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Mr Pearse Doherty TD
Dáil Éireann
Kildare Street
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14 July 2020

Dear Deputy Doherty,

Thank you for your email dated 2 July 2020 and previous engagement in relation to the difficulties faced by many businesses during the COVID-19 public health emergency.

You will be aware from our previous correspondence, the extensive updates on our website and through other public communications that the Central Bank of Ireland (Central Bank) is placing the highest priority on dealing with the impact of COVID-19 on the financial system and on consumers.

You are also aware, that the Central Bank intervened swiftly and we have communicated our expectations to the insurance industry in the context of COVID-19. This included making clear our expectation that firms honour valid claims in full and pay them promptly, having assessed all claims appropriately, in line with the policy terms and conditions. We have been clear that where there is a doubt about the meaning of a term, the interpretation most favourable to the customer should prevail. We have also made very clear that the Government advice to close businesses, as part of the State strategy for dealing with COVID-19, should be treated as a specific direction to the business when assessing the validity of a claim. We have emphasised the responsibility of firms' boards and senior management to recognise each of those critical points. We are undertaking a programme of supervision and engagement with the larger insurance firms to ascertain their approach to dealing with specific elements of COVID-19, including the handling of claims under a policy providing business interruption cover. This is a significant supervisory review undertaken in the context of the Central Bank's consumer protection mandate and is a key priority for the Central Bank. In line with our mandate to ensure that the best interests of consumers are protected, our immediate focus has been to identify any firms that may not be meeting the expectations set out by the Central Bank in our communication to CEOs on 27 March 2020.



This is an extensive, detailed and robust programme of work, designed to ensure a comprehensive and accurate evaluation of the risks to consumers and to identify appropriate and effective remedies. This work has already included the use of our information gathering powers to make certain that all potential risks are identified, whilst also ensuring individual accountability by requiring responses to be certified by persons occupying senior management positions within the relevant firms.

In relation to other legal powers or legal options, the Central Bank will, as appropriate and necessary, consider the use of its supervisory and/or enforcement powers as issues are identified.

The Central Bank has a suite of legal powers available to it to assist in the carrying out of its functions, many of which are contained in the Central Bank (Supervision and Enforcement) Act, 2013, and some of which are already being utilised in the context of this work. As advised previously, it is not possible at this stage to outline what exact powers or other legal options would be utilised in the event of non-compliance with financial services legislation – this will be a circumstance specific determination depending on the relevant issues, the aim sought to be achieved and the speed at which clarity can be provided to policyholders.

The Central Bank is working to ensure that this Supervision programme is completed promptly. It is critical that we complete this comprehensive and robust review, to ensure clarity for affected businesses as quickly as possible. The Central Bank will continue to actively engage with and challenge firms to ensure they are meeting the expectations as previously set out and in this regard, take all actions considered appropriate. The Central Bank has already made a number of inquiries concerning a broader scope than those cases currently in the public domain. The Central Bank will examine all possible options within the full suite of our powers and we will intervene where appropriate, as we take this work forward. However, it is not always possible nor desirable for the Central Bank to publically communicate the specifics of supervisory work that is ongoing.

The various responses taken in other jurisdictions including by the FCA are noted. The best way to achieve our objective must be determined by reference to the particular circumstance in our own jurisdiction which may vary from that of other jurisdictions. We are currently pursuing a multi-pronged approach which we believe is the most effective way forward in terms of producing clarity for affected businesses in Ireland in circumstances where there are a number of insurers with a number of different policies and varying approaches to dealing with their customers. We will continue to examine all possible options as we take this work forward. No course of action has been ruled out for consideration by the Central Bank.



Finally, I confirm a response to the correspondence you attached to your email was issued to the firm.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Domhnall Cullinan', written over a horizontal line.

Domhnall Cullinan
Director of Insurance Supervision