

**Central Bank of Ireland**  
**Consultation Paper (CP 115) regarding the authorisation and supervision of third-country branches in Ireland**  
**The Hospital Saturday Fund SUBMISSION**

<b>Consultation Paper</b>		<b>Comment / Recommendation</b>
1.	Is the Policy Notice applicable to Health Cash Plans?	<p>The Central Bank of Ireland (the "CBI") in the Introduction 1.2 states under Regulation 176 of the 2015 Regulation, any-third country insurance undertaking proposing to establish a branch in Ireland to carry on the business of insurance must make an application to the Central Bank.</p> <p>Currently Health Cash Plans fall outside the scope of the regulatory remit of the Central Bank and are regulated by the Department of Health &amp; Children and the Health Insurance Authority (HIA)</p> <p>Whilst we understand in order to establish a third country branch we need to make an application to the Central Bank, clarification is sought regarding a Health Cash Plan's regulatory position with the Central Bank after registering as a third country branch.</p>
2.	Timing of Final Paper	<p>The Central Bank of Ireland (the "CBI") invites submissions on its consultation paper (CP-115) for 12 weeks up to 5 February 2018 which is in line with the CBI's policy on consultations.</p> <p>It is our understanding that the CBI will publish its final paper in May 2018 (i.e. within 3 months from the end of the consultation period) and that this will be the earliest date that the CBI will be accepting third country branch applications.</p> <p>We would encourage the CBI to publish its final paper at the earliest practicable date so each applicant will have as much time as possible to prepare and submit its application and the CBI has time to review, process and grant final approval in advance of March 2019/Brexit deadline.</p>
3.	Timing of Final Authorisation	<p>Appendix 4 of the Consultation Paper, paras 3.2 and 4.4, p.4 provides that following receipt of a fully completed application, the expected timeline to authorisation is 6 months and that authorisation is granted (in the form of a</p> <p>The CBI should consider issuing authorisation in principle with final authorisation being made subject to the UK leaving the EU to ensure that each applicant will be able to administer its policies in the EU post Brexit.</p>

		certificate of authorisation) once all pre-authorisation requirements have been met.	Will the CBI issue final authorisation even if a transitional arrangement is agreed between the UK and Ireland?
4.	Process for UK insurers with existing third country branches	The CBI is familiar with the prudential supervision of insurance undertakings carried out by the PRA.	Has the CBI concluded the areas in which it will seek to rely on PRA/FCA supervision in respect of UK insurers having a third country branch in Ireland?
5.	Content	<p>Appendix 1 of the Consultation Paper, para 3.6 p. 6 provides that in line with the Solvency II Framework, the CBI will exercise additional supervision over the branch with a particular focus on the senior individuals in Ireland who are clearly responsible for management of both the branch operations and business pursued in Ireland and in what would happen in the event of failure.</p> <p>Appendix 1 of the Consultation Paper, para 3.15 p. 7 states that third country branches should have sufficient and appropriately skilled resources including senior management within Ireland. These resources need to be sufficient to ensure a level of local oversight and control, including the presence of senior management positions in Ireland i.e. Branch Manager.</p> <p>Appendix 2 of the Consultation Paper 115, para 7, p. 9 states that the CBI reserves the right to require that key functions are established within Ireland depending on the nature, scale and complexity of the branch operations.</p>	<p>It could be helpful if the CBI could provide some guidance on the level of substance required by way of illustrative examples.</p> <p>We would request that the CBI take a proportionate approach in relation to the requirement to have key functions based in the Irish branch. The Irish branch is part of the third country insurer and should be able to rely on the functions that are established within the company.</p>

6.	<b>Content</b>	<p>Appendix 1 of the Consultation Paper, para 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.</p>	<p>Clarification on whether an independent assessment would be likely to be applicable to a UK based Insurance Firm.</p>
7.	<b>Branch Manager Committee ("BMC")</b>	<p>Appendix 2 of the Consultation Paper, para 12 p. 10 provides that a branch management committee ("BMC") may need to be established.</p>	<p>It could be helpful if the CBI could provide some guidance as to when a BMC is likely to be required by way of illustrative examples.</p>
8.	<b>Key Functions</b>	<p>Appendix 2 of the Consultation Paper, para 7 p. 9 provides that 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</p>	<p>The CBI to clarify if the third country branch is required to appoint a HOAF or can it rely on the Group HOAF i.e. dual hatting role.</p>

		established for the branch operations or are applied by the third country insurance undertaking's head office to the branch operations.	
9.	Contribution to the Insurance Compensation Fund (ICF)	EU insurance branches carrying on business in Ireland today contribute to the ICF.	Insurers will require clarity as to whether the existing levies will continue to apply to third country branches.
10.	CBI's Probability Risk and Impact Assessment System (PRISM) Framework	Appendix 1 of the Consultation Paper, para 2.11 p. 5 provides that all third country branches will be supervised under the CBI's PRISM Framework.	Will the supervisory model be similar to the supervisory model for insurers or are any allowances likely to be made for third country branches?
11.	Analysis of the third-country bankruptcy regime in respect of priority given to policyholders of the third-country branch	Appendix 1 of the Consultation Paper, para 3.10, p. 7 provides that the CBI 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 CBI 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.	Will this analysis be required from UK based insurers who submit their application to establish a third country branch in Ireland pre-Brexit given that the UK will still be a member of the EU at that time?

12.	Independent Assessment of Regulatory and Supervisory Regime in the UK	Section 5.6 of the Checklist requests an applicant to provide an independent assessment of the home jurisdiction's regulatory and supervisory regime.	Will the CBI require such an assessment from UK insurers who apply to establish a third country branch pre-Brexit given that they will be fully compliant with Solvency II at that time?
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