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22<sup>nd</sup> February 2013

FAO: Industry Funding, Financial Control Division

**Re: CP61 – Consultation on Impact Based Levies and Other Levy Related Matters**

Thank you for the opportunity to comment on the proposals put forward by the Central Bank of Ireland (CBI) in its consultation paper CP61 "Consultation on Impact Based Levies and Other Levy Related Matters". Aon represents the interests of approximately 60 re/insurance regulated entities, all engaged in cross-border activities. This submission represents the views of Aon on behalf of its client base.

Aon wholly supports the Central Bank in the proposed amendments to the regulatory fee levy outlined in this section. We agree with the movement towards a fairer and transparent process, early issue of levy notices, and improved targeting of regulatory resources.

The introduction of application fees are a new proposal by the Central Bank to the regulatory charging structure within the Central Bank. Aon believe that these fees need to be proportionate and appropriate and should not be of such a high level that they prevent companies considering making such an application. We believe that the fee proposed should be re-assessed, so that they are not an automatic barrier to entry.

In the attached document, Aon have addressed all the questions raised and if deemed appropriate, we would welcome the opportunity to discuss our responses with you in person.

Thank you and best regards,  
Yours Faithfully

Ann O'Keeffe  
Chief Financial Officer

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Aon Insurance Managers (Dublin) Limited is regulated by the Central Bank of Ireland

**Aon Insurance Mangers (Dublin) Limited response to Consultation Paper 61  
“Consultation on Impact Based Levies and Other Levy Related Matters”.**

Question from CBI	Suggested Response
Do you agree with the Central Bank’s proposal to use firms’ impact categorisation under PRISM as the basis for the setting of the levies it charges regulated entities on an annual basis? If you disagree, what would you propose instead?	Yes, we fully agree with this approach as the logical progression of supervising firms on a risk bases.
Do you agree with the Central Bank’s proposal to allocate the cost of financial regulation activity on a basis consistent with the allocation of supervisory resources to regulated entities? If not, what cost allocation methodology would you propose?	Yes, we agree in principle with this approach and we welcome this mechanism for determining levies to be charged.  We do have some reservations regarding “run off” companies as such entities require less CBI supervision this should be reflected in a lower annual levy fee.
Do you agree with the Central Bank’s proposal to apply a minimum levy per umbrella plus an additional levy per sub-fund subject to a maximum number of sub-funds (i.e. Option 2)? If not, what alternative approach would you propose and why?	N/A
Do you agree that the credit union sector should be required to fund the relevant proportion (currently 50 per cent) of the cost of financial regulation that would apply under an impact based approach to the levy process? If not, what alternative approach would you propose and why?	N/A
Do you agree that this change be phased in over a period of 5 years? If not, what alternative approach would you propose and why?	N/A
Do you agree with the Central Bank’s proposal to impose an application fee in respect of each industry funding category proportionate to the average time taken to consider an application for authorisation? If not, what alternative would you propose?	No, we believe that this would have a significant depressing effect on new applications in areas of new business structures/models and would be a deterrent to establishing new operations and thus in contradiction to the stated aim of the Government to expand employment in the IFSC as outlined in the <i>Strategy for the International Financial Services Industry in Ireland 2011-2016</i> .  The alternative that we would propose is a token minimal fee on application and the balance to be paid on authorization.
8.7 Do you agree that such a fee should be payable at the time an application for authorisation is submitted and that it should be non-refundable in the event that an application for authorisation is withdrawn or refused? If not, what alternative would you propose?	No, as outlined above we believe that the imposition of fees for application would have a significant depressing effect on new applications in areas of new business structures/models and would be a deterrent to establishing new operations and thus in contradiction to the stated aim of the Government to expand employment in the IFSC as outlined in the <i>Strategy for the International Financial Services Industry in Ireland 2011-2016</i> .  The alternative that we would propose is a token minimal fee on application and the



	<p>balance to be paid on authorization or agree that the sum is refundable should the authorization not be granted and that 50% of the fee is waived against future levies once the company is operational.</p>
<p>Do you agree with the Central Bank's proposal to maintain the policy of imposing pro-rata levies in respect of the period in relation to which a regulated entity holds an authorisation from the Bank? If not, what alternative do you propose?</p>	<p>Yes, we believe this is a sensible system which works well.</p>
<p>Do you agree with the Central Bank's proposal to impose a penalty on any and all firms who do not pay their levy within the time allowed? If not, what alternative course(s) of action would you propose to ensure that all regulated entities pay their Industry Funding Levy?</p>	<p>Yes, in the interests of fairness we believe that fines should be imposed on undertakings that do not pay levies in a timely manner.</p>
<p>Do you agree with the Central Bank's proposal to seek the power to unilaterally revoke the authorisation of those firms which continue to fail to pay their Industry Funding Levy? If not, what alternative would you propose?</p>	<p>Yes, we would agree with this approach.</p>
<p>Do you agree with the Central Bank's proposal to remit 100 per cent of the value of monetary penalties to the Exchequer? If not, how would you propose to treat monetary penalties?</p>	<p>No, we do not agree with this approach. A more equitable solution would be for some of the fees to be used to offset the cost of regulation for remaining firms while remitting the remainder back to the Exchequer. As part of this, fees collected under a certain amount should be retained by the CBI to ease the cost of regulation of the other regulated entities while a proportion of fees above the level would go to the CBI with the remainder going to the Exchequer. One of the main reasons for this would be the strong likelihood that larger fees would arise from a circumstance which affected a number of citizens and thus as way of assisting in making amends would be to remit part of the fine imposed for such activity back to the Exchequer. Determining the return to the Exchequer on amount of the fine imposed rather than the reasons for the imposition of the fine would be to counter any argument that the enforcement action is being driven as a revenue raising exercise for the Exchequer.</p>