



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Cover Note

Authorisation and supervision of branches of third-country insurance undertakings by the Central Bank of Ireland

## Consultation Paper 115

November 2017

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## 1 Introduction

1. Solvency II<sup>1</sup> legislation requires that a third-country insurer seeking authorisation to pursue insurance business in the EU must establish a branch in the territory of the Member State in which it is seeking authorisation. It may not operate in other EEA Member States on a freedom of establishment or a freedom of services basis. Where a third-country insurer applies to a Member State to establish a branch, Solvency II sets out the minimum criteria that the Member State must apply.
2. The European Union (Insurance and Reinsurance) Regulations 2015<sup>2</sup> (the 2015 Regulations) transpose Directive 2009/138/EC (the Solvency II Directive)<sup>3</sup> into Irish law, these set out specific rules for branches of third-country insurance undertakings related to, inter alia, authorisation, system of governance and solvency requirements.
3. The European Commission Delegated Regulation (EU) 2015/35 (the Delegated Regulation)<sup>4</sup> and Commission Implementing Regulation (EU) 2015/2450 (the Reporting ITS)<sup>5</sup> set out specific rules for branches of third-country insurance undertakings related to, inter alia, system of governance, supervisory reporting and solvency requirements.
4. In line with the Solvency II Framework, the Central Bank of Ireland (Central Bank) has developed its approach to the authorisation and supervision of branches of third-country insurance undertakings (third-country branches) and outlines its proposals in the following documents:

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<sup>1</sup> Directive 2009/138/EC, European Commission Delegated Regulation (EU) 2015/35 (the Delegated Regulation) and Commission Implementing Regulation (EU) 2015/2450 (the Reporting ITS)

<sup>2</sup> S.I. No. 485 of 2015.

<sup>3</sup> Directive 2009/138/EC of the European Council and of the Parliament of 25 November 2009.

<sup>4</sup> Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II).

<sup>5</sup> Commission Implementing Regulation (EU) 2015/2450 laying down implementing technical standards with regard to the templates for the submission of information to the supervisory authorities according to Directive 2009/138/EC of the European Parliament and of the Council.

**Appendix 1: Policy Notice on branches of third-country insurance undertakings authorised by the Central Bank;**

The Central Bank has developed its proposed policy position, which is outlined in the Policy Notice on branches of third-country insurance undertakings. The main purpose of this document is to highlight the Central Bank's position and expectations on the authorisation of third-country branches taking into account the Central Bank's objectives of safeguarding stability and protecting consumers.

**Appendix 2: Handbook of Requirements for branches of third-country insurance undertakings authorised by the Central Bank;**

The Handbook of Requirements for branches of third-country insurance undertakings authorised by the Central Bank (the Handbook) incorporates the relevant EIOPA Guidelines on third-country branch requirements along with applicable domestic requirements issued by the Central Bank. The Handbook will be imposed on third-country branches as a condition of authorisation and along with other guidance and requirements applicable to regulated financial service providers (RFSPs) will form the framework through which third-country branches will be supervised by the Central Bank. The Handbook supplements and is to be read in conjunction with the relevant Solvency II requirements.

**Appendix 3: Addendum to the Domestic Actuarial Regime and Related Governance Arrangements under Solvency II;**

The Domestic Actuarial Regime and Related Governance Requirements under Solvency II (Domestic Actuarial Regime) was published by the Central Bank in 2015. This publication introduced specific domestic requirements regarding the actuarial function and related governance arrangements within an (re)insurance undertaking and applies to all (re)insurance undertakings subject to Solvency II. It is proposed to impose the Domestic Actuarial Regime on third-country branches; as such, it was necessary to amend the requirements in order to apply to third-country branches. The 'Addendum to the Domestic Actuarial Regime' outlines the suggested changes.

**Appendix 4: Guidance and Checklist for Completing and Submitting Applications for Authorisation of a Branch of a Third-Country Insurance Undertaking;**

In keeping with the process of Insurance authorisations by the Central Bank, a document 'Guidance and Checklist for Completing and Submitting Applications for Authorisation of a Branch of a Third-Country Insurance Undertaking' has been prepared. This document provides guidance in relation to the information requirements of the Central Bank in assessing an application for the establishment of a third-country branch within the State.

## 2 Consultation process and requirements

### 2.1 Overview

The Central Bank invites submissions from interested stakeholders including individual insurance undertakings and groups, representative bodies, industry consultancies or service suppliers.

### 2.2 Making Submissions

Submissions should be headed “Consultation Paper 115” and ideally sent by email to “insurancepolicy@centralbank.ie”

Written responses should be sent to:

Consultation Paper 115,  
Financial Risks and Governance Policy – Insurance Policy,  
Central Bank of Ireland,  
PO Box 559,  
Dublin 1.

### 2.3 Timeline and feedback

The consultation will remain open for 12 weeks from 13 November 2017 until 05 February 2018.

The Central Bank will make all submissions available on its web site. We shall not publish any information which we deem potentially libellous or defamatory.

**Financial Risks and Governance Policy Division,  
Central Bank of Ireland.**

Issued 13 November 2017



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Appendix 1 of Consultation Paper 115

Policy Notice -  
Branches of Third-Country Insurance  
Undertakings Authorised by the Central Bank of  
Ireland

November 2017

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## 1 Introduction

- 1.1 This Policy Notice is addressed to third-country insurance undertakings intending to establish a branch in Ireland pursuant to Regulation 176 of the European Union (Insurance and Reinsurance) Regulations, 2015 (the 2015 Regulations). It should be read alongside the relevant European and Irish legislation<sup>1</sup> and any guidelines published by the European Insurance and Occupational Pensions Authority (EIOPA). This Policy Notice sets out the Central Bank of Ireland's (the Central Bank) expectations of branches of third-country insurance undertakings (third-country branches).
- 1.2 Under Regulation 176 of the 2015 Regulations, any third-country insurance undertaking proposing to establish a branch in Ireland to carry on the business of insurance must make an application for authorisation to the Central Bank.
- 1.3 The Central Bank may periodically update elements of this Policy Notice to reflect changes in Central Bank policy or other developments stemming from, inter alia, changes to EU or Irish law.

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<sup>1</sup> Directive 2009/138/EC, Commission Delegated Regulations (EU) 2015/35 and Commission Implementing Regulation (EU) 2015/2450

## 2 Requirements on Third-Country Branches

- 2.1 The Solvency II Framework for third-country branches includes the requirements outlined in the 2015 Regulations, the Commission Delegated Regulations (EU) 2015/35 (Delegated Regulations), the Commission Implementing Regulation (EU) 2015/2450 (Reporting ITS) and EIOPA's Guidelines on the supervision of branches of third-country insurance undertakings (EIOPA's Branch Guidelines).
- 2.2 The Central Bank expects third-country branches to comply with EIOPA's Branch Guidelines. Relevant aspects of EIOPA's Branch Guidelines have been incorporated into the Central Bank's "*Handbook for Branches of Third-Country Insurance Undertakings Authorised by the Central Bank of Ireland*" (the Central Bank's Handbook) which will be imposed as a condition of authorisation upon third-country branches
- 2.3 The Central Bank also expects that any third-country branch will comply with Guidelines published by EIOPA that are relevant to them, including but not limited to:
- Guidelines on system of governance;
  - Guidelines on Own Risk and Solvency Assessment;
  - Guidelines on classification of own funds;
  - Guidelines on valuation of technical provisions;
  - Guidelines on reporting and public disclosure.
- 2.4 The Central Bank's Handbook supplements and is to be read in conjunction with the relevant Solvency II Framework requirements outlined in paragraph 2.1 above. The Central Bank's Handbook will be imposed on third-country branches as a condition of authorisation pursuant to the Central Bank's powers to impose such conditions under Regulation 176(5) of the 2015 Regulations.
- 2.5 The Central Bank may, where it considers it appropriate on a case-by-case basis and having regard to the nature, scale and complexity of the third-country branch, impose specific requirements on the third-country branch at point of authorisation, in addition to those outlined in the Central Bank's Handbook.
- 2.6 Where a third-country insurance undertaking has been authorised by the Central Bank to establish a third-country branch under Regulation 176 of the 2015 Regulations, the third-country branch will then be a 'regulated financial services provider' (RFSP) within the meaning of section 2(1) of the

Central Bank Act 1942 (the 1942 Act). All relevant financial services legislation will apply to third-country branches as RFSPs including, the 1942 Act, the Central Bank Reform Act 2010, Central Bank (Supervision and Enforcement) Act 2013, the 2015 Regulations and the Insurance Acts (as defined in the 2015 Regulations). Accordingly, the following, amongst other requirements, will also apply to authorised third-country branches:

- The Central Bank's Fitness and Probity Regime and Fitness and Probity Standards<sup>2</sup>.
- The Central Bank's Minimum Competency Code.
- The Central Bank's Consumer Protection Code 2012.

2.7 When supervising a third-country branch, the Central Bank will exercise where appropriate the supervisory powers laid down in the 2015 Regulations, to the same extent as the Central Bank would exercise such powers in respect of insurance undertakings authorised under Regulation 14 of the 2015 Regulations.

2.8 The Central Bank's Domestic Actuarial Regime and Related Governance Requirements under Solvency II will apply to third-country branches and will be imposed as a condition of authorisation upon third-country branches by way of an 'Addendum to the Domestic Actuarial Regime and Related Governance Requirements under Solvency II' which will outline any relevant changes to the Domestic Actuarial Regime and Related Governance Requirements under Solvency II, applicable to third-country branches.

2.9 All third-country branches authorised to pursue non-life insurance business will be required to contribute to the Insurance Compensation Fund (ICF) as directed by the Central Bank.

2.10 A third-country branch authorised by the Central Bank may only pursue insurance business within the State. It may not operate in other EEA Member States on a freedom of establishment or a freedom of services basis.

2.11 All third-country branches will be supervised under the Central Bank's Probability Risk and Impact Assessment System (PRISM) Framework.

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<sup>2</sup> Third-country branches authorised by the Central Bank will be required to comply with Schedule 2 of the Central Bank Reform Act 2010 (Sections 20 and 22) (Amendment) Regulations 2015 (F&P Regulations) Part 1(4), Part 2(1) and Part 3(1).

