



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Insurance Newsletter

Supervisory Insights - p. 2 - 9

Thematic Reviews: Operational Resilience in the Life Sector, AML/CFT Governance in Cross Border Life Firms & Climate Change Materiality Assessments, & Key Findings from US Social Inflation Survey

Insurance Updates - p. 10 - 14

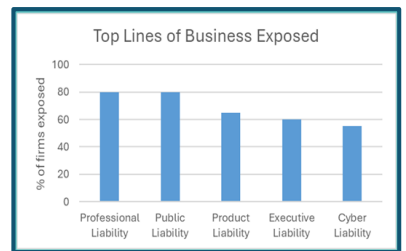
Stakeholder Engagement, Changes to the ICF Levy, Upcoming Information Requests, EIOPA & EU Updates

Central Bank Updates - p. 15 - 17

NCID Report, Consumer Protection Code Workshop, Financial System Conference, Updated F&P Regime, Forward Planner.

MERRY Christmas

DECEMBER 2025



- A. Preparation and planning
- B. Resolution aspects
- C. Cooperation and coordination
- D. Funding



Supervisory Insights

Thematic Assessment of Operational Resilience in the Domestic Life Sector

The Central Bank recently concluded a thematic assessment of the domestic life insurance sector to determine whether the operational resilience frameworks of the firms are aligned with the foundational aspects of the Central Bank's [Cross Industry Guidance on Operational Resilience](#) that was published in 2021 and updated in 2025. This review focused on Pillar 1 of the Guidance, i.e. the foundational 'Identify and Prepare' elements of:

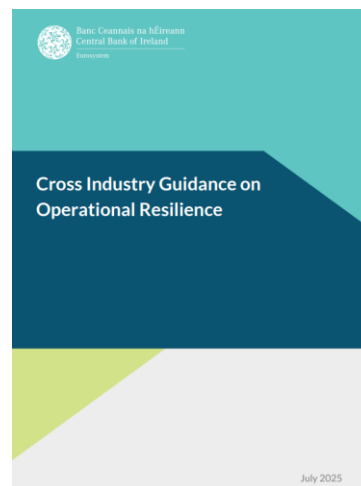
1. Governance.
2. Identification of Critical or Important Business Services ("CIBS").
3. Setting Impact Tolerances for each of the CIBS.
4. Mapping the end-to-end delivery of CIBS detailing the interconnections and interdependencies that exist amongst the CIBS.

In summary, the Central Bank saw positive practice, although there are also areas that require enhancement. Specific feedback has been sent to the firms that were assessed, and some good practice points are noted below. The Central Bank expects that as the operational resilience landscape continues to evolve, with new standards such as the EU's Digital Operational Resilience Act ("DORA"), insurance undertakings will continuously assess and adapt their frameworks.

Observations and Good Practice Points

Concept of Operational Resilience

While operational risk focuses on processes, people, systems and events, operational resilience is an evolution of operational risk that promotes a deeper understanding of a firm's business and all the steps and activities involved in delivering its Critical or Important Business Services. The assessment highlighted the need for firms to be aware of the distinction between these two concepts so that they can manage and evolve their operational resilience approaches.



Governance

Some firms treated operational resilience as a subset of operational risk, when in practice they are separate but aligned matters. Firms should work to align the operational resilience framework with their existing operational risk management, business continuity management (BCM), and disaster recovery (DR) frameworks.

A lack of evidence of robust discussions and challenge in the Board meeting minutes was noted in some firms. Boards need to understand their firm's operational resilience, including the risks to which they are exposed, and the resources required to mitigate the risks. This entails challenging assumptions and asking probing questions. The minutes should document underlying rationales, relevant challenge, and decisions taken at the Board level.

Critical or Important Business Services (CIBS)

Some insurers' CIBS have been identified through a process lens, rather than a service lens, e.g. their listed CIBS did not have an identifiable external end-user, such as a customer or claimant. In other cases, firms identified critical *processes* that encompass a number of its services, rather than identifying what their most critical *services* are to their external end-users.

When identifying its CIBS, a firm must clearly define what the service provides, who the intended end-

Supervisory Insights

user is, and ensure that it functions as a standalone service. By prioritising its CIBS in its resilience-planning, it can help to ensure that services continue even when a process(es) has failed.

Impact Tolerances

Many firms use time-based metrics, which fell short of identifying the point of maximum acceptable disruption to the CIBS. Impact tolerances should be set at the point at which disruption to the firm's service would pose, or have the potential to pose, a risk to the firm's viability, safety and soundness, or could cause material detriment to customers and the wider financial system.

Firms may enhance their impact tolerances by incorporating metrics other than time-based ones. They should also assess their ability to remain within their impact tolerance by conducting scenario-testing of their CIBS as this will enable them to identify more precise impact tolerances.

Mapping Interconnections and Interdependencies

A firm's mapping should be sufficiently granular to allow it to identify vulnerabilities and key dependencies, and to support testing of its ability to stay within the assigned impact tolerances for each CIBS. This should take into account the key people, processes, technology, facilities, and information required for the firm to deliver its CIBS, including third-party relationships that could impact the delivery of the CIBS. Firms should consider developing their mapping to visually demonstrate the chain of activities involved in delivering their CIBS.

