.4)	(0.7)
<b>Total provision</b>	<b>0.7</b>	<b>(1.1)</b>

### 12. Other creditors and accruals

	2008 €m	2007 €m
Corporation tax	2.9	5.0
PAYE and PRSI	1.1	-
Other creditors	3.1	3.5
Accruals	14.4	11.6
	<b>21.5</b>	<b>20.1</b>

### 13. Reconciliation of operating surplus to net cash flow from operating activities

	2008 €m	As re-stated 2007 €m
Surplus on ordinary activities before taxation	129.3	74.6
Depreciation charges	12.1	9.9
Retirement benefits	0.6	2.0
Unrealised losses/(gains) on investments	9.0	(6.7)
(Decrease)/increase in health insurance technical provisions	(36.6)	61.5
(Increase) in debtors from members arising out of insurance operations	(34.1)	(60.0)
(Increase) in debtors and prepayments	(0.4)	(3.4)
Increase in creditors and accruals	14.6	9.2
<b>Net cash inflow from operating activities</b>	<b>94.5</b>	<b>87.1</b>

<b>14. Movement in opening and closing portfolio investments</b>	<b>2008 €m</b>	<b>2007 €m</b>
Net cash inflow/(outflow) for the period	4.1	(1.8)
Portfolio investments	44.8	71.8
Movement arising from cash flows	48.9	70.0
Changes in market values	(8.7)	2.8
Total movement in portfolio	40.2	72.8
Portfolio investments and cash in hand at 1 March	768.8	696.0
<b>Portfolio investments and cash in hand at 29 February</b>	<b>809.0</b>	<b>768.8</b>

<b>15. Movement in cash and portfolio investments</b>	<b>At 1 March 2007 €m</b>	<b>Cash Flow €m</b>	<b>Changes to market value €m</b>	<b>At 29 February 2008 €m</b>
Cash at bank and in hand	(5.8)	4.1	-	(1.7)
Shares and other variable yield securities	209.7	22.3	(2.8)	229.2
Debt securities and other fixed interest securities	536.3	18.2	(5.5)	549.0
Other investments	0.4	0.8	(0.4)	0.8
Deposits with credit institutions	28.2	3.5	0.0	31.7
	768.8	48.9	(8.7)	<b>809.0</b>

<b>16. Analysis of cash flows for headings netted in the cash flow statement</b>	<b>2008 €m</b>	<b>2007 €m</b>
Portfolio investments		
Purchase of shares and other variable yield securities	80.2	204.8
Purchase of debt securities/fixed interest securities	1,310.9	1,759.0
Purchase other investments	0.8	0.1
Purchase of deposits with credit institutions	832.1	805.0
Sale of shares and other variable yield securities	(57.9)	(5.4)
Sale of debt securities/fixed interest securities	(1,292.7)	(1,774.1)
Sale of deposits with credit institutions	(828.6)	(917.6)
<b>Net cash outflow on portfolio investments</b>	<b>44.8</b>	<b>71.8</b>

## NOTES TO THE ACCOUNTS (CONTINUED)

### 17. Contingent Asset

The Risk Equalisation scheme was activated by the Minister for Health and Children with effect from 1 January 2006. Under the scheme each returning insurer submits returns in a prescribed format to the Health Insurance Authority (HIA) on a six monthly basis and the HIA subsequently notifies each undertaking as to the amount it should contribute to or receive from the Risk Equalisation fund.

The HIA have notified the Board that it would receive €43.5m from the fund for the 24 month period to 31 December 2007. The Board estimate an additional €4m will be receivable in respect of the period to 29 February 2008.

The scheme and its activation are the subject of legal challenges and consequently no account has been taken of this contingent asset of €47.5m (€41.6m net of tax).

18. Capital Commitments	2008 €m	2007 €m
Capital expenditure contracted for	2.2	-
Capital expenditure approved but not contracted for	4.3	14.0

### 19. Related Party Disclosures

There have been no transactions with related parties which require other disclosure under Financial Reporting Standard 8.

## 20. Retirement benefits

The Board operates a defined benefit pension scheme. The assets of the scheme are held in a separate trustee administered fund. In addition to pension entitlements, the Board also provides benefits to certain retirees in respect of health insurance cover. Retirement benefit costs and liabilities are determined by an independent qualified actuary, using the projected unit credit method of funding. The contributions to the scheme amounted to €5.3m (2007: €3.9m) and are based on 12.2% of pensionable pay.