### 3 The Central Bank's approach

- 3.1 This Policy Notice is guided by the Central Bank's objectives of safeguarding stability and protecting consumers.
- 3.2 The Solvency II third-country regime provides third-country insurance undertakings access to individual European Member State markets. In developing its policy on the authorisation of third-country branches in the State, the Central Bank considers that the primary purpose of establishing such branches should be the provision of insurance to policyholders within the State.
- 3.3 The Central Bank does not consider that the establishment of a third-country branch will be appropriate for all business models, as such; it may deem certain operations unsuitable for establishment as a third-country branch due to the nature, scale and complexity of the proposed business model, and/or with the proposed customer base.
- 3.4 The Central Bank's approach to the authorisation and supervision of third-country branches aims to ensure that policyholders who deal with branches of third country insurance undertakings are afforded at least the same level of protection that they would have if they were dealing with an EEA insurance undertaking subject to Solvency II.
- 3.5 The Central Bank will adopt a proportionate approach to the authorisation and supervision of third-country branches.
- 3.6 A third-country branch is not a separate legal entity for regulatory purposes as such ultimate responsibility for prudential supervision of the third-country insurance undertaking, including the third-country branch, remains with the home supervisory authority. In line with the Solvency II Framework, the Central Bank will exercise additional supervision over the branch with a particular focus on ensuring that there are senior individuals in the State who are clearly responsible for management of both the branch operations and business pursued in the State and in what would happen in the event of failure.
- 3.7 The Central Bank must be satisfied that relevant regulatory and supervisory requirements and arrangements in the third country correspond, such that they deliver equivalent outcomes, to requirements and arrangements in the State. The Central Bank will require the third-country insurance undertaking to provide it with an independent assessment of the third-country regime. The

Central Bank may also have regard to any relevant third-country equivalence assessments carried out by the European Commission and/or the most recent International Monetary Fund (IMF) Financial Sector Assessment Programme Report relevant to the third country in making its assessment. The Central Bank will draw its own conclusions regarding regulatory and supervisory arrangements in the third country and reserves the right to appoint a third party to assess or verify whether the relevant requirements are met or to take such other steps as it deems appropriate.

- 3.8 Where the Central Bank is satisfied that the home regulatory regime applied to the insurer as a whole will deliver equivalent outcomes to requirements and arrangements in the State and where the Central Bank has assured itself over the home regulator's supervisory approach, the Central Bank will rely where appropriate, on the home regulator's prudential supervision as regards the whole insurer. In these cases, the Central Bank will focus on collaboration with home regulators (including via supervisory colleges). The Central Bank will discuss and agree with home regulators the areas in which the Central Bank will seek to rely on the home regulator's supervision.
- 3.9 The third-country insurance undertaking should ensure that only those assets that are available to pay the claims of third-country branch policyholders in the event of a winding up event are included in the calculation of third-country branch assets. Third-Country branch assets will be deemed available, where all of the third-country branch's assets would be available to pay third-country branch policyholders in priority to other creditors.
- 3.10 The Central Bank must be satisfied that the home jurisdiction bankruptcy regime provides at least the same level of protection of third-country branch policyholders in winding up proceedings as that provided under the 2015 Regulations. The Central Bank will require an analysis from the third-country insurance undertaking of the applicable winding up regime analysing the priority given to policyholders of the third-country branch and how the assets of the third-country insurance undertaking would be distributed to those policyholders. The Central Bank may have regard to analyses that have been made available by EIOPA in which case the analysis expected from the third-country insurance undertaking may only need to address the application of that regime to the third-country insurance undertaking's own circumstances.
- 3.11 The Central Bank must be satisfied that the proposed business model of the third-country branch and prudential soundness of the third-country insurance undertaking have been verified by the relevant third-country supervisory authority. The Central Bank expects the third-country insurance

undertaking to provide sufficient information so that the Central Bank may form an opinion on the adequacy of the solvency margin of the third-country insurance undertaking.

- 3.12 The Central Bank expects a Memorandum of Understanding (MOU) to be concluded with the third-country supervisory authority before a formal decision is made to grant an authorisation to a third-country branch.
- 3.13 Any deficiencies in the third-country regulatory and supervisory frameworks will be afforded careful consideration and weight by the Central Bank when considering whether to authorise a third country branch. Where deficiencies in any particular area are deemed by the Central Bank to outweigh positive assessment outcomes in other areas, the Central Bank will be minded to discontinue the third-country branch application for authorisation at this stage.
- 3.14 All authorised third-country branches will be subject to a standard condition of authorisation that their authorisation will be subject to the Central Bank's prerogative to periodically review whether the relevant corresponding regulatory and supervisory requirements in the third country continue to be deemed equivalent to the requirements in the State as set out in paragraph 3.7.
- 3.15 The third-country branches should have sufficient and appropriately skilled resources including senior management within the State. These resources need to be sufficient to ensure a level of local oversight and control, including the presence of senior management positions in the State i.e. the Branch Manager and, as necessary given its nature scale and complexity, key function holders, who dedicate sufficient time to fulfil their duties.
- 3.16 The Central Bank reserves the right to consider a broader range of factors in forming its overall conclusions in relation to the authorisation of a third country branch than those set out in this Policy Notice.
- 3.17 The authorisation process for branches of third-country insurance undertakings is outlined in the Central Bank's *Guidance and Checklist for Completing and Submitting Applications for Authorisation of a Branch of a Third-Country Insurance Undertaking*.



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Appendix 2 of Consultation Paper 115

Handbook for Branches of Third-Country  
Insurance Undertakings Authorised by the Central  
Bank of Ireland

November 2017

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## 1 Introduction

The Requirements outlined in this handbook (the Handbook) are addressed to Irish branches of third-country insurance undertakings (third-country branches)<sup>1</sup> which have been authorised by the Central Bank of Ireland (the Central Bank).

### 1.1 Background

1. The European Union (Insurance and Reinsurance) Regulations 2015<sup>2</sup> (the 2015 Regulations) transpose Directive 2009/138/EC (the Solvency II Directive)<sup>3</sup> into Irish law.
2. The European Commission Delegated Regulation (EU) 2015/35 (the Delegated Regulation)<sup>4</sup> and Commission Implementing Regulation (EU) 2015/2450 (the Reporting ITS)<sup>5</sup> set out specific rules related to, inter alia, system of governance, supervisory reporting and solvency requirements.
3. The Central Bank has published a policy notice for third-country branches setting out its expectations on the authorisation and supervision of third-country branches.

### 1.2 Scope and coverage

1. The Handbook for third-country branches sets out the Central Bank's requirements applicable to any branch of a third-country insurance undertaking authorised and supervised by the Central Bank.

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<sup>1</sup> As defined in section 1.6

<sup>2</sup> S.I. No. 485 of 2015.

<sup>3</sup> Directive 2009/138/EC of the European Council and of the Parliament of 25 November 2009.

<sup>4</sup> Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II).

<sup>5</sup> Commission Implementing Regulation (EU) 2015/2450 laying down implementing technical standards with regard to the templates for the submission of information to the supervisory authorities according to Directive 2009/138/EC of the European Parliament and of the Council.

2. The requirements outlined in the Handbook supplement and are to be read in conjunction with the relevant Solvency II requirements specified in the 2015 Regulations, as amended, relevant requirements of the Delegated Regulation and Reporting ITS (as applicable) and relevant EIOPA Guidelines.
3. If there is a conflict between the 2015 Regulations, the Delegated Regulation, the Reporting ITS and the Handbook, the 2015 Regulations, the Delegated Regulation or the Reporting ITS (as applicable) shall apply.

### 1.3 Legal Basis

1. The requirements set out in Section 2 of this document are imposed as conditions to which third-country branches are subject pursuant to Regulation 176(5) of the 2015 Regulations. A third-country branch is required to comply with this Handbook as a condition of their authorisation.
2. This Handbook may be amended or supplemented by the Central Bank from time to time.
3. A contravention of any of the requirements contained in this Handbook may result in the Central Bank using any of its regulatory powers, including, but not limited to the imposition of an administrative sanction under Part IIIC of the Central Bank Act, 1942.
4. When supervising a third-country branch, the Central Bank will exercise, where appropriate, the supervisory powers laid down in the 2015 Regulations, to the same extent as the Central Bank would exercise such powers in respect of insurance undertakings authorised under Regulation 14 of the 2015 Regulations.

5. All third-country branches authorised to pursue non-life insurance business will be required to contribute to the Insurance Compensation Fund (ICF) as directed by the Central Bank.

#### 1.4 Reporting to the Central Bank

1. The Central Bank will monitor adherence to the Handbook through its on-going supervision of a third-country branch<sup>6</sup>.
2. Any third-country branch that becomes aware of a material deviation from the requirements contained in the Handbook shall within 5 business days report the deviation to the Central Bank, advising of the background and the proposed remedial action.
3. The Central Bank also requires each third-country branch to submit an annual compliance statement as set out at Section 2.7, specifying whether the third-country branch has complied with all requirements, as set out therein, and certifying that the information submitted to the Central Bank as part of its regulatory reporting is accurate.

#### 1.5 General application and implementation

1. The requirements outlined in the Handbook are effective from XX.

#### 1.6 Definitions

For the purpose of the requirements outlined in the Handbook, the following definitions apply:

- a) “branch assets” means assets of the third-country insurance undertaking which are attributed to branch operations, excluding any notional book amount owing from the

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<sup>6</sup> All third country branches authorised by the Central Bank will be supervised under PRISM – the Central Bank’s risk based framework for the supervision of regulated firms.

undertaking's non branch operations to the undertaking's branch operations and which are available upon the winding up of the undertaking to pay the insurance liabilities of branch policyholders in accordance with Guideline 26 of EIOPA's guidelines on the supervision of branches of third-country insurance undertakings (the EIOPA Branch Guidelines).

- b) "branch ancillary own funds" means items, which can be called up within winding up proceedings with regard to the third-country insurance undertaking to pay the insurance liabilities vis a vis branch policyholders in accordance with Guideline 26 of EIOPA's Branch Guidelines and which meet the requirements of Regulations 104 and 105 of the 2015 Regulations.
- c) "branch balance sheet" means a balance sheet showing branch assets and branch liabilities complying with the recognition and valuation principles under Regulation 82 of the 2015 Regulations.
- d) "branch insurance claim" means insurance claim relating to third-country branch policyholders.
- e) "branch liabilities" means the branch insurance claims, branch preferential claims and claims secured on branch assets.
- f) "Branch Management Committee" means the committee established within the third-country branch with responsibility for the effective, prudent and ethical oversight of its operations.
- g) "branch *MCR*" means the Minimum Capital Requirement (MCR) which is based on the branch balance sheet and the volume measures as specified in the 2015 Regulations which relate to the branch balance sheet.
- h) "branch operations" means operations effected by a third-country branch pursuant to its authorisation under the 2015 Regulations.

