



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

2012

General Good Requirements For Insurance and Reinsurance Undertakings



2

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Table of Contents

General Good Requirements	3
Consumer Protection Code.....	3
Minimum Competency Code.....	3
Non-Life Premium Levy	3
Funding Levy	5
Motor Insurance	5
Health Insurance	6
Disclaimer	6

General Good Requirements

This document sets out in summary form some of the main requirements that insurers and reinsurers operating in Ireland must adhere to.

Consumer Protection Code

This code applies to financial services providers authorised, registered or licensed by the Central Bank of Ireland (the “Central Bank”) and financial services providers authorised, registered or licensed in another EU or EEA Member State when providing services in Ireland on a branch or cross-border basis.

For more details on Consumer Protection and for details on the Consumer Protection Code please refer to our website at:

<http://www.centralbank.ie/regulation/processes/consumer-protection-code/Pages/default.aspx>

Minimum Competency Code

The Minimum Competency Code applies to a firm authorised, registered or licensed by the Central Bank (except moneylenders authorised under the Consumer Credit Act 1995); and to a financial services provider authorised, licensed or registered in another EU or EEA Member State when providing services into the State on a branch or cross-border basis, except where responsibility for requirements in relation to the provision of such services into the State is reserved to that provider's home state regulator or to a provision of EU law by a European Community instrument.

For more details on Minimum Competency and for details on the Minimum Competency Code please refer to our website at:

<http://www.centralbank.ie/regulation/processes/minimum-competency/Pages/default.aspx>

Non-Life Premium Levy

The Insurance Compensation Fund (the “Fund”)

Introduction

The Fund was established under the Insurance Act 1964 (the “Act”) which has been amended by the Insurance (Amendment) Act 2011 (the “Amendment Act”). It is maintained and administered under the control of the President of the High Court acting through the Accountant of the High Court.

The Fund is primarily designed to facilitate payments to policyholders in relation to risks in the State where an Irish authorised or an EU authorised non-life insurer goes into liquidation and the approval of the High Court has been obtained for such payments. In such circumstances not all policyholder liabilities are covered and exclusions include health, dental and life policies. The Fund can also be availed of in circumstances where an administrator has been appointed under the Insurance Act (No.2) 1983 and the approval of the High Court has been obtained. More specific details on payments from the Fund are provided below.

Please note that the newly amended provisions of the Act in relation to payments from the Fund do not apply in respect of an insolvent insurer, proceedings for the winding-up of which were

commenced before the commencement of the Amendment Act or in respect of an insurer to which an administrator was appointed before the commencement of the Amendment Act. Payments from the Fund in such circumstances will be determined by the relevant provisions of the Act pre the enactment of the Amendment Act¹.

Contributions to the Fund

The Fund is financed through contributions received from non-life insurance companies on business written in respect of risks in the State, up to a maximum of 2% of Gross Written Premium (GWP). In this regard, it should be noted that excluded risks are not levied. The contribution will be collected by the Revenue Commissioners who have been appointed to this role pursuant to an order dated 7 October 2011, and shall be forwarded to the Fund through the Accountant of the High Court.

Role of the Central Bank

The role of the Central Bank of Ireland (the "Central Bank") under the Act includes the following:

- Carry out an annual assessment of the financial position of the Fund;
- Determine an appropriate contribution to be paid to the Fund by non-life insurance companies;
- Liaise with Department of Finance in relation to interest rates and repayment terms on any loan advanced by the Exchequer to the Fund; and
- Publish a notice on the Central Bank's website and deliver a notice to each non-life insurance company specifying the contribution to be paid to the Fund.

Payments from the Fund

A) For non-life insurance companies in liquidation:

The Court may make payments required to allow the liquidator of an Irish authorised company to cover policyholders in respect of risks in the State. Where an undertaking authorised in another Member State goes into liquidation and policyholders in relation to risks in the State are affected, the Accountant of the High Court can make an application to the High Court on their behalf and can distribute any sums due to such policyholders. The total amount that may be paid out of the Fund in respect of any sum due to a person under a policy in the situations outlined above shall not exceed (whether as one payment or as the total of a series of payments) 65% of the sum due to the policyholder or €825,000 whichever is the less. A sum due to a commercial policyholder may not be paid out of the Fund unless the sum is due in respect of a liability to an individual.