Conclusion

In line with Pillar 1 of the Guidance, the foundations for robust operational resilience frameworks have been laid by the insurance firms that were assessed. While this thematic assessment focused on Pillar 1 of the Guidance, the Central Bank expects that all firms will continue to review and develop their operational resilience frameworks over time to align with all three Pillars of the Guidance.

As part of their ongoing assessment and enhancement of their operational resilience frameworks, and in line with the responsibilities under the Individual Accountability Framework (IAF), each firm should consider their operations, services and third-party dependencies, real-world risk events, and regulatory developments, such as the coming into effect of DORA.

In closing, the Central Bank wishes to emphasise that operational resilience is essential for ensuring the safety and soundness of the firm, protecting the needs and interests of its customers, and safeguarding financial stability on a continuous basis.

Ian Goff
Domestic Life Function,
Insurance Directorate

Thematic Review of AML/CFT Governance in Cross Border Life Firms

The Central Bank initiated a review as part of its 2025 plan for the Cross Border Life function, which focused on Anti-Money Laundering, Countering the Financing of Terrorism and Financial Sanctions ('AML/CFT & FS') governance within the Cross Border Life ('CBL') sector. The review was carried out by the Insurance Directorate in line with our new integrated supervisory mandate. The review aimed to assess firms' compliance with their AML/CFT & FS governance obligations under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010, as amended, (the 'CJA 2010') and the Central Bank of Ireland's 'Anti-Money Laundering and Countering the Financing of Terrorism Guidelines for the Financial Sector' (the 'Guidelines').

Key objectives of the review included evaluating compliance among selected CBL firms, identifying governance shortcomings, engaging with firms through follow-up meetings, and publishing anonymised findings in the Insurance newsletter by December 2025.

Supervisory Insights

The review found that firms generally demonstrated a satisfactory level of compliance with their AML/CFT & FS governance obligations. However, several areas for improvement were identified:

1. Governance Roles & Responsibilities:

While governance structures were established, clarity regarding roles and responsibilities for AML/CFT & FS oversight was often lacking. This ambiguity could have impeded effective decision-making and risk management.

2. Board and Sub-Committee Meetings:

Variability in the frequency of meetings was noted, with some firms not adequately addressing AML/CFT & FS matters in their agendas. The Central Bank recommends that firms ensure that AML/CFT & FS matters receive appropriate attention at all Board, Board Sub-Committee and Senior Management Committee meetings where AML/CFT & FS responsibilities lie. Minutes of Board meetings did not always reflect adequate discussion and challenge in relation to AML/CFT & FS matters. The Central Bank expects that AML/CFT & FS matters are subject to robust discussion and challenge at an appropriately senior level and that those discussions are accurately recorded in the minutes of the Board and/or relevant Board / Senior Management Committee. The Central Bank also expects a firm's Compliance Officer to report to the Board on AML/CFT & FS matters and escalate any AML/CFT & FS issues in a timely manner.

3. Policies and Procedures:

Although firms had AML/CFT & FS policies and procedures in place, gaps in comprehensiveness and practical implementation were identified. Some firm's AML/CFT & FS policies centered upon the jurisdiction of the parent entity and exclusively referenced legislation from the jurisdiction of where the parent entity was established. The Central Bank expects firms to tailor their AML/CFT & FS policies and procedures to the business model of the firm here in Ireland and to comply with AML/CFT & FS obligations contained under the CJA 2010 and the

Central Bank's Guidelines. The Central Bank observed several instances where a firm's AML/CFT & FS policies and procedures referenced a section from the CJA 2010 which had previously been repealed. The Central Bank expects firms to conduct a thorough review of their AML/CFT & FS policies and procedures soon after the introduction of relevant legislation, regulation and guidance.

4. Failure to follow the firm's own AML/CFT & FS policies and procedures:

The Central Bank observed several instances where a firm failed to follow their own AML/CFT & FS policies and procedures. Examples of this included:

- I. A failure to screen beneficiaries due to receive a benefit from a death claim prior to a payout;
- II. A failure to apply enhanced due diligence ('EDD') measures prior to processing transactions in relation to customers residing in jurisdiction designated as a high risk third country by the European Union;
- III. A failure to apply transaction monitoring procedures to a firm's disparate books of business.

It is a criminal offence for a firm not to follow their own AML/CFT & FS policies and procedures. Accordingly, the Central Bank expects that where a firm's AML/CFT & FS policies and procedures places an obligation upon the firm to do something then the firm will carry out this action.

Conclusion

In conclusion, while the Thematic Review indicated a satisfactory level of compliance, it highlighted areas for improvement in governance structures, meeting practices, policy implementation, and compliance oversight. The Central Bank encourages firms to proactively address such deficiencies to enhance their AML/CFT governance frameworks, ensuring robust protection against money laundering and terrorist financing risks.

Cathal McArdle,
Cross Border Function,
Insurance Directorate



Thematic Review of Climate Change Materiality Assessments

The Central Bank published its [Guidance for \(Re\)Insurance Undertakings on Climate Change Risk](#) (the Guidance) in March 2023, to support firms by clarifying expectations of how they consider climate change risk within their business.

As outlined in previous newsletters ([September 2023](#) & [September 2024](#)), climate change risk is a strategic priority for the Central Bank. Following on from last year's thematic review of Climate Change Materiality Assessments, a further cohort of firms from across non-life, life and reinsurance sectors were chosen for the review of firms' assessment of the materiality of their exposures to the climate change risk in 2025.