- i) “branch own funds” means the sum of branch basic own funds and branch ancillary own funds.
- j) “branch basic own funds” means the excess of branch assets over branch liabilities.
- k) “branch policyholder” means a policyholder whose policy is effected by the third-country branch. This definition includes, but is not limited to, policyholders and beneficiaries who have branch insurance claims.
- l) “branch preferential claims” means any claim which upon a winding up of the third-country insurance undertaking ranks in priority to branch insurance claims which are:
  - a. claims of employees of branch operations arising from employment contracts and employment relations, claims by public bodies on taxes owed with respect to branch operations,
  - b. claims by social security systems with regard to branch operations,
  - c. claims on branch assets subject to rights in rem.
- m) “branch *SCR*” means the Solvency Capital Requirement (*SCR*) based on the branch balance sheet and the volume measures as specified in the 2015 Regulations which relate to the branch balance sheet.
- n) “EIOPA” means the European Insurance and Occupational Pensions Authority;
- o) “group supervisor” means the supervisory authority of the Member State with responsibility for supervising the solvency of the entire business of the third country branches established in the European Union as provided for in Regulation 181 of the 2015 Regulations.
- p) “home supervisory authority” means the supervisory authority of the country, which has authorised the third-country insurance undertaking to take on insurance business and where the undertaking has its head office;

- q) “insurance claim” means claims of branch policyholders within the meaning of Regulation 270 of the 2015 Regulations.
- r) “location of the insurance claim” means the location of either the beneficiary (including policyholders), the insured risk or the contract signed with the third-country insurance undertaking (including whether the business was transacted through the third-country branch or through the head office of the third-country insurance undertaking).
- s) “ORSA” means the Own Risk and Solvency Assessment;
- t) “qualifying holdings” means a direct or indirect holding in the third-country branch which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of the undertaking;
- u) “reporting currency” is the currency of the country of the supervisory authority receiving the reporting information, unless otherwise allowed by the Central Bank;
- v) “third-country branch” means a permanent presence in the State of a third-country insurance undertaking that has received authorisation from the Central Bank to pursue insurance business within the State;
- w) “third-country insurance undertaking” means an undertaking that has its head office outside the EEA and that would require authorisation as an insurance undertaking in accordance with Article 14 of the Solvency II Directive (EU Directive 2009/138/EC) if its head office was situated in the EEA.

## 2 Requirements

### 2.1 Governance

1. A third-country branch shall comply with the system of governance requirements laid out in Regulations 44 to 51 of the 2015 Regulations and Chapter IX of the Delegated Regulations<sup>7</sup>.
2. A third-country branch shall have robust governance arrangements which include a clear organisational structure with well defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks to which it is or might be exposed, adequate internal control mechanisms, including sound administrative and accounting procedures, IT systems and controls, remuneration policies and practices that are consistent with and promote sound and effective risk management. The system of governance shall promote and communicate an appropriate risk and compliance culture at all levels and shall be subject to regular internal review.
3. The governance structure adopted by each third-country branch shall be sufficiently sophisticated to ensure that there is effective oversight of the activities of the third-country branch taking into consideration the nature, scale and complexity of the business being conducted.
4. A third-country branch, having regard to its business model, must have sufficient and appropriately skilled resources including senior management within the State. The resources need to be sufficient to demonstrate a level of local oversight and control. This includes appropriate presence of senior management positions in the State such as the Branch Manager and, as necessary given its nature scale and complexity, key function holders, who dedicate sufficient time to fulfil their duties.
5. The corporate governance structure and policies shall be articulated clearly and communicated to all appropriate staff within the third-country branch.

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<sup>7</sup> EU 2015/35

6. No one individual may have unfettered powers of decision.
7. A third-country branch shall establish and maintain the following key functions with regard to branch operations: a Risk Management Function, a Compliance Function, an Internal Audit Function and an Actuarial Function regardless of whether these functions are specifically established for the branch operations or are applied by the third-country insurance undertaking's head-office to the branch operations.

The Central Bank reserves the right to require that key functions be established within the State depending on the nature, scale and complexity of the branch operations.

8. A third-country branch, shall notify the Central Bank of the identity of, and any changes to:
  - a) the general representative of the third-country branch i.e. Branch Manager;
  - b) any persons who effectively run or who may influence branch operations; and
  - c) the persons who are responsible for key functions with regard to branch operations.
9. A third-country branch shall, at times specified by the Central Bank and at least once a year, and once the third-country branch becomes aware of the acquisition or proposed acquisition of any qualifying holding in the third-country branch, notify the Central Bank of the names of shareholders or members who have qualifying holdings in the third country insurance undertaking and the size of each such holding.
10. When performing the assessment required under Regulation 47 of the 2015 Regulations, the third-country branch shall:
  - a) Take into account any material risk for branch operations along with any risk for other operations of their parent undertaking which may have an effect on branch operations.
  - b) assess the permanent availability of the branch assets and address:
    - i. the risks to the effectiveness of arrangements to ensure that branch assets are paid only to third-country branch insurance creditors and third-country branch preferential creditors; and

- ii. the risks to the adequacy of branch assets to cover claims of such creditors by at least the amount of the branch SCR where the third-country branch does not meet the requirements outlined in Regulation 277 of the 2015 Regulations in relation to the treatment of insurance claims.

11. A third-country branch shall ensure that branch assets are invested in compliance with the prudent person principle requirements set out in Regulation 141 of the 2015 Regulations.

### **Branch Management Committee**

12. Subject to the overall responsibilities of the third-country insurance undertaking's board, a Branch Management Committee shall be established within the State for each authorised third-country branch and this Branch Management Committee will retain primary responsibility for corporate governance within the third-country branch at all times. The responsibilities and composition<sup>8</sup> of the Branch Management Committee may be specified by the Central Bank on a case-by-case basis and will depend on the nature, scale and complexity of the branch operations. The Branch Manager shall be a member of the Branch Management Committee.

13. At a minimum, the Branch Management Committee shall be responsible for the effective, prudent and ethical oversight of the third-country branch. The Branch Management Committee is thus at least responsible for, inter alia, setting/overseeing:

- a) the business strategy for the third-country branch;
- b) the amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the third-country branch;
- c) the strategy for the on-going management of material risks;
- d) a robust and transparent organisational structure with effective communication and reporting channels;
- e) a remuneration framework that is in line with the risk strategies of the third-country branch; and

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<sup>8</sup> For all third-country branches authorised by the Central Bank the Branch Manager shall be a member of the Branch Management Committee.

- f) an adequate and effective internal control framework, that includes well-functioning risk management, compliance, actuarial and internal audit functions as well as an appropriate financial reporting and accounting framework.
14. A third-country branch shall ensure a majority of the members of the Branch Management Committee are reasonably available to the Central Bank at short notice, if so required.
15. The role and responsibilities of the Branch Management Committee shall be clearly documented.
16. The Branch Management Committee shall have:
- a) The necessary knowledge, skills, experience, expertise, competencies, professionalism, fitness, probity and integrity to carry out their duties;
  - b) A full understanding of the nature of the third-country branch's business, activities and related risks;
  - c) A full understanding of their individual direct and indirect responsibilities and collective responsibilities; and
  - d) An understanding of the third-country branch's regulatory reporting.
17. The Branch Management Committee may delegate authority to sub-committees or management to act on its behalf in respect of certain matters but, where it does so, it shall have mechanisms in place for documenting the delegation and monitoring the exercise of delegated functions. The Branch Management Committee cannot abrogate its responsibility for functions delegated.
18. Where the third-country branch, being part of a larger group, applies group policies or uses group functions, the Branch Management Committee shall satisfy itself as to the appropriateness of these policies and functions for the third-country branch and in particular that these policies and functions take full account of EU and Irish laws and regulations and the supervisory requirements of the Central Bank.

19. The Branch Management Committee shall be able to explain its decisions to the Central Bank.

**Risk Appetite:**

20. The Branch Management Committee is required to understand the risks to which the third-country branch is exposed and shall establish a documented risk appetite in keeping with the overall risk appetite of the third-country insurance undertaking. The risk appetite shall be expressed in qualitative terms and include quantitative metrics to allow tracking of performance and compliance with agreed strategy. It shall be subject to annual review by the Branch Management Committee and Board of the third-country insurance undertaking.

21. The risk appetite definition shall be comprehensive and clear. The definition shall clearly define the appetite and address separately the short, medium and long-term horizons.

22. The Branch Management Committee shall ensure that the risk management system and internal controls reflect the risk appetite and that there are adequate arrangements in place to ensure that there is regular reporting to the Branch Management Committee and board of the third-country insurance undertaking on compliance with the risk appetite.

23. In the event of a material deviation from the defined risk appetite measure, the details of the deviation and of the appropriate action to remedy the deviation shall be communicated to the Central Bank promptly in writing and no later than within five business days of the Branch Management Committee becoming aware of the deviation.

24. The Branch Management Committee shall satisfy itself that all key control functions such as internal audit, compliance, actuarial and risk management are independent of business units, and have adequate resources and authority to operate effectively.

25. The Branch Management Committee shall ensure that it receives timely, accurate and sufficiently detailed information from control functions.

26. The Branch Management Committee shall ensure that the third-country branch's remuneration policies do not promote excessive risk taking. The Branch Management Committee shall design and implement a remuneration policy to meet that objective and evaluate compliance with this policy.

27. The Branch Management Committee shall ensure that it identifies risks to be addressed by contingency plans based on, inter-alia:

- the areas where it considers the third-country branch to be especially vulnerable;
- the risk appetite of the third-country branch; and
- the risk management system of the third-country branch.

Contingency plans shall be reviewed, updated and tested on a regular basis.

### Meetings

28. The Branch Management Committee shall meet as often as is appropriate to fulfil its responsibilities effectively and prudently, reflective of the nature, scale and complexity of the third-country branch. In any event, the Branch Management Committee shall meet at least four times per calendar year and at least once in every six-month period.

29. A detailed agenda of items for consideration at each Branch Management Committee meeting together with minutes of the previous meeting shall be circulated in advance of the meeting to allow all members adequate time to consider the material. Sufficient and clear supporting information and papers shall also be circulated.

30. Detailed minutes of all Branch Management Committee meetings shall be prepared with all decisions, discussions and points for further actions being documented. Dissensions or negative votes shall be documented in terms acceptable to the dissenting person or negative voter. The minutes of meetings shall provide sufficient detail to evidence appropriate Branch Management Committee attention, the substance of discussions and their outcome and shall be agreed at the subsequent Branch Management Committee meeting. Minutes shall also document the attendance or non-attendance of members of the Branch Management Committee.

