



Conclusion of Central Bank Inquiry

3 September 2020

Inquiry into certain persons concerned in the management of Quinn Insurance Limited (Under Administration) (“QIL”) ends

The Central Bank has concluded its Inquiry into two former directors of QIL.

In 2010, the Central Bank commenced an investigation into QIL and a settlement was reached with QIL in 2013 under the Central Bank’s Administrative Sanctions Procedure. In May 2015, the Central Bank referred the case in respect of the two individuals, Mr Liam McCaffrey and Mr Kevin Lunney, to Inquiry. A High Court challenge to the investigation and Inquiry was brought by the two individuals which was decided in favour of the Central Bank in October 2017.

The Inquiry concluded hearing evidence in June 2019. In December 2019, a settlement agreement was entered into with Liam McCaffrey and, in July 2020, a settlement agreement was entered into with Kevin Lunney.

The Inquiry

In February 2013, QIL entered into a settlement agreement with the Central Bank, in which the Central Bank imposed the maximum monetary penalty of €5m. The payment of this monetary penalty was waived in the public interest because QIL was under administration and reliant on funding from the Insurance Compensation Fund.¹ As a result of that settlement, QIL was not a participant in the Inquiry.

The QIL Inquiry concerned the suspected participation of two of QIL’s former directors in a suspected breach by QIL of Regulation 10(3) of the European Communities (Non-Life Insurance) Framework Regulations 1994 (S.I. 359/1994) by QIL. This suspected breach related to the soundness and adequacy of QIL’s administrative and accounting procedures and internal control mechanisms during the period of 6 October 2005 to 9 July 2008 relating to the management and monitoring of the assets of QIL’s subsidiaries. This suspected breach occurred in circumstances where some of QIL’s subsidiaries had given financial guarantees in respect of finance facilities extended to Quinn Group Limited and where QIL’s subsidiaries assets backed QIL’s technical reserves.



Conclusion of Central Bank Inquiry

3 September 2020

Progress of the Inquiry

Mr Justice Iarfhlaith O'Neill, Ms Ita Mangan and Mr John Cashin were appointed as Inquiry Members in July 2015.

Between November 2015 and May 2019, the Inquiry dealt with procedural, documentary and other matters preliminary to the substantive hearing itself, and eight Inquiry Management Meetings were held in private.

The Inquiry hearing commenced on 28 May 2019 and was heard in public over the course of seven days.²

Legal Challenges

In 2016 High Court judicial review proceedings were brought by Mr McCaffrey and Mr Lunney challenging the investigation and the Inquiry. A High Court hearing took place in June 2017. The Central Bank successfully defended this challenge. Judgment was delivered in favour of the Central Bank on 3 October 2017 and costs were awarded to the Central Bank.

Conclusion of the Inquiry

The Inquiry has now concluded with the Central Bank reaching settlement agreements with the individuals, as follows:

- The Central Bank concluded a settlement agreement under its Administrative Sanctions Procedure with Liam McCaffrey, a former director of QIL in December 2019³.
- The Central Bank concluded a settlement agreement under its Administrative Sanctions Procedure with Kevin Lunney, a former director of QIL in July 2020.

Given the circumstances arising for the individuals at the time the these settlements were concluded, which were unrelated to the Inquiry, the Central Bank will not be making any further comment in relation to the settlements.

Costs of the Inquiry

As the Inquiry has now ended, and in line with the Central Bank's commitment to transparency, the Central Bank will publish the costs it incurred during the Inquiry process in the near future.



Conclusion of Central Bank Inquiry

3 September 2020

Final Comments

The conclusion of this Inquiry is significant for the Central Bank. The Central Bank wishes to thank the Inquiry Members for their dedicated work throughout the course of this Inquiry.

¹ [Public statement relating to Settlement Agreement between the Central Bank of Ireland and Quinn Insurance Limited \(under Administration\)](#)

² [Opening Statement of Mr Justice Iarfhlaith O'Neill, Inquiry Chairperson, 28 May 2019](#)

³ The settlement between the Central Bank and Liam McCaffrey was reported in the [Central Bank's Annual Report 2019 and Annual Performance statement 2019-2020](#).