We have noted that most firms reviewed have made some efforts to meet the Guidance. However, given that we are two years post publication there are still key common areas where improvements are needed. As per the Guidance, the assessment of the materiality of a firm's exposure to climate change risk is key to understanding the potential impact of climate change on the sustainability of their business model.

Iterative Approach

We expect firms to adopt an iterative approach to their Climate Change Risk Materiality Assessment and demonstrate that they are building on the respective assessment as per Section 7 of the Guidance.

We included the principle of iteration in the Guidance, to recognise the time required to allow firms build capacity, expertise and experience, and further integrate climate change risk into their governance and risk management frameworks. While (re)insurers may use simplified or qualitative methods initially, the Central Bank expects that (re)insurers adapt and improve the scope, depth and sophistication of these methods over time.

We recognise that some firms have engaged external consultants to assist in their Climate Change Materiality Review process. In such cases firms

should ensure that they have a plan to transition the knowledge internally as they conduct their ongoing assessments, building on the analysis.

Baseline Scenarios

In line with the Guidance, firms are expected to establish and define a baseline climate change scenario as part of their materiality assessment. This baseline scenario sets the scene for the materiality assessment, describing the firm's view of the future from a climate change perspective and the pathway to get there. The baseline scenario supports the firm in assessing the potential exposures to climate change risk and their materiality.

(Re)insurers are expected to consider their business model and strategy in the materiality assessment and perform the analysis in a holistic way over the short, medium, and long term. The baseline scenario can assist firms in identifying risks that may not be immediately obvious from its direct exposures, such as wider effects on macroeconomic conditions, societal impacts, etc.

Stronger assessments included:

- A clear explanation of the baseline climate scenario chosen, with a rationale for the selection of the scenario.
- Sufficient detail on the chosen pathway, including future assumptions, and what this means for potential risks to the business model and strategy.
- Using the baseline scenario to form the basis of the materiality assessment and any additional quantitative analysis, including drawing expected evolution of risks and exposures from the baseline scenario chosen.

Weaker quality assessments included:

- Assessments where a baseline scenario was not explicitly considered.
- Use of the firm's business plan as a baseline scenario; the intention is that the baseline scenario is founded from a climate change perspective.
- No rationale provided for the baseline scenario.
- The baseline scenario was unclear and hard to follow

Supervisory Insights

The Central Bank expects that (re)insurers consider the Guidance in a holistic way and not as discrete sections in isolation. Therefore, we expect the results of the Materiality Assessment are considered by firms in their business model and strategy, leading to actions being taken where needed, and also while setting their risk appetite.

Business Model & Strategy/Risk Appetite

Firms should consider climate change risks in their ongoing strategic decision making and integrate it into business models. Based on the cohort reviewed, few firms have considered the conclusions from their materiality assessments and their implications on the firm's strategy and business model. We still observe the lack of joined up thinking between climate change risk analysis on the one hand and firms' business models and strategies on the other hand.

In stronger assessments firms consider their strategic business model decisions in light of exposures identified, including how current product offerings need to be adapted in light of the climate change policy, changing customer preferences, or increased exposure, e.g. transition to more green product offerings, or reducing exposure to certain risks.

Stronger assessments leveraged analysis completed by Group and adapted it appropriately to consider the specific exposures of the local entity. Firms should consider what steps they can implement to reduce their reliance on group for climate change initiatives and goals.

The results of the materiality assessment should be used by firms within their strategy and business planning, leading to action being taken where needed. As part of the iterative approach, we expect to see greater evidence of firms integrating climate change considerations into business planning in the future.

Risk Appetite

Firms should set out a clear climate change risk appetite, establish quantitative metrics, where possible, and/or qualitative metrics for its Risk

Appetite Statement and have KRIs and tolerance levels in relation to climate change risks to support ongoing monitoring and management of climate change risk. Stronger assessments consisted of both a qualitative and quantitative assessment whereby the quantitative assessment focused on the key risks that the firm is exposed to (examples included increased frequency and severity of weather-related events, cost/availability of reinsurance cover, wider macroeconomic impacts and shrinking insurance market).

Clear conclusions on the materiality of climate change risks

At the end of the assessment, firms are expected to explicitly state their conclusions regarding the materiality of climate risk over the short, medium and long term, covering both physical and transition risk, and in better cases, further sub risk categories. Stronger materiality assessments had clear conclusions on the materiality of risks to which the firm is exposed. This included both first and second order impacts, showing that the firm had considered the potential implications of climate change in a holistic way.

We generally find that firms' analysis of second order and indirect impacts is weak. Many firms would benefit from considering climate change risk more holistically. Firms are encouraged to explore these areas further in future iterations. The integration of the climate change guidance into firms' governance is currently under review, with feedback to be provided in our next newsletter.

Conclusion

Firms are encouraged to continue to build on their analysis of climate change risks. This will help to enhance their understanding of material risk exposures and facilitate firms in considering what implications the results might have for its current and planned strategy and business model.



Ella Crean, *Cross Border Function*, & Grace Farrelly, *Specialty Function*
Insurance Directorate

Supervisory Insights

US Social Inflation Survey – Key Findings

Social inflation relates to the growth in insurance claim costs due to factors beyond economic inflation, e.g. rising litigation, larger jury awards, legal changes etc. Since 2009, there has been an escalation in the size and frequency of large liability court awards (known as "nuclear" and "thermonuclear" verdicts), leading to notable reserve deterioration among several international (re)insurers. Below we examine the exposure of Irish-authorized Reinsurance and Specialty firms to this developing risk.

