



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

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Mr Robert Troy TD
Dáil Eireann
Kildare Street
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30 March 2020

Dear Deputy Troy,

Thank you for your email of 24 March about Business Disruption Cover - Infectious Disease for businesses affected by COVID-19.

The spread of the COVID-19 virus is a public health emergency which has created significant economic disruption and we recognise that this is a very challenging and troubling time for Irish businesses.

The Central Bank of Ireland has been engaging proactively with insurance firms and industry representatives on contingency and claims related issues in the insurance sector in recent weeks. We have made clear that we expect that firms will continue to protect their customers and to comply with all regulatory requirements in light of the significant economic disruption caused by the measures required to tackle the COVID-19 public health emergency.

In addition, the Central Bank has underlined these expectations in a letter we issued to the Chairs and CEOs of Insurance Undertakings on Friday, 27 March. We published a copy on our website and it is available [here](#).

As you will see, the letter makes clear that any claim settlement offer made to a claimant must be fair, must take into account all relevant factors and must represent the firm's best estimate of the claimant's reasonable entitlement under the policy. Although the Central Bank expects that most policy wordings are clear in terms of what cover is provided and what is excluded, where there is a doubt about the meaning of a term, the interpretation most favourable to their customer should



prevail. Firms must ensure that claims are appropriately assessed and where there is insurance cover in place that claims are accepted and paid promptly.

In this context, the Central Bank is of the view that where a claim can be made because a business has closed, as a result of a Government direction due to contagious or infectious disease, that the recent Government advice to close a business in the context of COVID-19 should be treated as a direction. We note that this is a view that has also been set out by the Minister for Finance, Public Expenditure and Reform.

I trust this responds to the concerns you raised in your email. The Central Bank will continue to monitor the situation closely.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'D. Cullinan', written in a cursive style.

Domhnall Cullinan
Director of Insurance Supervision



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