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John Magee
Senior Vice President

Marsh Management Services (Dublin) Limited
Floor 4, 25/28 Adelaide Road
Dublin 2, Ireland
3531 605 3057
john.magee@marsh.com
www.marsh.com

10 June 2011

Governance, Accounting and Auditing Policy Division,
Policy & Risk Directorate,
Central Bank of Ireland,
PO Box 559
College Green,
Dublin 2

10th June 2011

Dear Sir/Madam,

Ref: CP53 – Corporate Governance Code for captive Insurance and captive Reinsurance Undertakings

Marsh Management Services (Dublin) Limited (Marsh), welcomes the opportunity to comment on the proposals by the Central Bank of Ireland (CBI) with regard to Consultation Paper 53 - Corporate Governance Code for captive Insurance and captive Reinsurance Undertakings. In submitting this response, we have outlined below both general and specific observations as regards the proposed Code.

General Observations

Solvency II: Marsh welcomes the proportionate approach adopted by the CBI in developing this Consultation Paper for captives which mirrors the stated objectives of Solvency II. With regard to the issue of proportionality for captives and its application under Solvency II, we would strongly recommend that following clarification of the issue of proportionality and its application for captives, that the final Code, as implemented, be reviewed so as to ensure that the Code for Irish regulated captives is in line with European standards.

Transitional Arrangements: In view of the large number of captives established in Ireland, we are concerned that the proposed 6 month transitional period will too short to ensure that all companies can achieve compliance with the Code. For every captive, each Board will need to develop, review and approve a suitable Code relevant for their company and while

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some companies would no doubt be in a position to achieve compliance within the 6 month timeframe, a 9 month timeframe would ensure that all companies could achieve compliance with the Code.

Run-Off Companies: In respect of those captives which have ceased underwriting and are seeking to extinguish their remaining liabilities prior liquidation, we would recommend that such companies would be automatically exempt from the Code. This would allow the Boards of these companies to focus their attention in managing the run-off process and extinguishing the remaining liabilities.

Risk Appetite: Recognising the nature, scale and complexity of the risks underwritten by captives and given that captives in themselves do not represent a financial or systemic risk to the wider community, we would suggest that the development of a Risk Appetite is not appropriate for the captive model.

Specific Observations

Attached overleaf, we have made comments in relation to specific clauses or paragraphs contained in the Consultation Paper and where appropriate, we have included some suggested alternative wordings.

Finally, we would like to thank you for the opportunity to comment on this Consultation Paper and we confirm our availability to discuss any aspect of this submission with you.

Sincerely,
Marsh Management Services (Dublin) Limited



John Magee
Director