1. Spotlight on US Social Inflation Risk

The Central Bank of Ireland has completed a supervisory survey into the exposure and response of the specialty and reinsurance sectors to US social inflation. The survey, issued to 23 specialty insurers and reinsurers, confirms that this is a known and actively managed risk within the Irish market. The findings highlight the need for continued proactive action across reserving, pricing, underwriting, and risk management. Key findings include:

- Exposure is widespread: 20 of 23 firms have reported exposure to US social inflation. While 60% of them write US risks directly, indirect exposures through multi-jurisdictional policies are more common. For most firms, their exposure constitutes a small part of their overall portfolio.
- Adverse Reserve Development: 60% of exposed firms have experienced adverse reserve development due to US social inflation.
- Active Management: Most exposed firms have responded with pricing action (85%), underwriting action (80%), and exposure reduction (55%).
- Jurisdictional Focus: The risk is overwhelmingly concentrated in the US. While some firms have exposure in other common-law jurisdictions (UK, Canada, Australia), to date they have not seen any clear trends in social inflation.

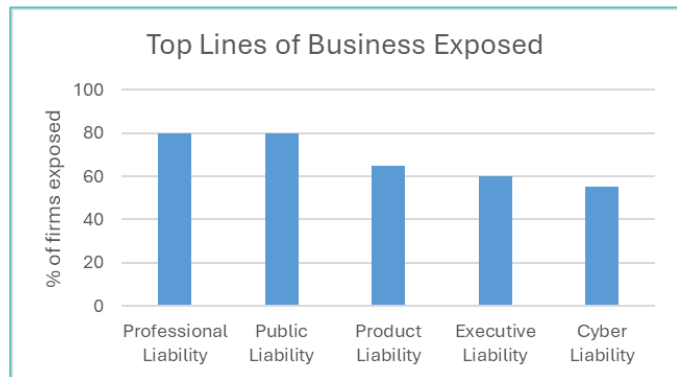
2. The Social Inflation Challenge: Market Context and Exposure

Social inflation is increasing the cost of US liability claims at a rate outpacing general economic inflation. The Swiss Re Institute reported¹ social inflation averaging 5.4% from 2017 to 2022, rising to 7% in 2023, versus 3.7 % economic inflation. Social inflation in the US has been driven by an increase in jury-awarded "nuclear verdicts" (claims over \$10m) and "thermonuclear verdicts" (claims over \$100m), which rose by 27% year-on-year in 2023, contributing to a 57% increase in US Liability claim costs over the past decade.²

3.1 Firm Exposure and Product Lines

The survey confirmed that the majority of supervised firms are exposed to US social inflation:

- 87% of firms reported exposure to US social inflation
- Top Affected Lines of Business (LoBs):



- 60% of exposed firms write US risks directly, while 85% cover US risks indirectly through multi-jurisdictional policies.
- Social inflation is starting to emerge outside of the US. 48% of firms noted exposure to social inflation in other jurisdictions. The top three jurisdictions mentioned were the UK (43%), Australia (43%), and Canada (35%). However, firms reported no material adverse experience outside of the US to date, noting that differences in legal systems are likely to limit the scale of inflation.

1. <https://www.swissre.com/institute/research/sigma-research/sigma-2024-04-social-inflation.html>
2. <https://www.ajg.com/news-and-insights/features/social-inflation-the-growth-of-nuclear-verdicts/>

Supervisory Insights

Some firms do not have sight of risk exposures by location, either due to lack of reporting from cedants, or a lack of segmentation of risk on multi-jurisdictional covers. More advanced firms are working to overcome these limitations, either through more granular data reporting or through informed approximations. Gaining insight into the nature and scale of the firm's risk exposures is a vital first step in managing those risks. Firms writing on a reinsured or multi-jurisdictional basis should engage with their cedants, brokers or MGAs as necessary to identify where they have exposure to social inflation in the US so that they may decide on appropriate actions.



3.2 Reserving

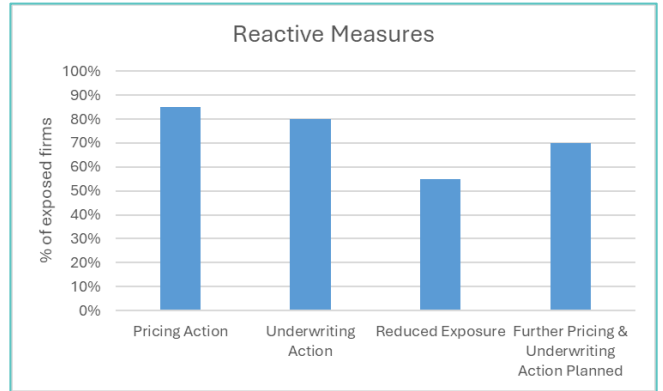
60% of exposed firms reported adverse reserve development due to US social inflation, with most using a combination of their own and wider market experience to set their best estimate reserves.

Given the low frequency of large claims, and the relatively small size of many firms' exposure to the US, use of market data is essential to adequately allow for social inflation in the best estimate reserves.