The values used in this disclosure are based on the most recent actuarial valuations, carried out at 29 February 2008, and the amounts have been fully implemented in the accounts in accordance with the requirements of FRS 17: 'Retirement Benefits'.

The actuarial reports are available for inspection by members of the scheme but not for public inspection.

The major assumptions used in respect of the pension scheme are:	2008 %	2007 %
Rate of increase in salaries	4.0	4.0
Rate of increase in pensions in payment	3.25	3.25
Discount rate	5.50	4.75
Inflation assumption	2.25	2.25
Long-term expected rates of return at 29 February were:		
Equities	7.2	7.2
Fixed interest	3.8	3.9
Property	6.1	6.1
Other	3.0	2.0

## NOTES TO THE ACCOUNTS (CONTINUED)

### 20. Retirement benefits (continued)

The assets in the pension scheme at market value were:	<b>2008</b>	2007
	<b>€m</b>	€m
Equities	85.1	90.8
Fixed interest	15.6	13.3
Property	7.5	6.3
Other	7.0	5.5
Total market value of assets	115.2	115.9
Present value of scheme liabilities	(135.5)	(141.5)
Deficit in the scheme	(20.3)	(25.7)
Unfunded health insurance premium provision	(13.2)	(10.6)
Net retirement benefits deficit	(33.5)	(36.3)
Related deferred tax asset	4.2	4.5
<b>Net retirement benefit liability</b>	<b>(29.3)</b>	<b>(31.8)</b>
	<b>2008</b>	2007
	<b>€m</b>	€m
		As re-stated
Reserves		
Reserves excluding retirement benefits liability	444.4	331.6
Retirement benefits liability	(29.3)	(31.8)
<b>Reserves after including retirement benefits liability</b>	<b>415.1</b>	<b>299.8</b>
<b>Income and Expenditure account</b>	<b>2008</b>	2007
	<b>€m</b>	€m
Charged to net operating expenses		
Current service cost	(5.3)	(5.5)
Death in service cost	(0.2)	(0.2)
Other retirement benefits	(0.8)	(0.7)
	<b>(6.3)</b>	<b>(6.4)</b>
Interest in scheme liabilities	(7.3)	(6.3)
Expected return on scheme assets	7.7	6.7
<b>Net change in operating result</b>	<b>(5.9)</b>	<b>(6.0)</b>

Statement of total recognised gains and losses					
Actual return less expected return on scheme assets			(14.3)	3.5	
Experience gains and losses on scheme liabilities			(2.5)	(4.7)	
Changes in demographic and financial assumptions			20.3	2.3	
Actuarial gain			3.5	1.1	
Deferred tax			(0.4)	0.1	
<b>Total actuarial gain</b>			<b>3.1</b>	<b>1.2</b>	
Movement in net deficit during the year					
Net deficit in scheme at start of year			(31.8)	(30.9)	
Current service cost			(5.3)	(5.4)	
Death in service cost			(0.2)	(0.2)	
Contributions			5.3	3.9	
Interest on scheme liabilities			(7.4)	(6.3)	
Expected return on scheme assets			7.7	6.7	
Actuarial gain/(loss)			3.5	1.1	
Other retirement benefits			(0.8)	(0.8)	
Deferred tax			(0.3)	0.1	
<b>Net deficit at end of year</b>			<b>(29.3)</b>	<b>(31.8)</b>	
History of experience gains and losses	<b>2008</b>	2007	2006	2005	2004
Difference between expected and actual return on assets	(14.3)	3.5	13.9	3.1	8.8
% of scheme assets	(12%)	3%	14%	4%	13%
Experience gains and losses on scheme liabilities	(2.5)	(4.7)	(11.6)	2.1	(6.9)
% of scheme liabilities	(2%)	(3%)	(9%)	2%	(8%)
Total actuarial gain/(loss)	3.1	1.2	(3.3)	(2.9)	(8.9)
% of scheme liabilities	2%	1%	(3%)	(3%)	(10%)

