



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Settlement Agreement between the Central Bank of Ireland and H. & P. Car Sales Limited

The Central Bank of Ireland fines H. & P. Car Sales Limited (the “Firm”) €1,540.00 in relation to a failure to hold satisfactory professional indemnity insurance on a continuous basis.

The Central Bank’s Director of Enforcement, Derville Rowland, has commented as follows:

“Professional Indemnity Insurance (“PII”) is viewed by the Central Bank as a key prudential and consumer protection safeguard, providing protection for consumers in their dealings with financial service providers by covering losses suffered as a result of professional negligence relating to for example, the provision of negligent advice.

Given the important role that PII plays in the protection of consumers, the Central Bank has in the past and will continue in the future to focus on promoting compliance in this area by taking action where non-compliance is discovered with the aim of raising professional standards across the industry. Retail Intermediaries should note that a failure to comply with this key regulatory requirement is unacceptable to the Central Bank and will lead to supervisory intervention, up to and including the imposition of fines and the potential involuntary revocation of the intermediary’s authorisation.

Retail Intermediaries should be aware that “The Handbook of Prudential Requirements for Investment Intermediaries (the “2014 Handbook”), which became effective on 1 October 2014, requires all investment intermediaries (as defined in the 2014 Handbook) to hold PII which mirrors the requirements set out within the European Communities (Insurance Mediation) Regulations, 2005 expanding their obligations in this regard. Retail Intermediaries who have questions regarding the obligations in this area should refer to the “Guidance for Retail Intermediaries on the requirements to hold Professional Indemnity Insurance Cover” issued by the Central Bank in October 2015”.

Prescribed Contravention

Regulation 17 of the European Communities (Insurance Mediation) Regulations 2005 (the “Regulations”) requires that every insurance intermediary hold professional indemnity insurance on a continuous basis. The Central Bank views non-compliance with this statutory requirement to hold professional indemnity insurance seriously, as non-compliance represents a failure to provide consumers with key protections afforded to them under the Regulations in their dealings insurance intermediaries.

Background to the breach and Central Bank action

The Central Bank identified the breach during the course of a themed inspection carried out by its Consumer Protection Directorate in relation to compliance by insurance intermediaries with their obligations in respect of professional indemnity cover. The Central Bank’s investigations identified that the Firm had failed to hold professional indemnity insurance on a continuous basis as required by the Regulations. As part of the Central Bank’s engagement with the Firm in respect of this matter, the Firm was required to put in place a satisfactory professional indemnity insurance policy.

Penalty Decision Factors

In deciding the appropriate penalty to impose, the Central Bank has taken the following into account:

- The Firm took appropriate action to rectify the breach once made aware of it and now has satisfactory professional indemnity insurance in place;
- The previous compliance record of the Firm; and
- The fact that the firm settled at an early stage in the Administrative Sanctions Procedure.

The Central Bank confirms that the matter is now closed.