3.3 Pricing and Underwriting Actions

Most firms have been appropriately adjusting their risk appetite and pricing strategies in response to social inflation:

- Reactive Measures: 85% of exposed firms have taken pricing action, 80% have taken underwriting action, and 55% have reduced exposure to US social inflation.



- Future Plans: 70% of firms plan to take further pricing and underwriting action.

Given the prevalence of multi-jurisdictional policies, it is essential that firms price according to the location of underlying risks, set sub-limits as necessary, and even consider exclusions if exposure to certain jurisdictions is outside of risk appetite.

3.4 Risk Monitoring and Management

Firms are generally adapting their risk management frameworks in order to monitor and manage social inflation risk:

- Most exposed firms reported heightened monitoring in the claims, reserving, and underwriting functions (55-65%).
- Risk Modelling: 61% of all firms surveyed have performed sensitivity testing of social inflation, and 70% have considered the risk in their ORSA.

Some examples of best practice in risk management include:

- Large Claims Watchlists – understanding the range of possible outcomes on large claims and assessing the likelihood of those outcomes can support the Actuarial Function in setting an appropriate best estimate reserve.
- Strong interaction between actuarial, claims and underwriting to understand trends and meet data needs for reserving and pricing.
- Sensitivity and scenario testing to understand the firm's ability to absorb large claims or general reserve deterioration arising from social inflation.

Supervisory Insights

3.5 Reliances and Secondary Risks

The interconnectedness of the Irish sector with its global Group is critical:

- Virtually all of the surveyed firms' Groups are exposed to US social inflation, and 87% of the Irish firms rely on Group for capital support in the event of a recovery scenario.
- Exposed firms have not experienced a material restriction in their access to reinsurance as a result of social inflation. A minority of firms have experienced price increases (15%) or contraction of cover (25%).
- External data, particularly Group data (75%) and Market data (55%), is heavily relied upon to support reserving and pricing decisions.

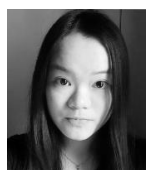
Given the reliance that Irish firms place on their Groups for capital support, firms should consider the risk posed when they are exposed to similar risks. Where multiple Group entities are exposed to US social inflation risk, there is heightened risk of simultaneous reserve deterioration, putting a strain on recovery options.

4. Supervisory Takeaways

The Central Bank sets the following expectations for all supervised firms:

- Understanding exposure to social inflation is a vital first step in managing the risk. Where firms do not have sight of risk exposures by location, they should consider working with cedants, brokers or MGAs as appropriate to identify where they have exposure to social inflation in the US so that they may decide on appropriate actions.
- Firms are encouraged to adopt proactive reserving approaches, supplementing their own claims data with market data as needed in order to capture social inflation trends.
- Close collaboration between reserving, underwriting, and claims teams is essential to identify emerging trends early.

- The pricing and underwriting response to social inflation should continue to evolve, ensuring that rate adjustments and underwriting criteria adequately reflect claims cost trends.
- Firms should consider the Group-level implications of social inflation, particularly where capital or reinsurance dependencies exist. These considerations should be reflected in the ORSA process, including stress and scenario testing, the own solvency needs assessment and consideration of management actions.
- The Central Bank will continue to monitor this risk through supervisory engagement and follow-up reviews in 2026.



Sherene Yi Teng Koh & Fiona Bent
Actuarial Function,
Insurance Directorate

DORA Registers of Information 2026 – Reminder to Firms

The Digital Operational Resilience Act (DORA) is a regulation introduced by the European Union to strengthen the digital resilience of financial entities. It entered into application on 17 January 2025 and ensures that financial entities can withstand, respond to, and recover from ICT (Information and Communication Technology) disruptions, such as cyberattacks or system failures.

The Central Bank is currently planning on collecting the DORA Register of Information between February and March 2026. These dates are based on the [ESAs Board of Supervisors Decision](#) published in November 2024. Further communications will issue to firms towards the end January/early February 2026.

Insurance Updates

Stakeholder Engagement

The Central Bank undertakes regular meetings and speaking engagements, providing an opportunity to engage with our stakeholders, to outline forthcoming regulatory developments and supervisory plans, to highlight emerging risks, and to summarise the key findings and required actions arising from recent review work. We believe that by engaging with our stakeholders, we can contribute to building trust in the financial system and foster a wider understanding of the Central Bank's role.

FSI International Life Insurance Roundtable - On 17 October 2025, Seána Cunningham, Director of Insurance, addressed the Financial Services Ireland (FSI) International Life Insurance CEO and INED Annual Roundtable on 17 October 2025. Remarks delivered focused on the Central Bank's supervisory framework, simplification, the extent of growth and change with the Irish insurance (and wider financial) sectors in recent years, with a particular focus on the international life sector.



Society of Actuaries Convention - On 14 November 2025, Fiona Bent and James Cooley from our Actuarial Function presented the latest NCID report (See Page 15).



Insurance Ireland - Reinsurance & Captives Committee - On 11 November 2025, Michael Doyle, Emma Wall and Anna Downey from our Captives & Reinsurance Function presented at a meeting hosted by Insurance Ireland.



2025 Retail Intermediary Roadshow - On 21 November 2025, Alan Boland and Marie Gleeson from the Domestic Life Function participated in this year's roadshow. They highlighted our supervisory framework, noting important areas of conduct focus in the life sector (e.g. customer service, value for money) and emerging developments including the new Consumer Protection Code (see Page 15).



