



FINANCIAL REGULATOR
Rialtóir Airgeadais

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3 June 2010

Re: Themed Inspection: Renewal of Motor Insurance Policies

Dear «Greeting»,

As you may be aware, the Financial Regulator carried out a series of inspections of selected insurance firms during the latter part of 2009 and early 2010, focussing on reviewing the procedures, processes and output in relation to the renewal of motor insurance policies. The purpose of this letter is to provide the insurance industry with feedback in relation to the Authorised Officers' findings on those visits. We hope that it will be of assistance to you when developing and ensuring your own firm's compliance. Accordingly, we expect that you will consider the issues set out below and their relevance to your firm.

1. The Financial Regulator was encouraged to find that, in the main, firms are processing motor insurance renewal documentation in line with the requirements of Statutory Instrument 74 of 2007 – the Non-Life Insurance (Provision of Information) (Renewal of Policy of Insurance) Regulations 2007 (“the Regulations”). However there were a small number of cases where the 15 day rule for issuing renewals was breached. In addition, there were instances where the actual documentation issued was not in compliance with the Regulations.

The Financial Regulator expects that firms ensure that motor insurance renewal notices are issued so that they can be received by the policyholders at least 15 working days before the renewal date, and also that the presentation of the information is in the format as specified in the Regulations.

The breaches referred to above are being considered for regulatory action by the Financial Regulator.

2. In accordance with General Principle No. 10 of the Consumer Protection Code (“the Code”), individual firms must ensure that any outsourced activity complies with the Code. Therefore, all Delegated Authority Agreements / Service Level Agreements should contain the requirements of the Regulations in respect of motor insurance renewal of policies. All firms must ensure, during audits of the entities to which activities are outsourced, that the Code requirements are being audited. The Financial Regulator expects that Firms should include as part of their audit of providers of outsourced services a requirement to test all aspects of the Regulations.

We appreciate that not all of the issues referred to in this letter may be applicable to your institution. We ask that these findings are brought to the attention of your Compliance Officers and are incorporated into your review of your institution’s compliance with the Statutory Instrument 74 of 2007.

Should you have any queries in relation to the contents of this letter, please contact Joe Morley at joe.morley@financialregulator.ie

Yours sincerely



Adrian O'Brien
Deputy Head of Consumer Protection Codes