31. The Branch Management Committee shall establish a documented 'conflict of interest' policy for its members and where conflict of interests arise the Branch Management Committee shall ensure that they are noted in the minutes and managed appropriately.
32. If on-going conflicts of interest arise, consideration shall be given to changing the membership of the Branch Management Committee.

## 2.2 Financial soundness

1. A third-country branch shall maintain financial soundness to ensure that the branch policyholders enjoy the same level of protection as those policyholders of an insurance undertaking situated in the European Union.
2. A third-country branch shall ensure that only those assets that are available to pay the claims of branch policyholders in the event of a winding up event are included in the calculation of branch assets. Assets will be deemed to be available, where either all of the undertaking's assets would be available to pay policyholders in priority to other creditors irrespective of the location of the policyholders, or where those assets are exclusively available to pay the claims of branch policyholders.
3. A third-country branch shall calculate its branch assets, branch liabilities, branch MCR and branch SCR in accordance with the valuation rules laid down in Part 8 of the 2015 Regulations and Chapters II, III, IV, V, VI, VII and VIII of the Delegated Regulations.
4. A third-country branch shall calculate its branch SCR and branch MCR based on the branch operations only.
5. A third-country branch must hold assets required to cover the branch SCR as follows:
  - a) In the State, assets representing the branch SCR up to the amount of the branch MCR; and
  - b) In any EEA state, assets representing the amount of the branch SCR in excess of the amount of the branch MCR

The third-country branch shall inform the Central Bank immediately if it no longer complies with the above conditions.

6. A third-country branch shall ensure that:
  - a) the branch own funds are at least equal to the branch SCR
  - b) the branch basic own funds are at least equal to the branch MCR.
7. A third-country branch shall ensure branch insurance claims included in branch liabilities comprise Technical Provisions as defined in Regulation 84 of the 2015 Regulations, associated with only those branch insurance claims.
8. A third-country branch shall ensure that the branch balance sheet contains only those assets which are available according to the following criteria:
  - a) assets which are distributed in accordance with Regulation 277 of the 2015 Regulations on a basis which does not differentiate between claims according to the location of the claim;
  - b) assets which are distributed to pay branch preferential claims and insurance claims of branch policyholders in priority to all other claims.

Furthermore in reporting the branch balance sheet, branch own funds and SCR to the Central Bank, the third-country branch shall only include assets that are available for distribution upon winding-up of the third-country insurance undertaking to pay the insurance claims of branch policyholders.

9. When submitting information on the branch balance sheet, a third-country branch shall show the available assets gross of branch preferential claims and any prior security interests and report the net amount of available branch assets and the deduction of branch preferential claims and prior security interests on the template S.02.03.07 specifying additional branch balance sheet information, as laid down in Annex III to the EIOPA Branch Guidelines
10. A third-country branch shall:

- a) establish, maintain and document the administrative and accounting procedures related to its operation in Ireland,
- b) keep records identifying the location of all the Irish branch assets. These records must provide sufficient information to any individual charged with the winding up of the third-country branch to take control of these assets.
- c) keep management accounts relating to the whole balance sheet of the Irish third-country branch (including available and non-available assets and liabilities relating to branch operations).

11. A third-country branch shall comply with Part 10 of the 2015 Regulations and the requirements on undertakings in difficulty or in irregular situation.

### 2.3 Reporting Requirements

1. A third-country branch shall submit the following information in respect of branch operations at predefined periods under Regulation 34 (3) (a) (i) of the 2015 Regulations:
  - a) a regular supervisory report comprising the information required under Regulation 34 of the 2015 Regulations and these Requirements, in relation to branch operations, in narrative form and including quantitative data, where appropriate;
  - b) the ORSA supervisory report in respect of branch operations comprising the results of each regular ORSA performed by the undertaking in accordance with Regulation 47 of the 2015 Regulations and these Requirements, and without delay following any significant change in its risk profile, in accordance with Regulation 47 (8) of the 2015 Regulations;
  - c) completed annual and quarterly quantitative templates in respect of branch operations (including any National Specific Templates (NSTs) prescribed by the Central Bank), as provided for in Guidelines 44, 45 and 47 of the EIOPA Branch Guidelines, specifying in greater detail and supplementing, where appropriate, the information presented in the regular supervisory report;
  - d) a copy of the supervisory reporting documentation of the third-country insurance undertaking;

- e) a summary of any significant concerns which the home supervisory authority has raised with the third-country insurance undertaking, in English.
2. The requirements set out in 2.3 (1) are without prejudice to the power of the Central Bank to require the third-country branch to communicate on a regular basis any other information prepared under the responsibility of, or at the request of, the Branch Management Committee or the Board of Directors of the third-country insurance undertaking, in relation to branch operations.
3. The regular supervisory report issued to the Central Bank by the third-country branch in relation to branch operations must follow the structure set out in Annex XX of the Delegated Regulations and contain all information described in Technical Annex I to EIOPA's Branch Guidelines.
4. The ORSA Supervisory Report issued by a third-country branch in respect of branch operations shall cover:
  - a) the qualitative and quantitative results of the ORSA and the conclusions drawn by the third-country insurance undertaking from those results;
  - b) the methods and main assumptions used in the ORSA;
  - c) information on its overall solvency needs and a comparison between those solvency needs, the regulatory capital requirements and its branch own funds;
  - d) qualitative information on the extent to which its quantifiable risks are not reflected in the calculation of the branch SCR;
  - e) where significant deviations have been identified, the quantifiable risks of the third-country branch not reflected in the branch SCR appropriately quantified.
5. The ORSA supervisory report issued by a third-country branch in respect of branch operations must also cover any risks with regard to other operations of the third-country insurance undertaking which may have a material impact on the branch operations.
6. The reports outlined in 2.3 (1) (a), (b) and (c) must be submitted to the Central Bank in electronic form via the Central Bank's online reporting system (ONR). A third-country branch shall use the reporting templates set out in the EIOPA's Branch Guidelines. All

quantitative information should be provided in XBRL format and a third-country branch shall comply with the validation rules, as published by EIOPA on its website, when submitting information and data to the Central Bank in relation to its branch operations.

7. A third-country branch, in producing its supervisory reporting in respect of branch operations, shall consider as material information, information which omission or misstatement could influence its decision-making or judgement.
8. A third-country branch shall:
  - a) report data points with the data type 'Monetary' in the reporting currency. This will require a conversion of other currencies into the reporting currency, unless otherwise stated in the instructions of Annex II of Implementing Technical Standard on the Templates for the Submission of Information<sup>9</sup> or of Annex IV of EIOPA's Branch Guidelines<sup>10</sup>.
  - b) convert the value of any branch asset or branch liability denominated in a currency other than the reporting currency into the reporting currency as if the conversion had taken place at the closing rate on the last day for which the appropriate rate is available in the reporting period to which the branch asset or branch liability relates.
  - c) when expressing the value of any income or expense, convert that value into the reporting currency by using such basis of conversion as used for accounting purposes.
  - d) apply the exchange rate from the same source as the one used for the undertaking's financial statements in case of individual reporting, when making a conversion into the reporting currency.
9. A third-country branch shall provide all information referred to in these Requirements in the data exchange formats and representations determined by the Central Bank or group supervisor and in the following specifications:

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<sup>9</sup> Commission Implementing Regulation 2015/2450

<sup>10</sup> [EIOPA's Guidelines on the supervision of branches of third-country insurance undertakings](#)

- a) data points with the data type 'Monetary' expressed in units with no decimals with the exception of templates S.06.02<sup>11</sup>, S.08.01<sup>12</sup>, S.08.02<sup>13</sup> or S.11.01<sup>14</sup>, which are expressed in units with two decimals;
  - b) data points with the data type 'Percentage' expressed as per unit with four decimals;
  - c) data points with the data type 'Integer' expressed in units with no decimals.
10. Following a significant development that affects the information received by the Central Bank from a third-country branch, that third-country branch shall submit an update as soon as possible following the occurrence of the significant development. Such an update should take the form of highlighted amendments to the initial report. The third-country branch shall deem any significant changes to the winding-up regime applicable to the third country branch in Ireland as a significant development.
11. A third-country branch shall submit:
- a) Annual quantitative templates as set out in EIOPA's Branch Guidelines<sup>15</sup>
  - b) Quarterly quantitative templates as set out in EIOPA's Branch Guidelines<sup>16</sup>
12. A third-country branch may rely, for quarterly measurements, on estimates and estimation methods to a greater extent than measurements of annual financial data.
13. A third-country branch shall design the measurement procedures for the quarterly reporting to ensure that the resulting information is reliable and complies with the

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<sup>11</sup> S.06.02 – List of Assets

<sup>12</sup> S.08.01 – Open Derivatives

<sup>13</sup> S.08.02 – Derivatives Transactions

<sup>14</sup> S.11.01 – Assets held as collateral

<sup>15</sup> Guideline 44 – Annual quantitative templates for third-country insurance undertakings in relation to branch operations

<sup>16</sup> Guideline 45 – Quarterly templates for third-country insurance undertakings

standards of the 2015 Regulations and that all material information that is relevant for the understanding of the data reported.

14. With regard to the information contained in templates S.12.01.02<sup>17</sup> and S.17.01.02<sup>18</sup>, a third-country branch may apply simplified methods in the calculation of the Technical Provisions in respect of the branch operations. A third-country branch may, in particular, derive the risk margin for calculations that need to be performed quarterly from the result of an earlier calculation of the risk margin without an explicit calculation of risk margin itself in each quarter.
15. Unless otherwise stated in these Requirements a third-country branch shall annually submit the structured information in relation to material ring fenced funds, material matching portfolios and the remaining part in respect of branch operations, where applicable as set out in EIOPA's Branch Guidelines.
16. Where a third-country branch is using an Internal Model for the calculation of the SCR<sup>19</sup> in respect of its Irish branch operations, the notional SCR for each material ring fenced fund, material matching portfolio and the remaining part shall be taken into account when it submits the relevant information identified in templates S.25.02.01<sup>20</sup> and S.25.03.01<sup>21</sup> as agreed with the Central Bank.
17. A third-country branch shall submit the regular supervisory report in respect of its Irish branch operations no later than 14 weeks after the relevant third-country insurance undertaking's financial year-end, and at least every 3 years thereafter. The frequency for the submission of the information shall be determined by the Central Bank.

