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Consultation Paper 92
Prudential Policy Division – Insurance,
Central Bank of Ireland,
PO Box 559,
Dame Street,
Dublin 2.

26 May 2015

Re: Marsh Response to Consultation Paper CP92 on Domestic Actuarial Regime and Related Governance Requirements under Solvency II

Dear Sir/ Madam,

Marsh Management Services (Dublin) Limited ("MMSD) welcomes the opportunity to submit this response on behalf of the insurance and reinsurance undertakings managed by us.

MMSD is a Central Bank of Ireland regulated 'captive manager' of regulated insurance and reinsurance undertakings. A large portion of these entities are designated as 'captives' under the relevant definition (Article 13(2) of Directive 2009/138/EC), and are caterogised as low impact firms in the PRISM classification system.

With the advent of the Solvency II Directive and the requirement for insurance and reinsurance undertakings to have an actuarial function in place, we question the need to impose the Domestic Regime on a statutory basis.

We would particularly question the need for an Actuarial Opinion on Technical Provisions ("AO TPs"). To request such an opinion, we believe, would be contrary to one of the main principles of Solvency II which is to ensure harmonisation of re/insurance regulation across the EU. If entities regulated in Ireland are required to submit an AO TPs as part of the annual regulatory return, in addition to complying with the Solvency II Actuarial Function requirements, it will be viewed that Ireland is out of line with other EU domiciles and will definitely put Ireland at a disadvantage for attracting new business and retaining existing business, particularly captives.

Regarding the proposal to prescribe the Head of Actuarial Function ("HoAF") as a pre-approval control function, we have some concerns how this will be fulfilled by 'low impact' PRISM category undertakings. With the principle of proportionality in mind, we ask:

1. Will it be possible to combine the HoAF role with another PCF role already in place for the undertaking?

2. Does the appointed HoAF have to be a qualified actuary or be affiliated to the Society of Actuaries Ireland or similar organisation? We ask this because we note that the HoAF is required to provide an opinion to the board of the undertaking that will form part of the RSR return to the Central Bank;

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3. We assume that the Central Bank accept that for some undertakings, particularly captives and low impact PRISM category undertakings, the HoAF function will be outsourced to professional service providers which is the case under the current SAO regime.

We welcome the proposal that undertakings in the Non-Life Re/Insurance Sector with short tail business, not including motor, liability, financial guarantee or third party insurance business, may apply to the Central Bank, on an annual basis, for an exemption from the requirement to prepare an AO TPs. We ask if the Central Bank would consider extending the criteria somewhat to include companies in run-off particularly those that have been in run-off for some time and have little or no claim reserves remaining.

Finally we seek clarification on whether the Reserving Requirements for Non-Life Insurers and Non-Life and Life Reinsurers will be discontinued upon the introduction of Solvency II on 01.01.2016 and the requirements of CP92.

Sincerely,

G. Connell

Gerard Connell
Vice-President
Marsh Management Services (Dublin) Limited