Insurance Ireland INED Council - On 3 December 2025, Seána Cunningham attended the Insurance Ireland INED Council meeting. She, along with colleagues Mark Rowe, Graham Cherry and Brian Balmforth, participated in an extensive Q&A session where topics arose such as the key roles and responsibilities of the INED, how the Central Bank has adapted its supervisory approach, simplification, climate risk and Fitness & Probity.

Insurance Updates

Changes to Insurance Compensation Fund Levy

On 3 October 2025, the Central Bank announced a reduction in the Insurance Compensation Fund Levy to 1%, which will take effect from 1st January 2026. This marks the first change in the levy in 14 years since 2012, a reduction of 1% from the maximum allowable 2% under the Insurance Act 1964. The change will affect many customers with non-life insurance policies such as home and motor insurance (if the motor insurance firm is regulated by the Central Bank of Ireland). The fund is collected by the Revenue Commissioners and used to pay compensation to consumers for claims on failed insurance firms.

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 1% 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 2026. A 2% contribution continues to apply to any gross premiums paid to that insurer or insurer authorised in another Member State in respect of premiums received in respect of relevant risks in the State prior to 1 January 2026.

Although this is an industry contribution, the Central Bank is aware some firms explicitly pass the charge to policyholders.

If your firm is passing this change to policyholders and listing it as a separate charge to be borne by the policyholder in the policyholder documentation issued, then any reduction in the levy should immediately be passed to the policyholder. Policyholder documentation should also be updated as necessary to reflect the new levy. Firms should not collect levies from policyholders at a rate higher than is applicable when the premium is being received.

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:

1. File an electronic statement via Revenue ROS platform 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
2. 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.

Should you have any questions on the ICF Levy, please email ins.onlinereporting@centralbank.ie

Forthcoming Thematic Reviews & Information Requests

Date	Event	Scope
Q1 2026	EIOPA Thematic Review on the fair treatment of consumers with chronic illness	<i>Delayed from Q3 2025</i>
Q1 2026	Solvency II Industry Survey	All firms (except Captives)
Q1 2026	Investment Risk Thematic Review	Domestic Non-Life Sector
H1 2026	Pricing & Underwriting Thematic Review	Specialty & Reinsurance Sectors
H1 2026	Product Oversight & Governance Thematic Review	Cross Border Sector

EIOPA & EU Updates

Legislative Updates

This article provides an update on impending changes to EU legislation for (re)insurers, namely the Solvency II Review and Insurance Recovery and Resolution Directive (IRRD). It also outlines the Central Bank's current plans for implementing the revised legislation and any simplification of our regulation in view of the changes.

Solvency II Review

The existing Solvency II regime has been [amended](#) and will come into effect in January 2027. This section provides an update on the changes, some early insights on the impact it will have on firms, and the Central Bank's implementation plans.

Adoption of Delegated Acts

In October 2025, the EU Commission adopted the [Level II Delegated Acts](#), following their public consultation. It will be reviewed by the European Parliament and Council and unless there is an objection, it will apply as currently drafted, from 30 January 2027.

The text has remained largely the same with some technical refinements in areas. There is a new requirement for EIOPA to report regularly to the EU Commission on (re)insurers' allocation of assets and distribution to shareholders. This will help evaluate the impact of the revised framework and determine if an increase in available capital arising from the changes is used to finance productive investments in the real economy.

EIOPA Consultations

EIOPA issued the latest batch of [public consultations](#) on legal instruments arising from the review of the Solvency II framework, in October. The closing date for feedback to EIOPA is 5 January 2026. There are two further consultations expected to be launched in December:

- Guidelines on Reporting and Disclosures; and
- Guidelines on Group Solvency.

This will conclude the initial series of Solvency II Review consultations that have been performed in order to update and simplify the existing EIOPA Guidelines. In 2026 we expect that any further amendments to the Guidelines will be narrowly targeted, and likely to focus on the simplification aspect of the exercise.

Early insights on the impact of the changes

We gathered information through our supervisory engagements on how (re)insurance firms are preparing for the changes to Solvency II. Early insights from these engagements indicate that most firms have carried out an initial impact assessment of the material changes. Many firms plan to do a gap analysis early next year of the areas that will be most affected and will use this to focus their implementation work in 2026.

From firms' analysis to date, the risk margin change will be the most impactful with initial estimates of c. 6 to 18 percentage point increase in the solvency coverage ratio driven by this component of the Technical Provisions. Additionally, depending on the nature of the firm's risk profile, changes to the interest rate shock in the Standard Formula Solvency Capital Requirement may also be substantial.

As well as the regulatory balance sheet impacts, some firms are considering the enhancements they need to make to comply with Liquidity Risk Management Plans, and how reporting (such as the ORSA, SFCR and Actuarial Report on Technical Provisions) will be updated. Based on the engagements to date, many firms do not expect major operational changes because of the Solvency II amendments, and the implementation is anticipated to take the form of some refinement of what already exists.

Central Bank's implementation plans for 2026

While we have gathered valuable insights from a sample of firms through our engagements in 2025, we would like to gain a more holistic picture across the industry, as the implementation date nears. Many firms we have engaged with so far, have not

EIOPA & EU Updates



yet considered if they will apply for proportionality measures that are available under the amended Directive. This information is necessary for the Central Bank's to plan and provide timely responses to firms on their applications.