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<sup>17</sup> S.12.01.02 - Life and Health SLT Technical Provisions – quarterly

<sup>18</sup> S.17.01.02 - Non-Life Technical Provisions - quarterly

<sup>19</sup> Reg 180 of the 2015 Regulations states that the SCR for the third country branch shall be calculated in accordance with the 2015 Regulations which includes by (i) Standard Formula and (ii) Partial/Full Internal Model

<sup>20</sup> S.25.02.01 - Solvency Capital Requirement – for undertakings using the standard formula and partial internal model

<sup>21</sup> S.25.03.01 - Solvency Capital Requirement – for undertakings on Full Internal Models

18. Where the third-country branch is not required to submit a regular supervisory report in respect of branch operations for a financial year, it must provide to the Central Bank a summary regular supervisory report which sets out all material changes that have occurred regarding business and performance, system of governance, risk profile, valuation for solvency purposes and capital management in respect of branch operations over the reporting period, and provides a concise explanation about the causes and effects of such changes.
19. A third-country branch must submit the summary regular supervisory report to the Central Bank no later than 14 weeks after the relevant third-country insurance undertaking's financial year-end.
20. A third-country branch shall submit to the Central Bank:
- a) its annual Quantitative Reporting Templates (QRTs) no later than 14 weeks after the its financial year-end;
  - b) the relevant quarterly QRTs no later than 5 weeks after the relevant quarter end;  
and
  - c) its ORSA supervisory report in respect of its Irish branch operations within 2 weeks of concluding the assessment.
21. In line with the transitional reporting requirements set out in the 2015 Regulations, for the regular supervisory report in respect of branch operations related to financial years ending on, or after 1 January 2018 but before 1 January 2019, the third-country branch shall submit this report to the Central Bank no later than 16 weeks after its financial year-end.
22. In line with the transitional reporting requirements set out in the 2015 Regulations, a third-country branch shall submit the relevant annual quantitative templates referred to in Guideline 44 of EIOPA's Branch Guidelines related to its financial year ending on, or after 1 January 2018 but before 1 January 2019, no later than 16 weeks after its financial year-end.

23. In line with the transitional reporting requirements set out in the 2015 Regulations, a third-country branch shall submit the relevant quarterly quantitative templates referred to in Guideline 45 of EIOPA's Branch Guidelines related to any quarter ending on, or after 1 January 2018 but before 1 January 2019, no later than 6 weeks after the quarter end.
24. A third-country branch shall guarantee that branch policyholders can obtain any publicly disclosed information concerning the solvency and financial condition of the whole third-country insurance undertaking, where the rules and regulations of the third country prescribe such disclosure.

#### **2.4 Branches in other Member States**

1. A third-country branch shall inform the Central Bank of the location of all branches of the third-country insurance undertaking established, or to be established, in other Member States.
2. Where any of the advantages set out in Regulation 181 of the 2015 Regulations are granted, and the Central Bank has been appointed group supervisor, a third-country insurance undertaking shall submit a single branch balance sheet in relation to all branch operations pursued within the EEA to the Central Bank.

A third-country insurance undertaking at its own discretion may eliminate any intra-branch transactions from that single branch balance sheet.

#### **2.5 Outsourced Arrangements**

1. A third-country branch which outsources a function or an insurance activity to a service provider shall ensure that—
  - a) the service provider co-operates with the Central Bank in connection with the outsourced function or activity,
  - b) the third-country branch, its auditors and the Central Bank have effective access to data related to the outsourced function or activity, and

- c) the Central Bank has effective access to the business premises of the service provider and is able to exercise that right of access.
2. Where the service provider is located outside the State, the Central Bank shall have the right to carry out itself, or through the intermediary of persons it appoints for the purpose, on-site inspections at the premises of the service provider and shall inform the appropriate authority before conducting an on-site inspection.

## 2.6 General Good Requirements

1. A third-country branch shall comply with Regulations 189, 190(3), 191(2), 192, 194, 195, 204 and 211 of the 2015 Regulations in relation to the applicable law and conditions of direct insurance contracts and provisions specific to non-life insurance.

## 2.7 Compliance Statement

1. The obligation to submit an annual compliance statement to the Central Bank pursuant to Section 2.7 of this Handbook shall be imposed by notice under Section 25 of the Central Bank Act 1997. A third-country branch shall submit to the Central Bank a compliance statement in the format set out in Annex 1 to these Requirements:
  - i. specifying whether the third country branch has complied with the legislative and Handbook requirements applicable to it during the period to which the statement relates;
  - ii. Certifying the accuracy of the information submitted in the quantitative reporting templates;
  - iii. Certifying the accuracy of the information submitted in each regular supervisory report or annual summary of the regular supervisory report; and
  - iv. Certifying the accuracy of the information submitted in each Own Risk and Solvency Assessment.
2. This compliance statement shall be submitted to the Central Bank on an annual basis or with such other frequency as the Central Bank may notify to the third country branch from time to time. The statement shall be submitted with the third country branch's

annual supervisory reporting. Where the branch does not have a financial reporting period coinciding with the calendar year, it may submit a compliance statement for the period of its financial year.

3. The Statement must be signed by all of the Branch Management Committee members.
4. In the event of the third-country branch deviating materially from the legislative or Handbook requirements applicable to it, the compliance statement shall include a report on any material deviations, advising of the background to the breach and the actual or proposed remedial action.

## Annex 1

Compliance Statement required under section 25 of the Central Bank Act 1997 and in accordance with section 2.7 of the Central Bank's Handbook for branches of third-country insurance undertakings.

### Part A

We, the undersigned, all the members of the Branch Management Committee of [Name of Third-Country Branch], confirm that during the financial year ended on [date] the third-country branch

- has materially complied with all of its obligations and requirements imposed by or under the following:
  - The Insurance Acts, as defined in the European Union (Insurance and Reinsurance) Regulations 2015;
  - European Union (Insurance and Reinsurance) Regulations 2015 (S.I. 485 of 2015);
  - Applicable European Commission Delegated Regulations and European Commission Implementing Regulations.
  - The Central Bank's Handbook for branches of third-country insurance undertakings

Or,

- has failed to materially comply with all of its obligations and requirements imposed by or under the above provisions in the instance(s) identified in the report of material non-compliance annexed to this statement.

[Delete as appropriate]

### Part B

We, the undersigned, all of the members of the Branch Management Committee, of [Name of Branch], subject to permitted estimations and approximations, certify to the Central Bank of Ireland the accuracy of the information contained in the:

- i. annual quantitative templates dated [date report made up to] as submitted to the Central Bank of Ireland on [submission date].
- ii. regular supervisory report, or annual summary of the regular supervisory report, dated [date report made up to] as submitted to the Central Bank of Ireland on [submission date]
- iii. own risk and solvency assessment report dated [date report made up to] as submitted to the Central Bank of Ireland on [submission date].

Signatures:



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Appendix 3 of Consultation Paper 115

Addendum to the Domestic Actuarial Regime and  
Related Governance Requirements under Solvency  
II 2015

November 2017

## **DOMESTIC ACTUARIAL REGIME AND RELATED GOVERNANCE REQUIREMENTS UNDER SOLVENCY II, 2015 (DOMESTIC ACTUARIAL REGIME).**

### **ADDENDUM FOR BRANCHES OF THIRD COUNTRY INSURANCE UNDERTAKINGS AUTHORISED BY THE CENTRAL BANK OF IRELAND PURSUANT TO THE EUROPEAN UNION (INSURANCE AND REINSURANCE) REGULATIONS 2015 (THIRD COUNTRY BRANCHES)**

Solvency II legislation<sup>1</sup> states that a third country (Non-EEA) insurance undertaking wishing to establish a branch within the State must receive authorisation from the Central Bank of Ireland (the Central Bank) to pursue insurance business<sup>2</sup>. Any Third Country Branch will fall within the definition of Regulated Financial Service Provider (RFSP) for the purposes of the Central Bank Act, 1942 (the 1942 Act) and all relevant financial services legislation will apply to Third Country Branches as RFSPs including, the 1942 Act, the Central Bank Reform Act 2010, Central Bank (Supervision and Enforcement) Act 2013, the European Union (Insurance and Reinsurance) Regulations 2015 (the 2015 Regulations) and the Insurance Acts (as defined in the 2015 Regulations).

The purpose of this Addendum is to provide that the requirements outlined in the Domestic Actuarial Regime apply to Third Country Branches, as amended herein. Accordingly, the requirements of the Domestic Actuarial Regime will be imposed on authorised Third Country Branches as a condition of authorisation pursuant to Regulation 176(5) of the 2015 Regulations.

For the purposes of applying the Domestic Actuarial Regime to Third Country Branches, the following parts of the Domestic Actuarial Regime are now amended:

- Section 1 - Introduction
- Section 1.3 - Legal Basis
- Section 3.2 - Non-Life (Re)Insurance Sector

#### **LEGAL BASIS**

The Domestic Actuarial Regime is hereby amended (as set out below) and imposed as a condition of authorisation upon Third Country Branches pursuant to Regulation 176(5) of the 2015 Regulations.

#### **Section 1. INTRODUCTION**

Section 1 (Introduction) of the Domestic Actuarial Regime is amended to include the following paragraph after Section 1.4 (General application and implementation):

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<sup>1</sup> EU Directive 2009/138/EC, European Union (Insurance and Reinsurance) Regulations 2015 (the 2015 Regulations) and relevant Commission Delegated Regulations (EU) and Commission Implementing Regulations and EIOPA Guidelines.

<sup>2</sup> The 2015 Regulations apply to the authorisation of *insurance* branches only. Third country reinsurance branches do not require authorisation to operate within the State.

## 1.5 Definitions

“(Re)Insurance Undertaking’ as referred to in these Requirements includes an insurance undertaking (as defined in the 2015 Regulations), a reinsurance undertaking (as defined in the 2015 Regulations) and a Third Country Branch”.

### SECTION 1.3 LEGAL BASIS

Section 1.3.1 is replaced with the following:

“The Requirements are introduced as conditions to which (re)insurance undertakings are subject pursuant to Regulation 26 and Regulation 176(5) of the 2015 Regulations, as applicable.”

Section 1.3.3 is replaced with the following:

“(Re)Insurance undertakings are required to comply with these Requirements as a condition of authorisation. In respect of insurance undertakings (as defined in the 2015 Regulations) and reinsurance undertakings (as defined in the 2015 Regulations), where the Requirements refer to the Board, such references shall be construed as the Board acting for and on behalf of the insurance undertaking or reinsurance undertaking, as applicable, for the purpose of complying with these Requirements. In respect of a Third Country Branch, where the Requirements refer to the Board, such references shall be construed as the Branch Management Committee of the Third Country Branch acting for and on behalf of the Third Country Branch for the purpose of complying with these Requirements.”

