



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Settlement Agreement between the Central Bank of Ireland

and

New Ireland Assurance Company plc

The Central Bank of Ireland imposes a fine of €650,000 on New Ireland Assurance Company plc for breaches of the Consumer Protection Code 2012

The Central Bank of Ireland (the “Central Bank”) has fined New Ireland Assurance Company plc (the “Firm”) €650,000 and reprimanded it for two breaches of the Consumer Protection Code 2012 (the “2012 Code”).

The breaches of the 2012 Code occurred during the period from 1 July 2012 to 30 November 2014 and relate to:

- The provision of incomplete information to consumers regarding their investment products, including the provision of incomplete information in respect of the performance of such products; and
- Systems and controls failures associated with the provision of information to consumers.

The breaches have been accepted by the Firm as part of the Settlement Agreement between the Central Bank and the Firm entered into on 13 July 2016.

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

“The Consumer Protection Code 2012 sets out the minimum standards the Central Bank expects regulated entities to comply with in their dealings with consumers. Chapter 6 Provision 6.16 of the 2012 Code requires regulated entities to provide certain information to consumers on at least an

annual basis to enable them to assess the performance of their investment products over the previous year. It is of paramount importance that consumers receive such information in a complete and transparent manner, particularly in respect of longer term investment products, to enable them to analyse the performance and value of their investments and to assess whether those investments are on track to meet their personal financial goals and objectives. As the Firm was not providing all such information to consumers the Central Bank brought this enforcement action to protect consumers' interests.

In order to ensure that consumers receive complete information in respect of their investment products in a timely fashion, regulated entities must have adequate systems and controls in place regarding the provision of such information.

Where the 2012 Code is not complied with, including its requirements in respect of the provision of information to consumers, or where properly functioning systems and controls are not in place to ensure that regulated entities comply with their regulatory obligations, entities and their management should expect vigorous investigation and enforcement action by the Central Bank."

BACKGROUND

The Firm is authorised by the Central Bank under the European Union (Insurance and Reinsurance) Regulations 2015 to conduct life insurance business. The Firm provides investment products (such as investment bonds), pensions products (such as personal pensions, Personal Retirement Savings Accounts and Approved Retirement Funds), and protection products (such as life assurance and serious illness cover) to the Irish market through its New Ireland Assurance and Bank of Ireland Life brands.

PRESCRIBED CONTRAVENTIONS

Breach of Chapter 6 Provision 6.16 of the 2012 Code:

Chapter 6 Provision 6.16 of the 2012 Code requires regulated entities to provide consumers with statements in respect of each investment product held with them that include the following information (where applicable):

- a. the opening balance or value;
- b. all additions including additional amounts invested;
- c. all withdrawals;
- d. the total sum invested;
- e. the number of units held;

- f. all interest;
- g. all charges and deductions affecting the investment product including any charges associated with the management, sale, set up and ongoing administration of the investment product; and
- h. the closing balance or statement of the value of the investment.

The statements must be provided to consumers at least annually and must provide the required information in respect of the previous 12 month period.

Following an investigation conducted by the Central Bank it was established that the Firm failed to comply with the requirements of Chapter 6 Provision 6.16 of the 2012 Code between 1 July 2012 and 30 November 2014 as it failed to provide some of the information set out at paragraphs (a) – (g) thereof in statements issued to consumers. During this period 458,352 statements that failed to include all required information were issued to 257,342 consumers.

Breach of Chapter 2 General Principle 2.4 of the 2012 Code:

Chapter 2 General Principle 2.4 of the 2012 Code obliges regulated entities to ensure that in all their dealings with customers they have and employ effectively the resources, policies and procedures, systems and control checks, including compliance checks, and staff training that are necessary for compliance with the 2012 Code.

Following the Central Bank's investigation, it was established that the Firm's failure to provide all information to consumers required by Chapter 6 Provision 6.16 of the 2012 Code occurred as a result of its failure to employ adequate resources, policies and procedures, systems and control checks, including compliance checks, and staff training to ensure compliance with the requirements of Chapter 6 Provision 6.16 of the 2012 Code.

Effect of the Breaches:

As a result of the Firm's failures consumers were deprived of important information that would have enabled them to:

- Analyse the performance of their investment products on at least an annual basis; and
- Make informed decisions regarding their investment products.

Rectification of the Breaches:

The Firm has taken all necessary steps to rectify the breaches identified during the investigation and made all necessary systems changes to facilitate compliance with Chapter 6 Provision 6.16 of the 2012 Code.

PENALTY DECISION FACTORS

The penalties imposed in this case reflect the importance the Central Bank places on the provision of information about products to consumers and the requirement to employ adequate systems and controls to ensure compliance with regulatory requirements, including the provisions of the 2012 Code.

In deciding the appropriate penalty to impose, the Central Bank considered the following matters:

- The impact of the Firm's failures on consumers;
- The total number of consumers impacted by the Firm's failures;
- The extended period of time over which the breaches occurred;
- The number of incomplete statements issued to consumers;
- The prompt action taken by the Firm to take steps to rectify the breaches once made aware of them;
- The good previous compliance record of the Firm;
- The co-operation of the Firm during the investigation and in settling at an early stage in the Central Bank's Administrative Sanction Procedure; and
- The need to have an appropriate deterrent impact.

The Central Bank confirms its investigation into the Firm in respect of this matter is closed.

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NOTES TO EDITORS

1. The Consumer Protection Code 2012 is available on the Central Bank's website www.centralbank.ie or to download here.

2. An investment product is defined by the 2012 Code as an “investment instrument” within the meaning of Section 2 of the Investment Intermediaries Act 1995 ([see here](#)) but does not include non-life insurance policies and life assurance products which do not have a surrender or maturity value. Investment products provided by the Firm during the period under investigation were Pension Products (such as personal pensions, Personal Retirement Savings Accounts and Approved Retirement Funds), Protection Products (such as life assurance and serious illness cover), Regular Premium Savings, Single Premium Investment, and Trackers.

3. The fine reflects the application of the maximum percentage settlement discount of 30%, as per the Early Settlement Discount Scheme set out in the Central Bank’s “Outline of the Administrative Sanctions Procedure” which is [here](#).