## COMPARATIVE RESULTS

	As re-stated 2004 €m	As re-stated 2005 €m	As re-stated 2006 €m	As re-stated 2007 €m	2008 €m
Earned premium	803.0	868.7	919.6	1,020.1	<b>1,153.0</b>
Claims incurred	(663.3)	(752.4)	(890.6)	(930.7)	<b>(1,005.0)</b>
Unexpired risks reserve	(15.6)	(53.4)	(1.3)	40.7	<b>64.9</b>
Operating expenses	(62.0)	(77.6)	(77.4)	(83.3)	<b>(91.4)</b>
Investment return	14.0	16.6	18.6	27.8	<b>7.8</b>
Taxation charge	(9.4)	(0.5)	(0.1)	(5.1)	<b>(17.1)</b>
<b>Surplus/(deficit) for the year</b>	<b>66.7</b>	<b>1.4</b>	<b>(31.2)</b>	<b>69.5</b>	<b>112.2</b>
<b>Surplus/(deficit) / Income Ratio</b>	<b>8.3%</b>	<b>0.2%</b>	<b>(3.4%)</b>	<b>6.8%</b>	<b>9.7%</b>
Reserves	264.7	263.6	229.1	299.8	<b>415.1</b>
Minimum statutory solvency	135.1	152.7	175.9	196.1	<b>214.6</b>
<b>Financial Ratios</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
* Solvency margin level	31.7	29.6	24.1	27.9	35.3
Claims (including URR) as a % of earned premium	84.5	92.8	97.0	87.2	81.5
Operating expenses as % of earned premium	7.7	8.9	8.4	8.2	7.9

Minimum solvency as shown above is calculated in accordance with the provisions of the 1976 EU Non-Life regulations, (as amended), with which Vhi Healthcare is not currently required to comply.

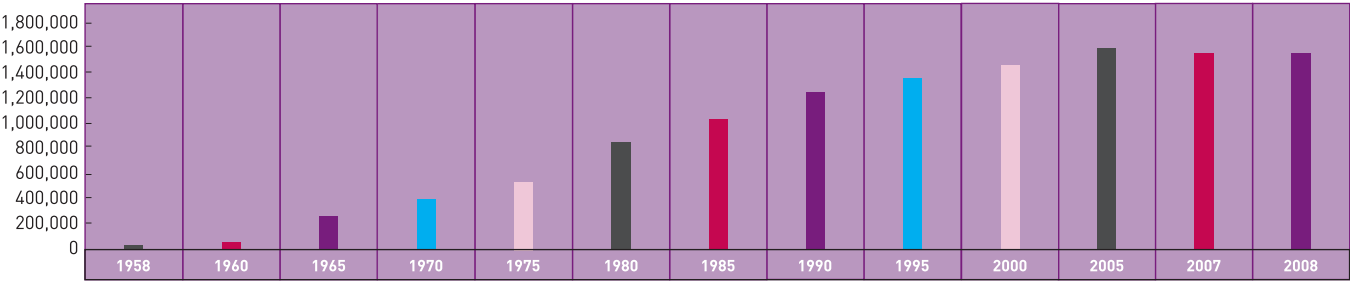
\* Solvency requirements imposed by the Financial Regulator come under two headings:

- Minimum solvency margin: currently 150% of the minimum statutory solvency which for Vhi Healthcare at 29 February 2008 would amount to €322m.
- Solvency ratio: currently 40% of written premium income which for Vhi Healthcare at 29 February 2008 would amount to €471m. We understand that this requirement is currently under review.

New solvency requirements for Insurance Undertakings will apply following the introduction of the new EU Solvency Directive, referred to as 'Solvency II'. It is anticipated that this will apply lower solvency requirements for health insurers than at present. This Directive is still being developed and it is not expected to be finalised and to become effective until 2012 at the earliest.

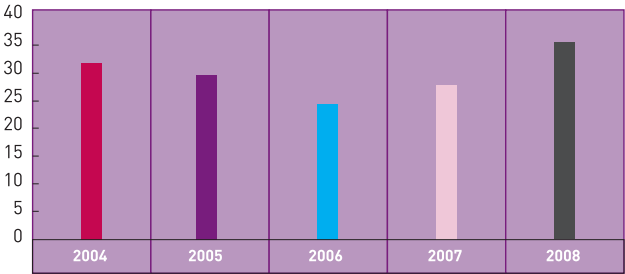
# COMPARATIVE RESULTS AND GRAPHS

## Membership Growth: 51 Years History



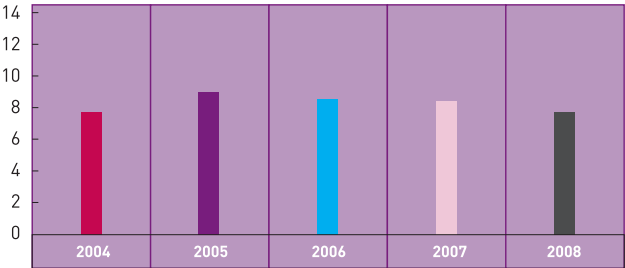
## Solvency Margin Level

The ratio of reserves to premium income is currently at 35.3%.