### SECTION 3.2 NON-LIFE (RE)INSURANCE SECTOR

Section 3.2.2 is replaced with the following:

“In respect of an insurance undertaking (as defined in the 2015 Regulations) and a reinsurance undertaking (as defined in the 2015 Regulations), this Committee shall include all relevant senior staff who input to the reserving process and the Committee shall include at least one Independent Non-Executive Director, the member of the executive committee responsible for claims, the HoAF, the Head of Underwriting and the Head of Finance. In respect of a Third Country Branch, this Committee shall include all relevant senior staff who input to the reserving process and the Committee shall include the Branch Manager, the member of the executive committee responsible for claims, the HoAF, the Head of Underwriting and the Head of Finance.”



Banc Ceannais na hÉireann  
Central Bank of Ireland

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# Appendix 4 of Consultation Paper 115

Guidance and Checklist for Completing and  
Submitting Applications for Authorisation of a  
Branch of a Third-Country Insurance Undertaking

November 2017

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## **1. Introduction**

- 1.1 This document provides guidance in relation to the requirements of the Central Bank of Ireland (the Central Bank) for the establishment of a branch of a third-country insurance undertaking (hereinafter referred to as a third-country branch or branch) within the State. It does not constitute legal advice nor does it seek to interpret relevant legislation.
- 1.2 This document should be read in conjunction with the requirements set out in the European Union (Insurance and Reinsurance) Regulations, 2015 (the 2015 Regulations), the Commission Delegated Regulation (EU) 2015/35 (Delegated Regulations), EIOPA's Guidelines on the supervision of third-country branches and the Central Bank's Handbook for branches of third-country insurance undertakings (the Central Bank's Handbook).
- 1.3 In addition to the information set out in the checklist in Annex I of this document, the Central Bank may request supplementary information in order to assist in the process of reviewing the third-country branch application.

## **2. Notifying the Central Bank of the Proposal to Establish a Third Country Branch**

- 2.1 The Central Bank aims to make the application process an efficient<sup>1</sup> one, however, it must be stressed that it is not a one-step process; rather, it is an iterative process involving contact and consultation with personnel from the Central Bank prior to and after an application is formally submitted.
- 2.2 In advance of contacting the Central Bank, each potential applicant must assess whether its proposed business model:
- (a) requires authorisation for life or non-life insurance business<sup>1</sup>
  - (b) is capable of complying with the 2015 Regulations;
  - (c) is capable of complying with the Central Bank's requirements for authorisation; and
  - (d) is capable of complying with the requirements set out in the Central Bank's Handbook on an on-going basis.

## **3. Application processing**

- 3.1 The Central Bank will first review the application and accompanying documentation for completeness and will advise the applicant of any information or documentation omitted from the application. Once all information or documentation has been received from the applicant, the Central Bank will be in a position to conclude that the application is complete.

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<sup>1</sup> Regulation 183 of the 2015 Regulations states that a branch of a third country insurance undertaking shall not be authorised to simultaneously carry on life and non-life insurance in the State.

3.2 Following the receipt of a fully completed application, the expected timeline to authorisation is 6 months. This timeline will depend on:

- the quality and complexity of the application;
- the time taken by the applicant to respond to comments issued on each draft of the application;
- the quality of the responses received addressing all issues raised;
- any changes made by the applicant during the authorisation process; and
- the time taken by any relevant third parties to respond to queries in relation to the application.

3.3 The Central Bank will obtain references from the relevant supervisory authority of the applicant. Enquiries may also be made to other overseas supervisory authorities in whose jurisdiction the applicant's parent and/or group has a significant presence. It is imperative that a full list of regulated entities within a group is provided to enable the Central Bank to make contact as appropriate.

3.4 No application fee will be imposed by the Central Bank however; authorised firms are subject to on-going industry funding levies.

#### **4. Authorisation**

4.1 Prior to formal authorisation, a successful applicant will be provided with confirmation of "authorisation in principle" when the application has been fully examined, reviewed and approved in principle by the Central Bank.

4.2 At this stage of the process, the applicant will address matters such as the introduction of capital, appointment of senior management, finalisation of the company name and provide confirmation that it will be in a position to comply with its conditions of authorisation within 21 days of the date of authorisation in principle letter.

4.3 Please note, under no circumstances does "authorisation in principle" entitle an applicant to write any business before receiving a Certificate of Authorisation.

4.4 Formal authorisation is granted (in the form of a physical Certificate of Authorisation) after the applicant's capital has been introduced and when all other pre-authorisation requirements are met.

## **Annex 1 –Checklist for the establishment of a branch of a third-country insurance undertaking within the State**

- Complete all sections of the relevant checklist.
- Insert the relevant section number, from the application, in the column of boxes entitled 'Applicant'. (The last column is for Central Bank of Ireland use only).
- Where the checklist states 'confirm' a '√' will be accepted as a confirmation.
- Where the required confirmation/documentation/information is not provided with/in the application, please refer to this in the covering letter indicating the planned submission date thereof. (Delays in submitting required confirmations, documentation and/or information will delay the authorisation timeframes).
- All documents to be submitted in English (or Irish if desired) only.
- Where there are references to Regulations, this means the European Union (Insurance and Reinsurance) Regulations 2015, unless otherwise specified.
- The 'applicant' is the third-country insurance undertaking which is seeking authorisation under Regulation 176 of the 2015 Regulations to establish a branch (hereinafter 'third-country branch' or 'branch'). References to 'ultimate parent' mean the parent at the head of the group of which the Applicant is a member (should there be one).

1.0 <u>Details of the Applicant</u>		Applicant	Central Bank
1.1	Supply full name and address of the head office of the third-country insurance undertaking.		
1.2	Provide the contact details (name, address, telephone and email) of an individual who will accept receipt of any correspondence from the Central Bank of Ireland in respect of the application.		
1.3	Provide contact details (name, address, telephone and email) of professional advisors in respect of the application.		
1.4	Confirm that the Central Bank of Ireland can liaise with the named professional advisors in respect of the application.		
1.5	Provide the full name and address of the applicant's ultimate parent		
1.6	(a) Provide confirmation that the Board of the applicant has approved the submission of the application for the establishment of a third-country branch		
	(b) Provide a certified copy of the Board minutes confirming that the Board has consented to the establishment of a third-country branch		
1.7	Provide a brief history/background of the Applicant, including the regulatory regime imposed on the third-country insurance undertaking.		
1.8	Is the Applicant part of a group? If yes, provide the organisation chart and an overview of the ownership and structure of the ultimate parent and group outlining:		
	(a) The legal structure of each of the entities concerned;		
	(b) The percentage holding of each shareholder;		
	(c) Where the third-country branch will be positioned in the group;		

(d) Audited accounts for the last three years;		
(e) Information on industry ranking and size;		
(f) Current debt ratings and commentary to support the debt ratings;		
(g) Detail of, and reasons for, any debt upgrades/downgrades in the debt rating in the last three years;		
(h) Main group activities/lines of business;		
(i) Details of main areas of EU activity; and		
(j) Details of main areas of global activity		
1.9 Provide an organisation chart of the Applicant's corporate governance structure (to include Board and senior management committees)		
1.10 Provide details of the Applicant's Board of Directors		

**2.0 Ownership Structure of the Applicant**

2.1 Provide details of		
(a) All direct holders of shares or other interests in the Applicant;		
(b) All indirect holders of shares/interests who have qualifying holdings <sup>2</sup> ; and		
(c) Clearly outline whether there are any holding companies involved in the ownership structure – the rationale for such a structure should be provided		
2.2 Confirm that Annex 2 has been completed (and the required supporting documentation is attached) for all holders of a qualifying holding.		

<sup>2</sup> Qualifying holdings are defined in Regulation 3

**3.0 Objectives and Operations of the Proposed Third Country Branch**

3.1	Provide rationale for seeking authorisation and establishing a third-country branch in Ireland.		
3.2	Confirm that the operations of the third-country branch will be limited to insurance business (life or non-life) and to operations arising directly therefrom.		
3.3	Set Out		
	(a) The classes of insurance being applied for;		
	(b) Details of the applicant’s business and products; and		
	(c) Please provide the target financial objectives of both the applicant and the third-country branch e.g. return on equity. Please indicate when the third-country branch will meet the target		
3.4	If the applicant intends to underwrite motor vehicle liability insurance, as defined in class 10 in Part 1 of Schedule 1 of the 2015 Regulations:		
	(a) Provide the name and address of the claims representative appointed or to be appointed in each Member State other than the State ; and		
	(b) A declaration attesting that the third-country branch will become a member of the Motor Insurers’ Bureau of Ireland and the national guarantee fund of the State.		
3.5	Provide details of the applicant’s initial and future location and infrastructure plans.		
3.6	Provide details of the location of all branches established, or that the undertaking intends to establish, in any other Member State.		

**4.0 Legal Structure**

4.1	Confirm the applicant will be registered in Ireland and subject to Irish law.		
4.2	Outline the full legal structure of the third-country branch.		

4.3	A letter from the Companies Registration Office confirming registration of the third-country branch should be submitted at the earliest possible date.		
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**5.0 Regulatory Supervision**

5.1	(a) Confirm that the applicant has consulted with its home supervisory authority, of its intention to submit an application for the establishment of a third-country branch to the Central Bank of Ireland.		
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	(b) Provide a copy of correspondence with the home country supervisory authority; and		
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	(c) Provide details of other regulated entities in other jurisdictions and contact details for the supervisory authorities in these jurisdictions.		
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5.2	Has the parent/group:		
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	(a) Received regulatory approval for new entities in any other jurisdiction, within the last 5 years?		
--	---	--	--

	(b) Or members with qualifying holdings, had a formal or informal request for authorisation to establish an insurance or reinsurance undertaking in another Member State or third country that had been rejected or withdrawn?		
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	(c) If 'yes' in relation to 5.2 (b), please outline the reasons why the application for authorisation was rejected or withdrawn.		
--	--	--	--

	(d) Been subject to an investigation into allegations of fraud, misconduct or malpractice by any supervisory authority in any other jurisdiction, within the last five years?		
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5.3	Have any measures or actions been taken by any supervisory authority against the parent/group or any of its directors/senior managers/executives (those who effectively run the undertaking or hold other key functions), or against its shareholders and members with qualifying holders. If yes, please provide full details.		
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5.4	If 'yes' in relation to 5.2 to 5.3, provide full details thereof.		
5.5	Provide confirmation from the home supervisory authority that the undertaking as a whole has an adequate solvency margin and that they comply with the home jurisdiction solvency rules.		
5.6	Provide an independent assessment of the home jurisdiction's regulatory and supervisory regime.		
5.7	Provide an independent analysis concerning the legal and practical operation of the home jurisdiction bankruptcy regime, including the priority given to policyholders of the third-country branch and of other policyholders of the third-country insurance undertaking in winding-up proceedings.		

