

General Insurance Supervision Division
Central Bank of Ireland
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Dear Sir/Madam,

Thank you for the opportunity to comment on the proposals put forward in the consultation paper CP73 Requirements for Reserving and Pricing for Non-Life Insurers and Reinsurers. We have general comments on the consultation paper and a number of specific comments on some of the proposed amendments.

By way of background, Beazley Re Ltd is a wholly owned subsidiary of Beazley plc, acts as an intra-group reinsurer and provides capital to support the underwriting activities of Beazley Underwriting Limited. Beazley Underwriting Limited is a Lloyd's of London corporate member. It participates in the Lloyd's insurance market on a limited liability basis through Syndicates 2623, 3622 and 3623.

General Comments

Our view is that we welcome any proposals that provide assurance that reinsurers are maintaining appropriate reserves. However, it is important to recognise that such proposals should be proportionate to the scale and complexity of the business, should not be unduly onerous in terms of costs or resources and also should not place Ireland at a regulatory or commercial disadvantage with other reinsurance jurisdictions.

Specific Comments

The Signing Actuary (Section 10, page 13)

This proposal will create additional costs and work for all companies. This is a significant change from current practice and if implemented will mean that the signing actuary regime in Ireland will be very

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different and more onerous than for the UK and other countries. In the UK it applies to Lloyd's only and has no restrictions to the signing actuary being from a different firm to the auditing actuary. It is not apparent why the auditing actuary cannot be from the same firm as the signing actuary. The additional external costs, drain on internal resources and time pressures created by implementing the proposal are likely to be substantial.

Companies, other than those with a high PRISM rating, should be allowed to have an external signing actuary from the same firm as the auditing actuary.

Peer Review (Section 34)

The consultation paper provides for the commissioning of "an actuary, ("Reviewing Actuary") to conduct a peer review of their SAO and the report underlying the SAO". The proposed requirement to have a third actuary conducting a review of the reserves in addition to the signing actuary and the auditing actuary would appear to impose an unnecessary burden and cost on companies. There is no guarantee that if the signing and auditing actuaries have missed a material issue, a third less detailed actuarial review will identify it.

We have estimated that the costs associated with meeting these additional requirements would be in the region of €350,000 p.a.

We would welcome the opportunity to meet with representatives of the Central Bank of Ireland to discuss and clarify any aspect of this submission.

Yours faithfully,


Ed McGivney
General Manager