## Operating Expenses as % of Earned Income

Vhi Healthcare prides itself on having one of the lowest administration costs to revenue ratios of any insurer in the world. Currently the ratio stands at 7.9% compared to a worldwide norm of 12% and over 13% for some of our competitors.



## GALLERY OF EVENTS



**1.** Getting the balance right – To celebrate 2008 Work Life Balance Day, Vhi Healthcare and Unite partnered to offer employees in Vhi Healthcare's Abbey Street office complementary workplace massages. Pictured at the launch of the initiative alongside the on-site masseuse are Vhi Healthcare staff members Ian Cullen, Kate Galvin and Marie O'Neill.

**2.** The health of the nation came under the spotlight in October with the publication of a comprehensive study of the Irish healthcare system "*The Health of the Nation: The Irish Healthcare System 1957-2007*" authored by Padraig O'Morain. The book was commissioned by Vhi Healthcare to mark the company's 50th anniversary and published and distributed by Gill & Macmillan. The book comprises a history of the Irish health system over the 50 year period to 2007 and examines the development of the health service during the period within the context of the social and political changes of the time.

**3.** Vhi Healthcare co-sponsored Ireland's annual Private Healthcare Conference which took place on March 21, 2007, in the Burlington Hotel. The conference was entitled "The Business of Health – Improving Healthcare" and addressed the issues of co-location, partnership between the public and private sectors, and the relationships between consultants and their public and private work. Pictured at the event are Minister for Health and Children, Mary Harney T.D., and Dr Bernadette Carr, Medical Director, Vhi Healthcare.



**4.** Mary Conlon, of the Claregalway club, was presented with the inaugural Vhi Healthcare Ladies Football Club Person of the Year Award in December 2007 at an Award ceremony in Croke Park, Dublin. Also pictured are family and friends who traveled to Croke Park to support her. Mary was singled out from over 100 individual nominations posted on the Ladies Gaelic website during November. The Vhi Healthcare Club Person of the Year Award recognises and celebrates the contributions of club individuals who have had an extraordinary impact on their club.



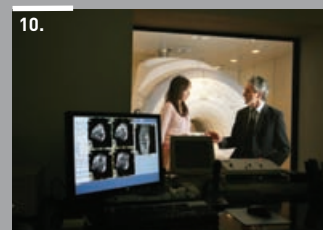
**5.** Pictured at the unveiling of the 2007 Vhi Cúl Camps Ambassadors in Croke Park were, from left, Dublin Manager, Paul Caffrey; Brian Kavanagh, Longford; John Lee, Galway; Cathal Naughton, Cork; Andy Moran, Mayo; Oisín McConville, Armagh; Jackie Tyrrell, Kilkenny; and Ciarán Herron, Antrim. The 2007 Vhi Cúl Camp Ambassadors visited camps nationwide, giving tips to children on how to improve their game and offering the children a unique opportunity to ask them individual questions on their sport.



**6.** Last year Vhi Healthcare partnered with the Ladies Gaelic Football Association to hold a series of health seminars, VHIItality, in Dublin, Cork, Belfast, Castlebar and Portlaoise. The evenings feature talks by Vhi's fitness, diet and stress experts and aim to advise the women attending how best to achieve a healthy work / life balance. Pictured are Armagh Gaelic Football stars and twin sisters, Bronagh and Alma O'Donnell, lending their support to promote the Belfast VHIItality evening.



**7.** In July 2007, the GAA and Vhi Healthcare announced details of a nationwide initiative to help GAA clubs tackle the phenomenon of Sudden Arrhythmia Death Syndrome. The GAA purchased a number of high-quality Automated External Defibrillators (AEDs) to be provided at every county ground and sold to clubs at cost price. Vhi Healthcare partnered with the GAA to provide introductory training sessions free of charge to the first 125 clubs to register. Pictured is defibrillator trainer, Derek Curley, hosting a training session.



