



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

## **Settlement Agreement between the Central Bank of Ireland and Lorna Heffernan Finance Limited**

**The Central Bank of Ireland imposes a fine of €1,050.00 on Lorna Heffernan Finance Limited for breaches of the European Communities (Insurance Mediation) Regulations 2005 and the Investment Intermediaries Act 1995.**

The Central Bank of Ireland (the “Central Bank”) has issued a fine of €1,050.00 and a reprimand to Lorna Heffernan Finance Limited (the “Firm”) in respect of breaches of the European Communities (Insurance Mediation) Regulations 2005 (the “IMR”) and the Handbook of Prudential Requirements for Investment Intermediaries (the “Handbook”). The Handbook was imposed on investment intermediaries on 1 October 2014 under Section 14 of the Investment Intermediaries Act 1995

The Firm breached Regulation 17 of the IMR by:

- Failing to hold adequate levels of Professional Indemnity Insurance (“PII”) from 30 September 2013 to 29 September 2014;
- Failing to hold PII from 30 September 2014 to 21 January 2016.

The Firm also breached the requirements imposed under Part 4 of the Handbook by failing to hold PII from 1 October 2014 to 21 January 2016.

The findings have been accepted by the Firm as part of the Settlement Agreement between the Central Bank and the Firm entered into on 30 November 2017.

The Central Bank's Head of Enforcement Investigations, Brenda O'Neill has commented as follows:

*"The Central Bank views PII as a key prudential and consumer protection safeguard. It is important the consumers know that, in the event of a valid professional negligence claim being established, there will be a source of funds available to them in connection with that claim. Ensuring compliance with PII obligations is therefore fundamental to the Central Bank's mandate of protecting consumers in the context of the regulation of the Retail Intermediaries sector.*

*Firms should be aware that where consumers are put at risk through failures by firms to respect their obligations the Central Bank will apply its supervisory and enforcement powers. The Central Bank's approach aims to act as a deterrent to others and to ensure that standards are met."*

## **BACKGROUND**

The Firm is a regulated financial service provider registered as an Insurance Intermediary by the Central Bank under the IMR and authorised by the Central Bank as an Investment Intermediary under the IIA.

PII policies typically provide insurance cover on what is known as a "claims made" basis. This means that the PII policy in place at the time that a claim is made provides cover in respect any valid claim, irrespective of when in the past the events giving rise to the claim occurred. The Firm's failure to hold PII on a continuous basis means that had a consumer sought to make a claim during the period when the Firm had no PII in place, the protections afforded by Regulation 17 of the IMR and Part 4 of the Handbook would not have been available to them.

For this reason, the Central Bank views non-compliance with the statutory requirement to hold PII seriously, as non-compliance represents a failure to provide consumers with key protections afforded to them under the IMR and the Handbook in their dealings with Insurance and Investment Intermediaries.

## **PRESCRIBED CONTRAVENTIONS**

The Firm has accepted that it failed to comply with:

- Regulation 17 of the IMR which requires Insurance Intermediaries to hold PII on a continuous basis; and
- Part 4 of the Handbook which requires Investment Intermediaries to hold PII on a continuous basis.

## **CENTRAL BANK ACTION**

The Central Bank's Consumer Protection Directorate became aware of the breach as a result of a review by the Consumer Protection Directorate of the Firm's annual Online Return.

## **PENALTY DECISION FACTORS**

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

- 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 its investigation into the Firm in respect of this matter is now closed.

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