DIMA

Consultation Paper 89,
Solvency II Data & Reporting Project Manager,
Insurance Supervision,
Central Bank of Ireland,
PO Box 11517,
Spencer Dock,
North Wall Quay,
Dublin 1

23rd January 2015

Dear Sir/Madam

On behalf of its members, DIMA welcomes the opportunity to engage with the Central Bank of Ireland on its proposals for National Specific Templates (NSTs) under Solvency II. DIMA's comments in this response are limited to the range of activities undertaken by its membership. As a consequence, the areas of the consultation relating to cross-border life business, particularly variable annuity business, are not addressed in this response. DIMA further welcomes that the proposals within this consultation paper are limited to re/insurance entities classified as medium-high or high under the PRISM system.

DIMA appreciates that the advanced and broad profile of Ireland's re/insurance sector, including its international reach, distinguishes the country's market from most other EU jurisdictions. Consequently, DIMA recognises that the Central Bank of Ireland (CBI) has a regulatory environment similar to that of just a small sub-set of European Member States where similar diverse markets exist, such as the UK and France. DIMA believes that the fundamental tenet that Solvency II is a maximum harmonisation directive is paramount in ensuring that re/insurance operations established in Ireland, whether on a stand-alone basis, as part of a group, or as a hub for European activities, are not treated in a more onerous way than if the same structure were to be established in a different Member State. To that end, DIMA has been assessing the CBI's proposals in the context of those being promulgated by regulatory authorities in European Member States with advanced and diverse re/insurance industries.

In particular, we have identified that the UK regulatory authority, the Prudential Regulatory Authority (PRA), has actively considered proportionality taking into account both the burden on regulated entities and on its own resource. As a consequence, DIMA understands that the PRA is planning on an annual submission to minimise the regulatory burden on industry. We further understand that the French regulatory authority, Autorité de Contrôle Prudentiel, is considering its approach to NSTs which is likely to focus more on direct insurance than reinsurance.

Since the reinsurance sector is particularly developed in Ireland, we would encourage the CBI to revisit their proposals in the light of proportionality, and particularly with a view of the rhythms of the reinsurance industry compared to direct writers. For example, the levels of granularity being proposed in this consultation such as splits under line of business, as well as issues such as information lags and estimation techniques, may not be achievable and ultimately may result in the CBI receiving a more ambiguous picture of the industry than it is anticipating.

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Many re/insurance firms are very advanced with their implementation programmes on regulatory reporting requirements, and have devoted significant resource to ensuring that the reporting templates and systems will respond to the extensive enhancements to the regime which will be required under Solvency II compared to Solvency I. To this end, we would are concerned to ensure that further enhancements to the reporting regime under NSTs genuinely provide a necessary greater insight into the regulated entity. A number of the enhancements proposed within CP89 would require significant amendments to the systems as they have been developed, and it is unclear whether the increased burden associated with this would provide the CBI with more meaningful information.

From the non-life undertakings' perspective, the CBI's proposals for quarterly reporting is a significant increase in activity and would have profound impacts on the established timelines for reporting activities. There are concerns that the information emanating may not be as accurate as anticipated by the CBI, and therefore could be misleading from the regulator's perspective. From the reinsurance industry's perspective, several of the items being sought under this consultation are not to date collected in this way by the industry and therefore they would be reliant on cedants to supply this information. There is also a concern that the proposals concerning splits does not reflect the business identifiers in use.

We would be grateful for an opportunity to discuss these concerns in more detail at a face to face meeting with you.

Yours faithfully

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