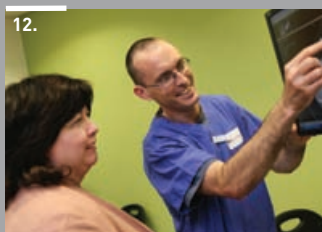
**8.** Good Call! – Vhi Healthcare won two awards and was highly commended in a third category at the 2007 Irish Contact Centre Awards, held in November 2007 in the Burlington Hotel. Darena Finan, who works in Vhi Healthcare’s contact centre in Kilkenny was named 2007 Contact Centre Agent of the Year and her colleague, Joan Egan, was highly commended in the Team Leader of the Year category. The company also won the Best Training Programme for the training provided in the Vhi contact centre in Kilkenny. Vhi Healthcare’s General Manager of Customer Service and Individual Business, Maurice Whelan (pictured at the Awards), was awarded the Lifetime Achievement Award and was made a Fellow of the CCMA in recognition of his contribution to the Irish Contact Centre Industry.

**9.** Vhi Healthcare officially opened its new contact centre in Gweedore in May 2007 with assistance from Údarás na Gaeltachta. The centre will employ 25 people at Údarás na Gaeltachta’s Business Park, Gaoth Dobhair. The new contact centre in Gweedore complements the existing contact centre in Kilkenny, which has won many national and international awards over the past six years. Pictured at the opening event are Vincent Sheridan and Bríd Ní Ghallchóir of Vhi Healthcare and Liam Ó Cuinneagáin, Chairman, Údarás na Gaeltachta.

**10.** In August 2007, Vhi Healthcare announced it had reached agreement with the newly opened Sports Surgery Clinic in Santry, Dublin. Vhi Healthcare members nationwide can now access the only comprehensive specialist musculo-skeletal sports service available in Ireland. Pictured at the announcement are Dr Bernadette Carr, Medical Director, Vhi Healthcare, and Mr Ray Moran, Orthopaedic Surgeon and Sports Surgery Clinic Medical Director.



**11.** Vhi Healthcare is proud sponsors of the Ladies Gaelic Football All Ireland Club Championships which sees teams across Ireland competing against each other at junior, intermediate and senior levels. Pictured in November 2007 are team captains of the clubs who made it to the 2007 Finals, from left, Sinead Goldrick, Foxrock Cabinteely, Maria Kelly, West Clare Gaels, Caroline McGing, Carnacon, Annie Walsh, Inch Rovers, Sile O'Callaghan, Mourneabbey and Kathy Conway, Glen, with Declan Moran, Director of Marketing & Business Development, Vhi Healthcare.



**12.** October 2007 saw the third Vhi SwiftCare Clinic in partnership with Centric Health open in the Airside Retail Park, Swords, Co. Dublin. The new facility follows the same model which has already proved so successful in the Vhi SwiftCare Clinics in Balally and Dublin City University, providing rapid assessment, treatment and advice for patients with a range of minor injuries and illnesses. Pictured at the launch event are Minister for Health and Children Mary Harney T.D. and Dr Michael Steele, Vhi SwiftCare Clinic, Swords.



**13.** The GAA and Vhi Healthcare partnered for the second year of the Vhi Cúl Camps programme. The Vhi Cúl Camps is a nationally co-ordinated programme aiming to encourage primary school children between the ages of 7 and 13, to learn and develop sporting and life-skills by participating in Gaelic Games, in a fun, non-competitive environment. Children attending the 2007 Vhi Cúl Camps were asked to nominate their coach as Ireland's Cúl-est Coach - a title which was won by Miriam Dalton, Vhi Cúl Camp coach for Abbeyleix GAA Club, Co. Laois. Miriam was nominated by Jennifery Cass (pictured on the left), age 8, who described Miriam as being "kind, helpful and fun" during the camp.

