



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

T +353 (0)1 224 6000

Bosca PO 559
Baile Átha Cliath 1

PO Box 559
Dublin 1

www.centralbank.ie

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Central Bank of Ireland Expectations of Insurance Undertakings in Light of COVID-19

Dear Chairperson/CEO,

The spread of the COVID-19 virus is a global public health emergency, which has created significant uncertainty and economic disruption. The Central Bank of Ireland (the “Central Bank”) recognises that this is a challenging and troubling time for consumers, families and businesses including your firm and your employees.

Regulated firms have an obligation to act honestly, fairly and professionally in the best interest of consumers and to comply with the Central Bank’s Consumer Protection Code and other regulatory requirements. The national measures introduced to combat the COVID -19 virus have been introduced in the public interest and the Central Bank expects that the insurance industry will play its part in protecting its customers during this extraordinary time, to be sensitive to the difficult situation in which many find themselves, and to take steps to support them. The challenges posed are unprecedented and will require a swift yet carefully considered approach to achieve the right outcome for customers.

The Central Bank expects that you, your Board of Directors and senior management teams take account of the difficult and challenging situation in which many of your customers find themselves and to develop consumer-centric solutions to the handling of insurance payment breaks and policy rebates in light of the COVID-19 emergency as a matter of urgency. Furthermore, the board and senior management must ensure at this time that claims are appropriately assessed, and where there is insurance cover in place, that claims are accepted and paid promptly. These points have been expanded further below.

Handling of insurance claims

Firms must ensure that they handle claims effectively and properly and, where appropriate to do so, they must offer assistance to their customers in the process of making a claim, including, where relevant, alerting their customer to policy terms and conditions that may be of benefit to the



customer. 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 cover exclusions are in place, 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.

The Central Bank expects that the CEO of each firm shall take responsibility for the oversight of how their firm is managing determinations of whether claims are covered or not in the context of COVID-19. Where necessary to gather further information with regard to the management of determinations as to whether claims are covered or not in the context of COVID-19 the Central Bank will, as deemed appropriate, require certification from the CEO as to such matters.

Engagement with customers

All firms need to be sensitive to changes in customers' circumstances due to the public health measures taken to counter the spread of COVID-19, which have left many in a financially vulnerable situation. We expect you to provide reasonable arrangements to support such customers in their dealings with your firm at this difficult time.

Where relevant, your firm should proactively communicate in a clear, transparent manner to customers about the levels of cover provided by individual insurance policies. You should inform customers, when renewing existing policies, if there are any changes to those policies arising from COVID-19. Your firm should prominently display on your website the key relevant information about COVID-19 and contact details should customers have queries on coverage.

Furthermore, you should engage with intermediaries and partners and to keep them fully informed at all times about the implications of COVID-19 for existing and new policies.

Operational Resilience

Operationally, you must also ensure that your customer-facing functions are adequately resourced and supported to ensure that customer needs are met and queries are handled in an appropriate timeframe. Additionally, the Central Bank expects that firms will have processes in place to engage



positively with customers who are experiencing difficulties in the payment of premiums because of COVID-19.

In the event that a firm decides to cease operating for a time due to COVID-19, it must immediately inform the Central Bank and should inform customers of how continuity of service will be provided.

At all times, the Central Bank expects Boards and firms to consider the customer impact when making decisions and to engage with customers in an open, fair and transparent manner. This is of increased importance for the duration of the COVID-19 situation.

We will be in contact with your firm to discuss the above matters and how you propose to address them in the coming days.

Yours sincerely

A handwritten signature in blue ink that reads "Derville Rowland".

Derville Rowland

A handwritten signature in blue ink that reads "Ed Sibley".

Ed Sibley