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Insurance Consultation 2020 'CP131'  
Recovery Planning  
Central Bank of Ireland  
PO Box 9708  
Dublin 1

*By email to [recoveryplanning@centralbank.ie](mailto:recoveryplanning@centralbank.ie)*

30 October 2020

Dear Sir or Madam

Thank you for the opportunity to engage with you on the topic of pre-emptive recovery planning for (re)insurers through your recent Consultation Paper 131 ('the CP').

Financial Services Ireland (FSI) represents c.150 companies across all sectors of financial services, including banking, insurance, funds and asset management, payments, and leasing. Our objective is to become a global top 20 financial centre by 2025, by ensuring Ireland is the strongest business environment and best location to tackle future challenges for the financial services sector. As the third largest exporter of financial services in Europe, our position is dependent on a robust regulatory system that provides a stable environment for local and global businesses, who in turn uphold high standards of governance, compliance, and risk management.

Having consulted with our insurance members, we are pleased to set out our view on the proposals contained in the CP.

We share the CBI's view that effective recovery frameworks must be put in place to ensure policyholder protection. Section 2 of the CP set out in very clear terms the background to the proposals, based on past failures and the added, ongoing risks posed in the context of COVID-19. It also highlights that insurance recovery planning is the subject of ongoing discussion with EU policymakers. Pre-emptive recovery and resolution will therefore be the subject of considerable change in the near future, and the Central Bank will be involved in that process. We have a shared understanding of the merits of new requirements therefore, however the CP does not set out why the Central Bank wishes to move ahead of the process at EU level.

We understand that a small number of Member States have introduced recovery regimes ahead of an EU-wide framework, perhaps owing to a frustration with the length of time it takes to agree and implement such measures at EU level. However, we understand that those regimes are targeted at the most high-risk entities, and that the proposals within the present CP therefore go further than these regimes, and what has been consulted upon at EU level thus far. We support the introduction of a recovery and resolution regime, however we do not support the introduction of an Irish-specific, recovery-only regime at this time.

The early introduction of an Irish recovery regime with stricter requirements than those in other Member States will impose dual requirements on industry, render Ireland an outlier, and ensure the need to reopen and revise approaches at a later stage. This will have serious resource implications for firms and for the Central Bank. No evidence is presented, nor are we aware of, any increased risk posed to the stability of Irish insurance companies *vis à vis* their peers across the EU27. In anticipation of a new EU regime, the customers of Irish insurance undertakings are currently afforded the same protection as all other European policyholders under the Solvency II framework, as well as the additional protection of the PRISM system of engagement under which certain firms will continue to submit recovery frameworks to the CBI. This approach has been tested throughout 2020 by the economic impact of COVID-19.

We wish to engage in full with the CBI on this policy area and request that the work already done and demonstrated in the draft regulations in CP131 is paused and leveraged by the Central Bank as an active participant at EIOPA in 2021.

If you have any questions or would like more detail, please feel free to contact me.

Yours faithfully,

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Paul Sweetman  
Director