## COMPANY DETAILS

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An Bord Árachais Sláinte Shaorálaigh

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**Dun Laoghaire**

35/36 Lower George's Street

**Cork**

Vhi House,  
70 South Mall

**Galway**

Vhi House,  
10 Eyre Square

**Gweedore**

Údarás na Gaeltachta Business Park,  
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Co. Donegal

**Limerick**

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**Main bankers**

AIB Bank plc  
Bank of Ireland

**Auditors**

Deloitte & Touche

**Solicitors**

McCann Fitzgerald

**Consulting Actuaries**

Watson Wyatt LLP

For over 50 years when Vhi Healthcare's customers have needed us, we've been there. Today customers have unparalleled cover for all of their health needs – from major to minor. For everything from day-to-day health queries through to support throughout a medical event, Vhi Healthcare is there when our customers need us for:

#### Healthcare Cover

- Hospitals Plans such as Vhi Healthcare Plans A-E and A-E Options provide excellent hospital cover to our customers offering access to over 1800 consultants, direct payment arrangements with hospitals, care when abroad, excellent maternity cover and much, much more!
- Day-to-day cover under the HealthSteps from Vhi Healthcare Plans provides cash back on everyday health expenses including visits to the GP, Dentist and Physiotherapist.
- Hospital and day-to-day cover are available through LifeStage Choices from Vhi Healthcare. We've called them LifeStage Choices because they are designed to give customers the best cover for the healthcare services they are most likely to need at different stages of their lives.

#### Cover Abroad

- Assist from Vhi Healthcare comes as standard with Vhi's Plans A-E, A-C Options and LifeStage Choices products and provides customers with cover of between €65,000–100,000 for medical emergencies abroad, access to a 24 hour medical emergency helpline and access to an English speaking medical expert amongst other services.
- MultiTrip from Vhi Healthcare is available exclusively to Vhi Healthcare customers. As well as providing cover for medical emergencies, personal liability, lost passports and cancelled or curtailed trips, MultiTrip from Vhi Healthcare offers unique benefit of no exclusions for pre-existing medical conditions. What this means is that if someone has to cancel or curtail their trip due to a recurrence of a medical complaint or if one of their close relatives falls ill, they will be covered.
- Global from Vhi Healthcare is an international private health insurance product for Irish residents who might be working, traveling or studying abroad for more than 6 months and who intend to return to live in Ireland at a future date. Global from Vhi Healthcare provides comprehensive cover for customers' healthcare and travel insurance needs overseas.

#### Innovation

- Vhi SwiftCare Clinics are Ireland's first walk-in, urgent care centres offering treatment for unexpected minor injuries and illnesses that don't pose a serious danger to a person's health such as sports injuries, bumps, bruises and minor burns and cuts. There are three Vhi SwiftCare Clinics in Dublin – one in Dublin City University, one in Balally and one in Airside Retail Park, Swords. The Clinics are open from 8am to 10pm seven days a week, 365 days a year.
- Vhi Corporate Solutions is a specialist team offering high-quality services on a range of employee health and well-being issues to corporate clients across a wide range of industries.
- Online services for Groups: Vhi Healthcare now offers a host of services for our Corporate Group customers including dedicated employee websites allowing employees to manage their policies online, gain access to health & lifestyle information and enter free promotions and competitions; employer reports giving a holistic overview of value Vhi Healthcare is bringing to the company in question; and end-to-end online administration solutions tailored to meet the needs of the individual company in question.
- Vhi DeCare Dental is Ireland's only dental insurance plan offering a host of benefits for employees' oral care needs. The product is designed to dovetail with existing State benefits for those with PRSI entitlements and to provide benefit for those who do not have PRSI entitlements.

#### Health-Related Advice and Information

- NurseLine 24/7 from Vhi Healthcare offers customers access to qualified nurses by phone 24 hours a day, 365 days a year. Experienced nurses are available to answer queries, provide access to information on medical conditions and provide information on medications and their interactions.
- Vhi Healthcare customers can access a maternity helpline which is staffed by qualified midwives, providing a personalised service to expectant and new mothers. Once registered, the customer will receive phonecalls from the midwife at agreed intervals throughout the pregnancy and for up to six months after the baby is born. Mothers can also get advice on a wide range of areas including breastfeeding, immunisations, weaning and developmental check-ups.
- Customers can also access a second opinion service operated by ringing Vhi's NurseLine. Working with a panel of 50,000 international medical experts, the Best Doctors® Service can quickly put customers in touch with the international centre of excellence for their particular condition. With the consent of the customer's Consultant, their medical records are sent for review with a report returned to the customer and their Doctor.
- [www.vhi.ie](http://www.vhi.ie) – One of Ireland's most popular and comprehensive healthcare websites giving Vhi Healthcare customers free access to a comprehensive online encyclopedia and a host of exclusive services including "Ask the expert", where customers can email individual queries to a nutritionist, fitness expert, life coach, stress expert, midwife or GP to name just a few.