We plan to issue a survey to all (re)insurance firms (except captives) in Q1 2026, to gain further insights into how the industry will be affected by the Solvency II changes, and how many firms intend to apply for proportionality measures. We expect the survey will cover topics such as:

- the quantitative impacts on the Solvency II balance sheet
- the qualitative impact (for example, changes to investment strategy, operations or governance)
- the firm's intentions for applying for proportionality or other measures under the amended regime
- initial thoughts on the firm's intentions for utilising freed-up capital

We aim to be proportionate and to minimise the burden on firms while gathering the data we need for our supervision. We are designing the survey to be succinct with options for firms to skip questions that are not applicable. Firms will be able to use estimates where detailed calculations are not yet available. The timing of this survey is being considered in conjunction with other requests on firms in Q1 to avoid overburdening firms when they are implementing the revisions to Solvency II.

We are considering offering a pre-application process in H2 2026 for firms that wish to apply for proportionality measures. This would provide an opportunity to engage with the Central Bank on applications for proportionality measures, in advance of the formal process in 2027. The pre-application process would be voluntary for firms to participate

in, noting that the Bank cannot take a decision on an application until after the relevant amendments to Solvency II have come into force.

Insurance Recovery and Resolution Directive

A new EU wide Recovery and Resolution [Directive](#) for (re)insurers will come into effect in January 2027. Following a consultation in summer, the Department of Finance is progressing its work on transposition of the EU's new Insurance Recovery and Resolution Directive (IRRDR). To complement the new legislation, EIOPA is expected to issue a second batch of regulatory instruments for public consultation in December.

	A. Preparation and planning
	B. Resolution aspects
	C. Cooperation and coordination
	D. Funding

From our supervisory engagement with firms to date, we understand that many firms are considering the changes that will be needed to their pre-emptive recovery plans to comply with IRRDR. The Regulatory Technical Standards on contents of (group) recovery plans will be adopted next year and will provide specific detail on the elements that need to be included in such plans. However, the high level content requirements set out in Article 5(6) of IRRDR are similar to those of our [national recovery planning framework](#), so we anticipate that Irish regulated firms adhering to the existing requirements will be well equipped to implement the recovery planning requirements under IRRDR.

Simplification

As outlined by [Governor Makhoul at the Central Bank's Financial System Conference](#) on 25 November, the Central Bank, is reviewing frameworks to ensure alignment with evolving EU law, coherence across domestic regimes, and proportionality in application. The Central Bank is committed to being more effective and efficient, removing unnecessary complexity and burdens, while



EIOPA & EU Updates

maintaining the resilience and protections necessary for us to deliver on our mandate.

An example regulatory simplification that we have applied already is removal of the [Central Bank's requirement](#) for external audit of the Solvency and Financial Condition Report (SFCR) for captives, effective for financial years ending on or after 30 April 2025.

The Solvency II review provides an opportunity to recalibrate Ireland's Insurance rulebook, where appropriate. As such, the Central Bank is conducting a compatibility review of more than 50 domestic instruments to identify overlap, underlap, and opportunities for consolidation.

This review will also examine existing guidance to ensure that domestic interpretation remains aligned with emerging European best practice, particularly as EIOPA advances its own proportionality agenda. Where appropriate and necessary the Central Bank will remain open and engaged with stakeholders throughout this process.

If you have any comments or questions about the legislative or regulatory changes outlined here, please get in touch with your usual supervisory contact.

Sustainability Updates

On 1 October 2025, EIOPA published its "[Union-wide strategic supervisory priorities – Focus areas for 2026](#)" which highlighted sustainability as one of the areas of focus for 2026.

On 4 November 2025, the Central Bank of Ireland and the Climate Change Advisory Council published a joint report "[Funding Climate Adaptation in Ireland](#)" which sets out the need to increase adaptation investment and finance in Ireland. It identifies the barriers to increasing climate adaptation investment and proposes actionable solutions to address these challenges.

Digitalisation Updates

On 4 September 2025, the European Commission launched [a consultation](#) to develop guidelines and Code of Practice on AI transparency obligations, based on the provisions of the AI Act. The consultation closed on 9th October 2025. The consultation was accompanied by a call for expression of interest for stakeholders to participate in the creation of the Code of Practice.



On 19 November 2025, the EU Commission on 19 November published a [new digital omnibus](#) to simply existing rules on AI, cybersecurity and data. The proposals include changes to the AI Act which include proposals to link the implementation of the requirements for high-risk AI systems in Annex III with the publication of further guidelines but no later than 2 December 2027. The proposed act is [open for feedback](#) for an 8 week period until 21 January 2026. This feedback will be summarised by the European Commission and presented to the European Parliament and Council as part of their debate.

The AI Office has established an [AI Act Service Desk](#) which allows stakeholders to submit questions to the AI Office on the AI Act.

The Insurance Institute, Insurance Ireland, the Society of Actuaries, and the Central Bank of Ireland have collaborated to create a short four-part introduction to AI. This short series is targeted to all who want to develop a basic understanding of key AI concepts, ethics, regulation, and use cases. The series will run January – March 2026 and registrations are now open on the [Insurance Institute website](#).

