



Funding levies Consultation 108 of 2017  
Central Bank of Ireland  
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28 April 2017

Dear Sir/Madam,

### **Consultation on funding levies 2017**

Lloyd's has received the document on funding levies consultation 108 of 2017 and would hereby like to respond to the CBI proposal.

Lloyd's writes insurance in Ireland on both a Freedom of Establishment and a Freedom of Services basis in both life and non-life classes. Lloyd's has paid the CBI levy on an annual basis.

Under the current levy system, the EEA insurers with a branch in Ireland pay a fixed levy for the amount of EUR 6,002. Lloyd's is invoiced for life and for non-life business separately. This amounts to a total of EUR12,004 for life and non-life combined.

Looking at the proposal, the new methodology works with 3 new categories:

- Category 1: large non-life and life insurers, to be levied at half the rate of medium high insurers. For 2016, this would have been non-life insurers having written more than EUR 50m premium and life insurers having written more than EUR 100m premium.
- Category 2: non-life insurers not belonging to category 1 having written motor insurance in Ireland in 2016, to be levied at half the rate of medium low insurers
- Category 3: insurers not belonging to category 1 or 2, to be levied as before

Lloyd's GWP in 2016 for non-life business is EUR 305m and EUR 0.07m for life business. Based on these premium figures, Lloyd's seems to be a combination of a category 1 and a Category 3 EEA insurer. The newly imposed levy would amount to EUR 91,731 for non-life business whereas the levy for life business will remain EUR 6,002. The new combined levy will amount to EUR 97,733 in total.

With regard to obtaining premium data from EEA insurers in order to categorize them according to the new methodology, Lloyd's assumes that the as all the relevant information

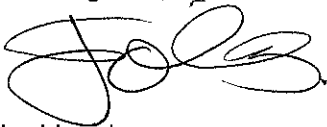
required to determine the levy category is available in the home state supervisory return for EEA insurers, insurers will not be required to submit premium figures separately to the CBI for this purpose.

Lloyd's notes that the reasons for linking the funding levy for EEA insurers to local insurers, and by doing so increasing the levy amount, is the requirement for greater supervision of large EEA insurers active in Ireland and increased supervision after the cumulative losses in motor insurance and the concurrent failures of Setanta (Malta) and Enterprise Insurance (Gibraltar) Lloyd's understands that the CBI wants to ensure a better overview of such entities and activities. However, the increase from EUR12,002 to EUR 97,733 is significant and amounts to a percentage increase of 714%.

Such a significant increase is in Lloyd's opinion disproportionate. Lloyd's feels that rather than using 50% of the current medium high levy as a basis for Category 1, the current medium low levy is more suitable as a basis. We therefore propose that Category 1 insurers are levied in accordance with the current levy for medium low insurers. The levy will then still exceed the levy for the Category 2 insurers under the new methodology but will result in a more proportionate levy increase and we believe would also represent a more reasonable reflection of the relative resources required to exercise non-prudential supervision of EEA insurers.

If you have any questions, please do not hesitate to contact me.

Kind regards,



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