



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

2012

Guidelines on Completing and submitting Life Assurance, Non-Life Insurance and Reinsurance Applications



Contents

Introduction	2
Criteria for Assessing Applicants	5
Making an application	7
Application Processing	8
Authorisation	10
Application fee	11

This document provides guidance in relation to the requirements of the Central Bank of Ireland for establishing and obtaining authorisation as an insurance or reinsurance undertaking in Ireland¹. It does not constitute legal advice nor does it seek to interpret relevant legislation.

1. Introduction

In general, the Insurance Acts and Regulations require an undertaking to hold an authorisation if they wish to carry on insurance business. For example Regulation 6 (1) of the European Communities (Non- Life Insurance) Framework Regulations 1994 require that an insurance undertaking shall not carry on the business of non-life insurance unless it is the holder of an authorisation.²

Articles 6,7 & 9 set out the requirements of authorisation of non-life insurance undertakings³.

To obtain an authorisation, an undertaking must make an application to the Central Bank of Ireland who must be satisfied that the applicant complies with the appropriate Insurance Acts and legislation. For example Regulation 6(5) of the European Communities (Non- Life Insurance) Framework Regulations state that where the Bank is

¹ Note that this includes proposals for authorisation of Captive Insurance (co.s), Captive Reinsurance and Special Purpose Reinsurance Vehicles ('SPRVs').

² See also Art. 6 of the Life Assurance Framework Regulations (1994) and Art. 5 of the Reinsurance Regulations (2006).

³ See also Arts. 6,7 & 9 of the Life Assurance Framework Regulations (1994) and Art. 7-10 and 30-34 of the Reinsurance Regulations (2006).

satisfied that an undertaking, applying for an authorisation, complies with the appropriate provisions of the Insurance Acts and Regulations, the Bank shall grant that undertaking an authorisation.

The Central Bank of Ireland through the authorisation process ascertains if, in its opinion, the applicant complies with the appropriate provisions of the Insurance Acts and Regulations, these include, inter alia, Regulation 6, 7 and 9 of the European Communities (Non- Life Insurance) Framework Regulations 1994, Regulation 6, 7 and 9 of the European Communities (Life Assurance) Framework Regulations, 1994 and Regulation 7, 8, 9 10, 30, 31, 32, 33 and 34 of European Communities (Reinsurance) Regulations, 2006.

The Central Bank of Ireland is the competent authority in Ireland for the issuing of such licences. Its fundamental approach to supervision (including authorisation/licensing) is an assertive risk-based regulatory framework underpinned by a credible threat of enforcement. Responsibility for the proper management and control of an insurance or reinsurance undertaking, and the integrity of its systems, rests with the board of directors and its senior management. Ethical behaviour and transparency in business dealings are key values expected of boards and senior management.

In addition to the information required in the checklists accompanying this guideline document, the Central Bank of Ireland may request additional information in order to assist

in the process of reviewing the application and deciding on authorisation.

The Central Bank of Ireland aims to make the application process an efficient and manageable one, it must be stressed that it is not a one-step mechanism; rather, it is an iterative process involving contact and consultation with personnel from the Central Bank of Ireland prior to and after an application is formally submitted.

In advance of contacting the Central Bank of Ireland, each potential applicant must assess whether its proposed business model

- (i) requires an insurance or reinsurance licence;
- (ii) falls within the 'captive' definition⁴ .
- (iii) is capable of complying with the Central Bank of Ireland's requirements for authorisation; and
- (iv) will comply with the requirements that must be adhered to by insurance or reinsurance undertakings on an on-going basis.

Having satisfactorily completed this assessment the applicant should contact the Central Bank of Ireland (General Insurance Authorisation Team) in order to arrange a preliminary meeting.

⁴ See Article 3 of the Reinsurance Regulations (2006).

The applicant should be familiar with all statutory provisions applicable to insurance or reinsurance undertakings in Ireland. Applicants should understand the scope and application of consultation papers and all new requirements issued by the Central Bank of Ireland, details of which are published on www.centralbank.ie

2. Criteria for Assessing Applicants

Articles 6, 7 & 9 of the Non-Life Framework Regulations⁵ describe the conditions for obtaining authorisation. The principal areas considered by the Central Bank of Ireland in evaluating life, non-life and reinsurance applications include:

- Overview of the Parent/Group to which the applicant belongs;
- Consolidated Supervision of Parent/Group entities;
- Ownership Structure;
- Applicant's Objectives and Proposed Operations;
- Legal Structure;
- Organisation of the Applicant (including corporate governance arrangements, fitness and probity of key personnel, etc.)⁶;

⁵ See Arts. 6, 7 & 9 of the Life Assurance Framework Regulations (1994) or Arts. 7-10 of the Reinsurance Regulations.

⁶ <http://www.centralbank.ie/regulation/Pages/Codes.aspx> and <http://www.centralbank.ie/regulation/processes/fandp/Pages/IntroductiontoFitnessandProbity.aspx>

- Risk Oversight (e.g. audit, compliance, risk management, underwriting, reinsurance arrangements, financial control, internal controls etc.);
- Capital and Solvency Projections;
- Financial Information and Projections;
- Actuarial Support for projections; and
- Consumer Issues (e.g. Minimum Competency Requirements and Consumer Protection Code)⁷.