**6.0 Scheme of Operations**

6.1	Please submit the following information as part of the scheme of operations of the third-country branch:		
	(a) The nature of the risks or commitments which the applicant proposes to cover;		
	(b) The guiding principles as to reinsurance and to retrocession;		
	(c) estimates of the future third-country branch Solvency Capital Requirement, on the basis of a forecast balance sheet, as well as the calculation method used to derive those estimates;		
	(d) estimates of the future third-country branch Minimum Capital Requirement, on the basis of a forecast balance sheet, as well as the calculation method used to derive those estimates;		
	(e) the state of the eligible own funds and eligible basic own funds of the third-country branch with respect to the Solvency Capital Requirement and Minimum Capital Requirement		
	(f) cost estimates for setting up the administrative services and organisation for securing business of the third-country branch; the financial resources set aside for this purpose and, if the risks to be covered		

	fall within class 18 in Schedule 1 of the Regulations, the third-country branch taking over assistance services, the resources available to the third-country branch to provide the promised assistance; and		
	(g) estimates of premiums or contributions and claims		
	(h) an analysis of the differences between the home country solvency rules and the rules under Solvency II		
6.2	In addition to the requirements set out in 6.1, please submit the following information for the first 3 financial years for non-life firms <sup>3</sup> and 5 financial years for life firms <sup>4</sup> :		
	(a) A forecast balance sheet;		
	(b) Estimates of the financial resources intended to cover technical provisions, the Minimum Capital Requirement and the Solvency Capital Requirement;		
	(c) For non-life business:		
	i. estimates of management expenses other than installation costs, in particular current general expenses and commissions; and		
	ii. Estimates of premiums or contributions and claims.		
	(d) for life insurance business:		
	a plan setting out detailed estimates of income and expenditure in respect of direct business, reinsurance acceptances and reinsurance cessions		

## **7.0 Third Country Branch Information**

7.1	Please give details on the third-country branch's programme of operations. Describe the particular activities that the third-country branch will carry on and the structural organisation of the third-country branch.		
7.2	Set out how the third-country branch will contribute to the overall strategy of the applicant and group.		

<sup>3</sup> Regulation 177(2) requires financial projections for 3 years in the Scheme of Operations.

<sup>4</sup> The Central Bank has found that for life companies it can take more than 3 years for profits to emerge and therefore request financial projections are extended to 5 years.

7.3	Set out what the main functions of the third-country branch will be and how these functions will interact with the head office of the undertaking.		
7.4	Outline the interaction and the reporting lines between the third-country branch and the head office of the third-country insurance undertaking.		
7.5	Set out the organisational structure of the third-country branch, and outline the associated resourcing and staffing of the third-country branch along with the projected staffing requirements over the next 5 years of the third-country branch (broken down on a yearly basis), assuming it is authorised.		
7.6	<p>Details of all management committees, including the Branch Management Committee, which would be established in the proposed branch.</p> <p>Details should include:</p> <ul style="list-style-type: none"> <li>• composition thereof;</li> <li>• frequency of meetings;</li> <li>• general responsibilities/terms of reference;</li> <li>• reporting lines; and</li> <li>• details of sub-committees (if applicable)</li> </ul>		
7.7	<p><b>Senior Management/Other Staff</b></p> <p>Please provide the name of the individual responsible for the third-country branch operations on a day-to-day basis, (the Branch Manager<sup>5</sup>).</p>		
7.8	(a) Provide a list of persons who will carry out Pre-Approval Controlled Functions (PCFs) for the third-country branch (including PCFs that are proposed to be outsourced) and the PCF function they will be performing. <sup>6</sup>		

<sup>5</sup> This is the general representative required under Regulation 176 (2)(d). Please note that the role of manager of a branch in the State of a regulated financial service provider established in a country that is not an EEA country is a pre-approval control function (PCF41) under the Central Bank of Ireland's Fitness and Probity Regime. [https://www.centralbank.ie/regulation/how-we-regulate/authorisation/fitness-probity/regulated-financial-service-providers-\(introduction\)/completing-and-submitting-an-individual-questionnaire](https://www.centralbank.ie/regulation/how-we-regulate/authorisation/fitness-probity/regulated-financial-service-providers-(introduction)/completing-and-submitting-an-individual-questionnaire)

<sup>6</sup> An 'Individual Questionnaire' (IQ) must be completed for PCFs. The IQ must be completed through the Central Bank of Ireland Online Reporting System. Please contact the Authorisations team to arrange for the applicant to have access to the system.

	(b) Outline the projected PCF staffing requirements for the first 3 years of the third-country branch's operations (broken down on an annual basis).		
7.9	Confirm that Individual Questionnaires have been completed for all individuals listed in 7.6, 7.7 and 7.8 (a).		
7.10	Confirm that appropriate due diligence has been conducted in relation to all Controlled Functions and that such persons have agreed to abide by the Central Bank's 'Fitness and Probity Standards' (Please refer to the Fitness and Probity Standards available on the Central Bank's website)		

## 8.0 Key Functions

	Please provide information on the following key functions: Internal Audit, Compliance, Actuarial and Risk Management.		
<b>8.1</b>	<b>Internal Audit</b>		
	(a) Outline the structure of the internal audit function including reporting lines;		
	(b) Please submit an overview of the internal audit team including their experience and qualifications;		
	(c) Detail the role and objectives of the internal audit function;		
	(d) Outline expected frequency of internal audits;		
	(e) Outline the scope of the internal audit function;		
	(f) Confirm that the internal audit function is independent from the operational activities of the applicant; and		
	(g) If the applicant is already trading, please submit an overview of audit reports completed over the last 3 years. For any high risk issues please submit copies of the report.		

**8.2 Compliance**

- (a) Outline the structure of the compliance function including reporting lines; [Yellow Box] [Orange Box]
- (b) Submit an overview of the compliance team including their experience and qualifications; [Yellow Box] [Orange Box]
- (c) Detail the role and objectives of the compliance function; [Yellow Box] [Orange Box]
- (d) Outline expected frequency of compliance reports; and [Yellow Box] [Orange Box]
- (e) Provide full details of the risk management/internal control procedures within the compliance function. [Yellow Box] [Orange Box]
- (f) If the applicant is already trading, please submit an overview of compliance reports completed over the last 3 years. For any high risk issues please submit copies of the report. [Yellow Box] [Orange Box]

**8.3 Actuarial**

- (a) Outline the structure of the actuarial function including reporting lines; [Yellow Box] [Orange Box]
- (b) Submit an overview of the actuarial team including their experience and qualifications; [Yellow Box] [Orange Box]
- (c) Detail the role and objectives of the actuarial function; and [Yellow Box] [Orange Box]
- (d) Provide full details of the risk management/internal control procedures within the actuarial function. [Yellow Box] [Orange Box]

**8.4 Risk Management**

- (a) Outline the structure of the risk management function including reporting lines; [Yellow Box] [Orange Box]
- (b) Submit an overview of the risk management team including their experience and qualifications; [Yellow Box] [Orange Box]
- (c) Detail the role and objectives of risk management function; and [Yellow Box] [Orange Box]

(d) Provide full details of the internal control procedures within the risk management function.



**9.0 Outsourcing**

9.1 Please provide full details of any proposed outsourcing by the third-country branch to related companies and third parties:



(a) Name, description and scope of the function or activity to be outsourced.



(b) Name of the service provider.



(c) Name of the person responsible for the function at the service provider.



(d) The scope of activities to be outsourced.



(e) Measures that will be in place in respect of oversight of the outsourced activity/function.



9.2 Please provide a copy of all draft outsourcing agreements.



9.3 Confirm that Service Level Agreements (SLAs) will be in place in relation to all outsourced activities and provide copies of all SLAs including flow charts indicating all outsourced activities.



9.4 Confirm that the Central Bank of Ireland will have full and unrestricted access to all information relating to outsourced functions or activities as well as to the service providers' business premises if an on-site inspection or audit is to be performed.



Please note that the Central Bank of Ireland will expect to see evidence of this provision in all outsourcing agreements.



9.5 Confirm that the applicant's (i) compliance department, (ii) internal audit department and (iii) external auditors will have full and unrestricted access to all information related to outsourced functions or activities as well as to the service provider's business premises if an on-site inspection or audit is to be performed.

9.6	Please provide details of how the outsourced activities will be monitored and controlled including details of key performance indicators used.		
9.7	Please provide details of termination of the agreement, rights and obligations of the outsourcing institution and outsourcing service provider.		

**10.0 Risk Oversight**

10.1	Please submit a copy of the third-country branch’s Own Risk and Solvency Assessment (ORSA) report in relation to branch operations.		
10.2	Demonstrate how the third-country branch operations are covered within the overall risk management system of the third country insurance undertaking and how this is reflected in the ORSA.		
10.3	Provide copies to the Central Bank of the written policies on: <ul style="list-style-type: none"> <li>• Risk Management – comprising policies on: <ul style="list-style-type: none"> <li>○ Underwriting and Reserving</li> <li>○ Asset-liability management</li> <li>○ Investment risk management</li> <li>○ Liquidity risk management</li> <li>○ Concentration risk management</li> <li>○ Operational risk management</li> <li>○ Reinsurance and other risk mitigating techniques</li> </ul> </li> <li>• Internal Audit</li> <li>• Internal Control</li> <li>• Outsourcing</li> </ul>		
10.4	Demonstrate that an effective risk management system will be established comprising strategies, processes and reporting procedures necessary to measure, monitor, manage and report the risks, which the third-country branch could be exposed to. Set out the procedures for the following:		
	(a) Continuous measuring, monitoring and controlling of risks;		
	(b) Accurate and reliable management information systems;		

	(c) Timely management reporting; and		
	(d) Thorough audit and control procedures.		
10.5	Submit a copy of the applicant's risk appetite statement and the risk appetite statement for branch operations.		
10.6	<b>Anti-Money Laundering Procedures</b> Life Insurance Branches: Provide details of the Anti-Money Laundering procedures.		
10.7	<b>Conflicts of Interest</b> Provide full details regarding the possible conflicts of interest arising in the conduct of the different types of activity under the applicant's control, demonstrating that adequate arrangements have been made to protect the interest of policyholders.		
10.8	<b>Information Technology/Business Continuity Plan</b>		
	(a) Provide details of IT systems to be used by the third-country branch.		
	(b) Provide details of the main IT service providers and back-up providers.		
	(c) Provide a copy of the business continuity plan.		
<b>11.0 Investment<sup>7</sup></b>			
11.1	(a) Provide the investment strategy;		
	(b) Provide the strategic asset allocation, by asset class, type, currency and duration;		
	(c) Provide details of the specific investments purchased;		
	(d) Provide details of the specific counterparties; and		
	(e) Provide internal quantitative limits per counterparty, geographical area or industry.		

