

Insurance Ireland response to Central Bank Consultation Paper 108 - New Methodology to Calculate Funding Levies

Insurance Ireland welcomes the opportunity to contribute to this discussion. Our members include insurers and reinsurers operating here as head offices, as branches or under Freedom of Services and companies based here and operating in other markets under Freedom of Services and Freedom of Establishment. Our comments relate to paragraph 4.4 dealing with EEA insurers.

We understand that fees should be levied using a risk-based approach based on the supervisory requirements of those firms and would agree that the current fees for certain EEA insurers operating here seem very low.

However, our international members have expressed concerns about the potential knock-on effect if other regulators based elsewhere in the EU were to follow the CBI's example and apply higher regulatory fees to Irish insurers operating in those markets under FoS/FoE. If higher fees were likely to proliferate across the EU this could result in cross-border insurers paying more regulatory fees in total than domestic entities, depending on the number of territories they are selling into. The cost of this could be another potential blockage to a true internal market with entities operating only in a few main markets.

Based on the two examples cited by the CBI, the methodology behind this proposal appears to be in direct correlation to recent issues in the general insurance industry and may impose a disproportionate cost on life insurers. We would, therefore, question the proposal for life insurers to be subject to the same fees as general insurers.

In summary, we would propose that the CBI seeks to achieve a balance between the impact on the domestic market and the potential impact on international insurers. As with any discussions in relation to fees, and in particular in the context of a move to full industry funding, we would also highlight the need for governance and accountability/KPIs around the regime generally.