

Consumer Protection Directorate
Central Bank of Ireland
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By e-mail to: consumerprotectionpolicy@centralbank.ie

7 September 2016

Dear Sir

Discussion Paper on the Payment of Commission to Intermediaries

I refer to the above discussion paper published by the CBI on 26 July 2016. Lloyd's welcomes the approach taken by the CBI on the subject of intermediary commission in the Consumer Protection Code 2012.

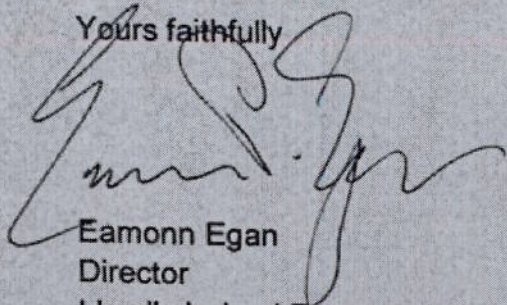
In respect of risks located in Ireland, Lloyd's underwriters write non-life and life insurance products without an investment component and reinsurance of such business.

The ability of insurance undertakings to remunerate insurance intermediaries by commission is important to the Lloyd's market due to its unique structure. As you may be aware, Lloyd's underwriters carry on insurance business in Ireland through insurance intermediaries that have been given authority by a Lloyd's managing agent to enter into a contract of insurance on behalf of the members of a syndicate managed by the managing agent in accordance with the terms of a binding authority agreement. At Lloyd's, such an insurance intermediary is referred to as a "coverholder". A coverholder acts on behalf of a managing agent. The payment of commission by a managing agent to a coverholder facilitates the access of Lloyd's managing agents into the Irish market which increases the range of insurance products available to Irish customers and encourages competition.

All business that is placed in the Lloyd's market must be placed through an insurance intermediary that has been approved by Lloyd's to do so. Such intermediaries are referred to as "Lloyd's brokers". One of the roles of a Lloyd's broker is to fulfil the administration and processing activities that would usually be carried out by a conventional insurance undertaking. In return, the Lloyd's broker is paid standard commission by the Lloyd's managing agent. This makes the transaction of the business more efficient than if these functions were carried out by each managing agent separately.

Lloyd's looks forward to seeing the Department of Finance's proposals for the implementation of the EU Insurance Distribution Directive (2016/97) in due course.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Eamonn Egan', written over the typed name.

Eamonn Egan
Director
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