B) For non-life insurance companies in administration: Where the average of the business of the non-life insurance company concerned (over the 3 years before the appointment of the administrator), in the opinion of the Central Bank, was at least 70% in respect of risks in the State of policy holders, the

Court may make payments required to enable the administrator to carry on the business of the non-life insurance company and to perform his or her functions in relation to the non-life insurance company. Where the average of the business of the non-life insurance company concerned (over the 3 years before the appointment of the

administrator) was not, in the opinion of the Central Bank, at least 70% in respect of risks in the State of policy holders, the Court may make payments required to pay the expenses of the administrator in the performance of his or her functions in relation to the non-life insurance company.

NOTICE – Pursuant to Section 6 of the Insurance Act, 1964

The Central Bank hereby gives notice for the purposes of Section 6 (2) of the Insurance Act 1964 (as amended by the Insurance (Amendment) Act 2011) (the “Act”) that, having formed the opinion pursuant to section 6(1) of the Act that the financial state of the Insurance Compensation Fund (the “Fund”) is such that financial support should be provided for it. The Central Bank has, pursuant to section 6(1) of the Act, determined that the appropriate contribution to be paid to the Fund by each insurer or insurer authorised in another Member State is 2% of the aggregate of the gross premiums paid to that insurer or insurer authorised in another Member State in respect of policies issued in respect of risks in the State. Pursuant to section 6 (2) (a) of the Act, the date on and after which each insurer and insurer authorised in another Member State shall be obliged to pay the appropriate contribution, and being for the purposes of this notice the ‘effective date’ within the meaning of paragraph (a) of the definition of ‘effective date’ in section 6(14) of the Act is: 1 January 2012. Accordingly, the contribution hereby notified shall be paid initially in relation to the period from 1 January 2012 to 31 March 2012 (inclusive of those dates), this period being the first “quarter” within the meaning of

section 6(14) of the Act for the purposes of the contribution hereby notified.

Pursuant to section 6(13)(a) of the Act, the Minister for Finance has, by order dated 7 October 2011, appointed the Revenue Commissioners as the collector. Therefore, insurers or insurers authorised in another Member State shall:

- a) deliver to the collector a statement in writing showing the aggregate gross premiums paid in that quarter by the holders of policies that the insurer or insurer authorised in another Member State issued in respect of risks in the State; and
- b) pay to the collector the appropriate contribution calculated; within the timeframe specified in section 125(2) of the Stamp Duties Consolidation Act 1999. Accordingly, the first statement and contribution should be delivered by no later than 30 April 2012.

Funding Levy

The Central Bank revises its funding levy on an annual basis. For further information on levies applicable to insurance and reinsurance undertakings please visit the ‘Funding’ section of our website at:

<http://www.centralbank.ie/regulation/processes/industry-funding-levy/Pages/default-old.aspx>.

Motor Insurance

In relation to Class 10 (Motor Vehicle Liability) insurers must:

- appoint a Claims Representative in Ireland;

6

General Good Requirements For Insurance and Reinsurance Undertakings

- become a member and participate in the financing of the Motor Insurers' Bureau of Ireland and of the Guarantee Fund;
- sign the Declined Cases Agreement and Declined Cases Supplemental Agreement.

Further information may be obtained from:

The Motor Insurers' Bureau of Ireland (MIBI)
39 Molesworth Street
Dublin 2
Ireland

Telephone: +353 1 676 9944

Fax: +353 1 676 1108

Website: <http://www.mibi.ie>

Health Insurance

An insurance undertaking providing health insurance must register with the Health Insurance Authority. For information and relevant requirements contact:

The Health Insurance Authority
Canal House
Canal Road
Dublin 6
Ireland

Telephone: +353 1 406 0080

Fax: +353 1 406 0081

Website: <http://www.hia.ie>

Disclaimer

This document is a guide and is not intended to be a complete and authoritative statement of the law. It is the responsibility of all insurance and reinsurance undertakings to obtain appropriate professional and legal advice.

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