<sup>7</sup> Investments must be made in accordance with the prudent person principle, as specified in Regulation 141.

## 12.0 Capital and Financial Projections

12.1	Provide details on the amount and quality of assets to be deposited with the High Court as security <sup>8</sup> in respect of the third-country branch's Minimum Capital Requirement.		
12.2	<p>The application should include three year (for a non-Life undertaking) and five year (for a Life undertaking) financial projections prepared on a realistic basis with explanations of the underlying assumptions.</p> <p>Where financial projections and other financial information is requested, either in this section or in section 6 Scheme of Operations, the financial estimates should be submitted in the format outlined in the Solvency II Quantitative Reporting Templates (QRTs) (see Annex 3) and the currency used should be the currency of the undertaking's current financial reporting.</p> <p>Please complete the information in the QRTs at a third-country branch level as required.</p>		
12.3	<p>Please submit the Certification of Financial Projections confirming that the Head of the Actuarial Function:</p> <ul style="list-style-type: none"> <li data-bbox="288 1189 1015 1384">• Considers the financial resources of the third-country branch to be sufficient for the first three financial years for a non-Life undertaking and for the first five years for a Life undertaking following establishment of the third-country branch;</li> <li data-bbox="288 1435 1015 1507">• Agrees with the information provided in the financial projections, as set out in the relevant QRTs.</li> </ul>		

## 13.0 Conduct of Business and Consumer Protection

13.1	<p>Confirm that:</p> <p>The proposed third-country branch has and employs effectively the resources, policies and procedures, systems and control checks, including compliance checks, and staff training that are necessary for compliance with the consumer protection and other conduct of business requirements to be applied to the regulated activities of the proposed third-country branch from the intended date of commencement of operations.</p>		
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<sup>8</sup> In accordance with Regulation 176 (2)(e)

13.2 **Minimum Competency Requirements**

Indicate whether it is intended that there would be persons exercising a Controlled Function or a Pre-approval Controlled Function on a professional basis in the third-country branch, the exercise of which includes the following:

- providing advice to consumers on retail financial products;
- arranging or offering to arrange retail financial products for consumers, including any amendments to insurance cover and the restructuring or rescheduling of loans; or
- undertaking a specified function.

(as set out in the Minimum Competency Code issued by the Central Bank)

**If applicable:**

I hereby confirm that the Applicant is satisfied that: the persons exercising a Controlled Function or a Pre-approval Controlled Function on a professional basis in the third-country branch, the exercise of which includes the following:

- providing advice to consumers on retail financial products;
- arranging or offering to arrange retail financial products for consumers, including any amendments to insurance cover and the restructuring or rescheduling of loans; or
- the exercise of a specified function

comply with the Standards and have agreed to abide by the Standards (as set out in the Minimum Competency Code issued by the Central Bank) and

- the relevant individuals in the third-country branch will comply with the minimum standards as set out in the Minimum Competency Code on an ongoing basis

**If not applicable:**

I hereby confirm that there are no individuals so acting and, should there be in the future, the Applicant will comply with the requirements set out in the Minimum Competency Code (or any successor requirements) issued by the Central Bank.


**14.0 Other**

14.1 Confirmation that the Central Bank shall be notified without delay of any material changes to the current business plan and application.

14.2 Provide any other information relevant to the application.

**Confirmation from Applicant and the Service Provider Responsible for Preparation of the Third Country Branch Application**

We [the applicant/parent/shareholders] hereby confirm that we are responsible for the preparation of this checklist and supporting documents. We have delegated the completion of the checklist including the confirmations set out in (i) and (ii) below, to [service provider].

There is willingness and a capacity on the part of the applicant to comply with codes, prudential and legislative requirements applicable to Life and Non-Life insurance branches on a continuous basis.

*(i) The information set out in this checklist is correct and accurate*

*(ii) The checklist is completed in full*

Signed: \_\_\_\_\_

Name (*in Print*): \_\_\_\_\_

Title: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Name (*in Print*): \_\_\_\_\_

Title: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Date: \_\_\_\_\_

**Annex 2 – Qualifying Holdings**

Please complete the relevant section below in relation to all holders of qualifying holdings. A holder of a qualifying holding, pursuant to Regulation 3 of the European Union (Insurance and Reinsurance) Regulations 2015 means a direct or indirect holding in an undertaking, which represents 10 per cent, or more of the capital of the voting rights or which makes it possible to exercise a significant influence over the management of the undertaking.

(Copy the relevant section where necessary if more than one shareholder.)

(Where a holder of a qualifying holding does not meet one of the legal forms provided below, e.g. individual shareholders, please discuss the ownership structure with the Central Bank in advance of submitting the application).

**Shareholder – Company**

Disclose name of Shareholder.

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Where a shareholder is an incorporated entity, confirm that the company (i.e. shareholder) has submitted the following:

- |  |  |
|--|--|
| a) Description of activities;  |  |
| b) Whether or not the company is regulated and if regulated, by which authority;   |  |
| c) Most recent audited accounts if applicable. If not available, most recent management accounts should be submitted.  |  |
| d) Details of proposed interaction with the applicant;   |  |
| e) Documentation evidencing the fact that the company is the registered holder of the shares, i.e. certified copy of the share register  |  |
| f) Details of any litigation (or known circumstances which might give rise to litigation) against the company currently outstanding or that has occurred in the last five years, except cases arising in the course of normal business activities  |  |
| g) Details of any material written complaints made against the company by its clients or its former clients in the last five years which are awaiting determination by, or have been upheld by an Ombudsman  |  |
| h) Details of any significant events or information (for example, in relation to insolvency, reconstruction, civil or criminal investigations or proceedings, or financial services regulations) which would be relevant to our consideration of the company and the applicant’s application for authorisation |  |

**Shareholder – Nominee Company**

Disclose name of Shareholder.

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Where a company holds 10% or more of the shares in an applicant firm on behalf of third parties, confirm that the company has submitted the following details relating to the proposed nominee holders of the shares:

- a) Documentation evidencing the fact that the nominee is the registered holder of the shares, i.e. certified copy of the share register;
- b) Documentation evidencing the ownership of the nominee company, i.e. certified copy of the share register;
- c) Audited accounts of the nominee company;
- d) Identity of the beneficial owners of the shares;
- e) Details regarding what object is intended to be served by using such a nominee company, rather than holding the shares directly; and
- f) Appropriate declarations in respect of the nominee holding the shares in trust for the beneficial owners, including formal confirmation from the nominee itself that the relevant declarations of trust remain valid and in force.


**Shareholder – Trusts**

Disclose name of Shareholder.

--

Where a shareholder is a trust, confirm that the trustees have submitted the following:

- a) Documentation evidencing the fact that the trust is the registered holder of the shares, i.e. certified copy of the share register;
- b) Copies of the trust deed and any other documentation constituting the trust or relating to the trust in some other way including any supplemental or ancillary deeds, documents or agreements or side letters;
- c) Completed Individual Questionnaires for the settlers of the trusts;
- d) Completed Individual Questionnaires for the trustees of the trusts;
- e) Completed Individual Questionnaires for the beneficiaries of the trusts (including details of age for minors) and those of all persons who are within the class of prospective beneficiaries;


- |    |   |  |
|----|---|--|
| f) | Most recent audited accounts (if available) or other relevant financial information in relation to the trusts;  |  |
| g) | Reasons for structure;  |  |
| h) | A signed undertaking is required to ensure that the requirements of the legislation in relation to the shareholders are met on a continuous basis. The undertaking must contain provisions to provide the Central Bank with <ul style="list-style-type: none"> <li>• advance notice of any acquiring transactions or disposals</li> <li>• advance notice of any proposed change in the beneficiaries to the trust, the trust deeds, or the trust’s governing law;</li> <li>• and must be signed by all Shareholders including the trustee(s) and the applicant firm; and</li> </ul> |  |
| i) | Legal opinion confirming the validity and efficacy of the undertaking as drafted to suit the circumstances of any particular shareholder trust.   |  |

**Shareholder – Partnerships**

Disclose name of Shareholder.

--

Where a shareholder is a limited liability partnership ('LLP'), confirm that the partners have submitted the following:

- |    |  |  |
|----|--|--|
| a) | Description of the LLP itself (including names of general and limited partners and details of respective roles); |  |
| b) | Descriptions of activities of the LLP;   |  |
| c) | Whether or not the LLP is regulated and by which authority;  |  |
| d) | Most recent audited accounts if applicable. If not available most recent management accounts;                    |  |
| e) | Details of proposed interaction with applicant;  |  |
| f) | Written confirmation that the LLP is the beneficial owner of the shares;   |  |
| g) | A copy of the partnership deed and any relevant agreement between the general and limited partners.              |  |
| h) | Completed Individual Questionnaire through our Online Reporting System for each partner in the Partnership; and  |  |
| i) | If the partnership is not a LLP, please contact the Central Bank of Ireland                                      |  |

### Annex 3 – List of QRTs

*Please complete and submit the relevant QRTs as appropriate for the application at the third-country branch level as required.*

#### *List of QRTs required at third-country branch level*

Template Code	Template Name
S.02.01.01	Balance Sheet
S.05.01.01	Premiums, Claims and Expenses – by LOB
S.05.02.01	Premiums, Claims and Expenses – by Country
S.06.02.01	List of Assets
S.18.01.01	Projection of future cash flows (Best Estimate - Non Life)
S.23.01.01	Own funds
S.25.01.01	Solvency Capital Requirement – Standard Formula or Partial Internal Models
S.28.01.01	Minimum Capital Requirement – Non-Composite Undertaking
NST.01	Non-Life Income Statement
NST.01	Life Income Statement