



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Settlement Agreement between the Central Bank of Ireland and MacDonagh Boland Crotty MacRedmond Limited t/a Aon MacDonagh Boland

The Central Bank of Ireland (the “**Central Bank**”) has entered into a Settlement Agreement with effect from 22 January 2013 with MacDonagh Boland Crotty MacRedmond Limited t/a Aon MacDonagh Boland (the “**Firm**”), a regulated financial services provider, in relation to breaches of the Handbook for Authorised Advisors (the “**Handbook**”) and the Consumer Protection Code (2006) (the “**Code**”).

Reprimand and fine

The Central Bank reprimanded the Firm and required it to pay a monetary penalty of €65,000.

Breaches

Three breaches were identified which occurred between the period from August 2004 to December 2011 and relate, in the main, to a failure to comply with the premium rebate and overpayment handling and systems and control requirements of the Handbook and the Code.

The breaches identified are:

1. During the period 2 September 2004 to 6 September 2011, the Firm failed to transfer premium rebates, amounting to €25,392.63, to clients within the

timeframes as specified in Requirement 2.1 and 2.2, Part V of the Handbook and Provision 32, Chapter 5 of the Code.

2. During the period 1 July 2007 to 6 December 2011, the Firm deducted fees, totalling €105,577.55, from premium rebates due to consumers, without the prior written agreement of the consumer, contrary to Provision 33, Chapter 5 of the Code.
3. During the period 23 August 2004 and 6 December 2011, within the Bikecare and Taxicare products, the Firm failed to have adequate and effective systems and controls in place to ensure compliance with the Handbook and the Code, contrary to General Principle 1 c), Part 1 of the Handbook and Provision 57, Chapter 5 of the Code;
 - by failing to ensure the repayment of €4,577.54 in premium overpayments made by clients;
 - by failing to transfer premium rebates amounting to €25,392.63, within the timelines, as outlined in 1 above; and
 - by deducting fees totalling €105,577.55 from premium rebates due to customers as outlined in 2 above.

Background to the Contraventions

The contraventions relate to the administration of premium rebates and overpayments made in respect of the Firm's Bikecare and Taxicare insurance products and to the Firm's failure to have adequate systems and controls in place to process those premium rebates and overpayments in respect of these products properly.

The Firm self-identified the issues and brought them to the attention of the Central Bank. The Firm has co-operated with the Central Bank during the course of its investigations into the matter and has repaid all affected customers with interest. In relation to the failure of the Firm to obtain the customer's prior written agreement, the Firm had previously clearly disclosed the fees to customers in its Terms of Business and other client communications.

Penalty decision factors

The penalties imposed in this case reflect the importance the Central Bank places on compliance with the systems and controls and the premium rebates and overpayment handling requirements of the Handbook and the Code, particularly where such failures result in consumer detriment.

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

- the extended period of time over which these breaches occurred unnoticed by the Firm;
- the consumer detriment, which resulted from the improper handling of client premium rebates and overpayments as set out above;
- the Firm identified the issues, brought them to the attention of the Central Bank, took prompt corrective action to address and rectify the issues, introduced enhanced procedures and controls to prevent future incidences of this nature and has repaid all amounts due to affected customers; and
- the cooperation of the Firm during the Central Bank's investigation of the issues and in settling at an early stage in the Administrative Sanctions Procedure.

The Central Bank confirms that the matter is now closed.

- End -

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The Central Bank of Ireland also issued a general comment from the Head of Enforcement, Derville Rowland:

“This case represents the fifth action taken by the Central Bank against an insurance intermediary for control failures relating to the area of premium handling. The Central Bank places importance on the correct handling of client premiums and on the need to have adequate systems and controls in place to ensure compliance with the requirements of the Code. As we have previously said, control failures of this type represent an unacceptable risk to the Central Bank, particularly where these failures result in consumer detriment. Although this case relates to breaches of the provisions of the Handbook and the 2006 Code, it provides a timely reminder to industry to ensure that their processes and procedures, systems and controls are adequate to ensure compliance with the client premium handling requirements as set out in Chapter 3 of the Consumer Protection Code (2012).

The Central Bank views compliance with these requirements as being fundamental to consumer protection. Industry is reminded that the Enforcement Division works in close collaboration with the Consumer Protection Directorate within the Central Bank taking action where serious breaches of consumer protection requirements are discovered. This approach is in line with that set out in the Central Bank’s Enforcement strategy and PRISM Risk Based Regulatory Framework. In the case of lower impact firms, where we do not have

a close regulatory relationship under PRISM, our enforcement actions seek to deliver a clear message to industry as to what is, and what is not, acceptable behaviour, thus promoting better compliance which will ultimately benefit consumers”.