The Central Bank of Ireland's requirements, in relation to each of these headings are detailed in the relevant checklists. Depending on the nature of the proposal, one of the following papers will apply:

- ***'Checklist for Completing and Submitting Life Assurance Applications'***
- ***'Checklist for Completing and Submitting Non- Life Insurance Applications'***
- ***'Checklist for Completing and Submitting Reinsurance Applications'***
- ***'Checklist for Completing and Submitting Captive Insurance Applications'***
- ***'Checklist for Completing and Submitting Captive Reinsurance Applications'***

⁷ <http://www.centralbank.ie/regulation/processes/consumer-protection/Pages/codes-of-conduct.aspx> and <http://www.centralbank.ie/regulation/processes/minimum-competency-req/Pages/minimum-competency-requirements.aspx>

• ***'Checklist for Completing and Submitting SPRV Applications'***

3. Making an Application

Initially, the applicant should contact the General Insurance Authorisation Team for a preliminary meeting to discuss the application. The Authorisation Team will endeavour to provide feedback on any aspect of the application.

Subsequent to a preliminary meeting, the information requirements outlined in the checklist must be provided to the Central Bank of Ireland in support of an application. All of the listed information must be provided in order to constitute a complete insurance/reinsurance application. The checklist does not purport to comprehensively refer to all pertinent information regarding an application and the applicant should expand on the required information, where necessary, according to the specific nature of the proposed business.

An authorised individual of the applicant must sign the application and checklist. The checklist should be completed in full and submitted together with all relevant supporting documentation. For ease of reference each section of the application should be numbered and follow the format of the checklist.

The application should include all locations, activities, e.g. branches, products that are expected to feature during the first three years of business. The applicant should not omit any element of its plans with a view to reverting to the Central Bank of Ireland, e.g. for licence extensions, branch approvals etc., during its first three years.

The Central Bank of Ireland will not begin its review process until a complete application has been received. All reasonable steps must be taken by the applicant to ensure that the information provided to the Central Bank of Ireland in support of the licence application is accurate and complete. Two hard copies and one soft copy of each application must be submitted.

If an applicant makes material changes to its application, it should submit a revised application incorporating all changes.

4. Application Processing

The Central Bank of Ireland will first review the application and accompanying documentation for completeness and will advise the applicant of any information or documentation omitted from the application. Once all information or documentation has been received from the applicant, the Central Bank of Ireland will be in a position to conclude the application is complete.

The Central Bank of Ireland will then review the quality of the application and accompanying documentation. The Central Bank of Ireland will liaise with divisions internally who will also perform a review of sections of the application as appropriate.

Subsequent to this review, the Central Bank of Ireland will issue comments advising the applicant of any further information or clarification(s) required in relation to any aspect of the proposal.

Following the receipt of a fully completed application, the expected timeline to authorisation is 3 months. This timeline will depend on:

- the quality and complexity of the initial proposal;
- the time taken by the applicant to respond to comments issued on each draft;
- the quality of the responses received addressing all issues raised;
- any changes made by the applicant during the authorisation process; and
- the time taken by any relevant third parties to respond to queries in relation to the application.

The Central Bank of Ireland will, take up references from relevant supervisory authorities. Enquiries may also be made to overseas supervisory authorities in whose jurisdiction the applicant's parent and/or group has a significant presence. It is imperative that a full list of regulated entities within a group is provided in order for the Central Bank of Ireland to make contact as appropriate.

5. Authorisation

5.1 Authorisation in Principle

Prior to formal authorisation, a successful applicant will be provided with confirmation of “authorisation in principle” when the application has been fully examined, reviewed and approved in principle by the Central Bank of Ireland.

At this stage of the process the applicant will address matters such as the introduction of capital, appointment of directors, finalising the company’s name and objects and confirming that it will be in a position to comply with its conditions of authorisation within 21 days of authorisation. Under no circumstances does “authorisation in principle” entitle an applicant to write any business before receiving a Certificate of Authorisation.

5.2 Authorisation Granted

Formal authorisation is granted (in the form of a physical certificate of authorisation) after the applicant’s capital has been introduced and when all other pre-licensing requirements are met. After licensing, the newly authorised entity has 21 days to agree to its conditions of authorisation⁸.

⁸ Insurance companies are required to provide certain undertakings in relation to their conditions of authorisation. Where applicable, conditions are imposed directly on reinsurance undertakings.

6. Application Fee

There is no application fee. However, authorised firms are subject to ongoing prudential and consumer levies. The Central Bank of Ireland will contact authorised firms in this regard. Please see the Central Bank of Ireland's guide to funding regulations, available on www.centralbank.ie

T +353 1 224 4000 F +353 1 894 4631 www.centralbank.ie insuranceauthorisation@centralbank.ie



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Bosca PO 11517, Duga Spencer, Baile Átha Cliath 1, Éire

PO. Box No 11517, Spencer Dock, Dublin 1, Ireland