



Deputy Jennifer Carroll MacNeill
Dáil Éireann
Leinster House
Kildare Street
Dublin 2

23 September 2020

RE: Insurance Premium Increases

Dear Deputy Carroll Mac Neill,

I refer to your letter of 17 June, and thank you for bringing this issue to the attention of the Central Bank of Ireland ('Central Bank'). I would also like to apologise for the delay in responding to this matter.

The Central Bank recognises that, as a consequence of COVID-19, it is a particularly challenging and troubling time for consumers, families and businesses. As such, the Central Bank issued a letter to insurers on 27 March 2020¹, regarding our expectations of insurance undertakings (insurers) in light of COVID-19. In that letter, the Central Bank clearly set out that, among other things:

- Insurers have an obligation to act honestly, fairly and professionally in the best interest of consumers and to comply with the Central Bank's Consumer Protection Code and other regulatory requirements.
- Insurers should engage with intermediaries and partners to keep them fully informed at all times about the implications of COVID-19 for existing and new policies.
- Where relevant, insurers should proactively communicate in a clear, transparent manner to customers about the levels of cover provided by individual insurance policies and should

¹ <https://www.centralbank.ie/docs/default-source/regulation/consumer-protection/dear-ceo-letter---central-bank-of-ireland-expectations-of-insurance-undertakings-in-light-of-covid-19.pdf>



inform customers, when renewing existing policies, if there are any changes to those policies arising from COVID-19.

- The Central Bank expects that the insurance industry will play its part in protecting its customers during this extraordinary time, to be sensitive to the difficult situation in which many find themselves, and to take steps to support them.

This letter also set out the Central Bank's expectations in relation to the handling of insurance claims.

With regard to your specific question, in relation to insurers increasing premiums as a consequence of COVID-19, the Central Bank does not have a role in relation to regulated firms' pricing decisions. In this regard, I refer to Regulation 19(1) of the European Union (Insurance and Reinsurance) Regulations 2015 which states:

"The Bank shall not require the prior approval or systematic notification of general and special policy conditions, of scales of premiums, of the technical bases used in particular for calculating scales of premiums and technical provisions, or of forms and other documents which an undertaking intends to use in its dealings with policyholders or ceding or retro ceding undertakings."

With respect to the handling of consumer complaints, regulated firms are subject to the requirements of the Central Bank's Consumer Protection Code 2012 (the Code). The Code requirements include, among other things, a prescriptive process for handling consumer² complaints. Furthermore, if a consumer remains unsatisfied following conclusion of a regulated firm's complaints handling process, a complaint may be referred to the FSPO (depending on whether the complainant meets the Financial Services and Pensions Ombudsman (FSPO) definition of consumer and other relevant criteria).

At all times, and in line with regulatory requirements, insurance firms have an obligation to act honestly, fairly and professionally in the best interest of consumers, and we continue to monitor their activities in line with our expectations and to ensure that firms adopt a customer first approach to the resolution of consumer matters.

More broadly the Central Bank has been an active participant in the Cost of Insurance Working Group (CIWG) that was established by the Minister for Finance in 2016. As part of this Group, the Central Bank has undertaken a number of measures to increase transparency for policyholders and

² As defined in the Code



improve data availability. A key measure is the establishment of the National Claims Information Database (NCID) to increase transparency around the cost of claims. Private motor insurance was selected to be the initial class of insurance in scope of the NCID and a first report was published in late 2019. Work is underway to produce the 2020 Private Motor Insurance Report, based on 2019 data.

A feasibility study relating to the inclusion of Employers' Liability and Public Liability (EL & PL) data in the NCID has also been completed, concluding that while it is more complex to collect this data, there is definite merit in extending the scope of the NCID to include EL & PL data and it is feasible to do so. The Central Bank intends to collect this data in H2 2020 and publish the first Employers' Liability and Public Liability NCID Report in H1 2021, with annual publications of data thereafter.

Finally, to note the Central Bank has also launched a dedicated COVID-19 online hub with information for consumers, businesses and firms. We update the hub regularly to reflect the rapidly evolving European and domestic response required to safeguard stability and protect consumers. We hope you and your constituents will find it useful.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Gráinne McEvoy".

Gráinne McEvoy
Director of Consumer Protection