



**Insurance Ireland Response to CP122 - Consultation on Changes to  
the Domestic Actuarial Regime and Related Governance  
Requirements under Solvency II**

**14<sup>th</sup> September 2018**

1. We recognise that the proposed changes are in the best interests of with profits policyholders and are supportive of the CBI's intention to implement this governance.
2. What is the scope of application of the Requirements outlined in CP122? (E.g. all with profits policies written in the Republic of Ireland, all with profits funds that are the responsibility of an entity in the Republic of Ireland, etc.) In particular, will funds which are the responsibility of an entity in ROI but which are invested in by policies written in an overseas branch, be within the scope of these Requirements?
3. Some insurers currently publish a With Profits Principles and Practices of Financial Management (PPFM) document. We recommend that the guidance clarifies that these insurers can meet the new requirements by providing the PPFM to policyholders and explaining which section of the PPFM contains the With-Profits Operating Principles (WPOP).
4. It is common practice for insurers to produce a PPFM document for each With Profits fund since the principles and practices can vary substantially between funds. We recommend that the guidance clarifies that insurers can meet the new requirements by providing separate WPOP documents for each fund.
5. In some cases, insurers have contracts which provide with profit benefits based on a reinsurance agreement with another company. We recommend that the guidance clarifies that the governance requirements do not apply to such contracts and only apply to contracts where the Board of the insurer has discretion in relation to the declaration of bonuses. If an entity within the scope of the CBI's supervision reinsures to an entity within the scope of another regulator's supervision, will the Requirements outlined in CP122 apply? Does this vary depending on the strength of the with profits regulations that apply directly to the reinsurer? Or depending on whether the reinsurer is in an EU country?
6. What will be the procedure for applying for exemptions from the requirements proposed in CP122? (For example, if a fund is closed and has a low volume of members.)
7. Please can you give us more detail about how you envisage the following two requirements working together in practice:
  - (Re)insurance undertakings will be required to provide With-Profits fund members with an annual report on compliance of the fund with the principles detailed in the With Profits Operating Principles ("**WPOP**");
  - The HoAF will be required to report to With-Profits fund members annually on the compliance of the With-Profits fund with the principles detailed in the WPOP
8. We welcome the changes in the format of the AOTP.

9. We suggest the addition of the following responsibility for the HoAF for (re)insurance undertakings that have With-Profits business:
  - c. *The HOAF shall report in writing to the Board of the (re)insurance undertaking no less frequently than once per year, on his or her recommendations on any allocation of profits related to those policyholder rights*  
This change will ensure that the Board receives timely advice in line with the frequency of bonus declarations rather than having to wait for the ARTP following the end of the calendar year.
10. We suggest revising section 3.1.2 a of the current Domestic Actuarial Regime guidance as follows:

*The ARTPs shall include*

- a. *Where any rights of life assurance policyholders entitle them to participate in profits related to a particular fund or part of a fund, ~~a recommendation on any allocation of profits related to those policyholder rights~~ the HoAF's opinion on profit allocation.*  
This change will ensure that the HoAF's opinion is communicated rather than the specific details of a bonus allocation recommendation that coincides with the production of the ARTP.