Central Bank Updates

Compliance Institute Annual Conference 2025



On 2 October 2025, Deputy Governor Mary Elizabeth McMunn delivered the opening keynote address entitled '[Through the Cycle – Regulation and Supervision in an Uncertain World](#)' to the Compliance Institute Annual Conference.

Publication of 7th Annual NCID Private Motor Report

On 31 October 2025, the Central Bank published the seventh annual [Private Motor Insurance Report of the National Claims Information Database \(NCID\)](#). The report looks at data from 2010 to 2024 and gives insights into the cost of premiums, claims and the overall aggregated financial performance of the private motor insurance sector. NCID compiles data from all insurers selling private motor insurance in Ireland with a view to improving the overall transparency of the private motor claims sector.

Consumer Protection Code Workshop

On 3 November 2025, the Central Bank hosted a Consumer Protection Code 2025 workshop at our Dockland Campus. The workshop's aim was to support Central Bank of Ireland's stakeholders in the implementation of the [revised Consumer Protection Code](#) – in particular, requirements relating to protecting consumers in vulnerable circumstances.

Under the theme “Modernising how we protect consumers in vulnerable circumstances”, the event brought together a wide range of stakeholders from across public service, civil society, charitable organisations and the financial services sector to share insights and learn from the experiences of peers, including best current practices, and the difficulties experienced by consumers in vulnerable circumstances.



Financial System Conference 2025

On 25 November 2025, the Central Bank hosted the 2025 Financial System Conference. The conference brought together domestic and international industry leaders, consumer representatives and policymakers to discuss key issues impacting the financial system.



The opening remarks to the Financial System Conference by Governor Makhoulouf, “Better Rules, Better Outcomes: The Next Evolution in Financial Regulation” are available to read [here](#).

Central Bank Updates

Updates to Fitness & Probity Regime

On 25 November 2025, the Central Bank of Ireland (the Central Bank) issued a [Feedback Statement](#) to its Q2 2025 consultation paper on amendments to the Fitness and Probity (F&P) Regime ([Consultation Paper 160/CP160](#)). CP160 focused on increased clarity, transparency and accessibility of supervisory expectations in relation to the application of the Central Bank's Fitness and Probity Standards. Specifically, it proposed the consolidation of all fitness and probity related material into a single document¹ (the draft Guidance on the Standards of Fitness and Probity) to ensure a clear, transparent and comprehensive articulation of the overall F&P framework, and the introduction of a number of enhancements to this framework.



A total of 23 responses to CP160 were received; 4 from regulated firms and 19 from industry bodies or representatives. Overall, respondents to the consultation were supportive of the consolidated Guidance on the Standards of Fitness and Probity, and of the additional clarity provided by the enhancements introduced to the framework.

The Feedback Statement summarises the responses and the Central Bank's position on the most material and/or consistently raised aspects of the responses, and outlines any related key changes to the draft

Guidance. Specifically, in view of the feedback received, and with the aim of improving the regulatory regime and its impact on regulated firms, the Guidance has been revised to provide more clarity and to introduce significant additional flexibility for firms. Of note in this regard is the introduction of a streamlined approach to the appointment of Temporary Officers.

In addition to the changes introduced as a result of CP160, to further support increased transparency, the content on the Fitness and Probity section of the Central Bank's website has also been simplified to improve the user experience, allowing for quicker and easier access to relevant F&P material. The revised Guidance on the Standards of Fitness and Probity is [available here](#).

4th Annual FinCoNet Seminar



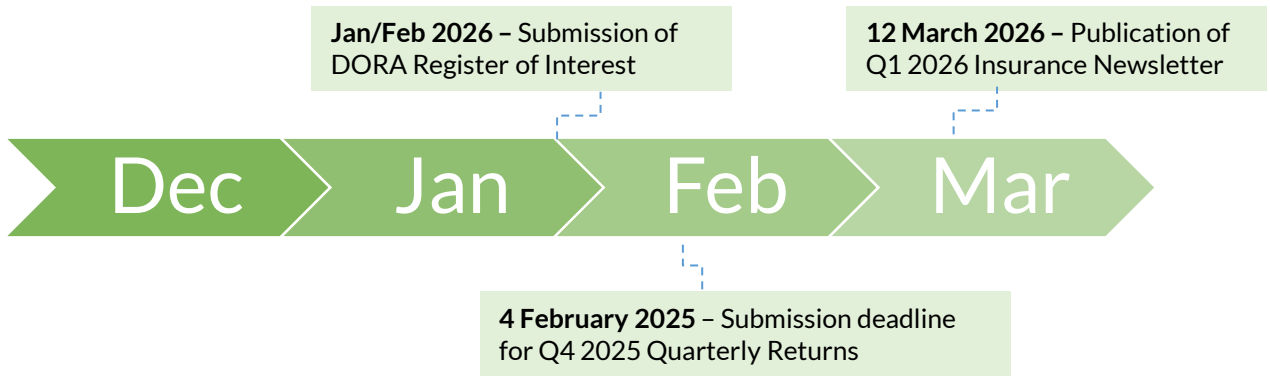
On 26 & 27 November 2025, the Central Bank hosted the Annual General Meeting (AGM) of FinCoNet. FinCoNet is an international organisation of financial oversight authorities responsible for consumer protection and market conduct supervision. The recent event brought together over 80 representatives from nearly 50 financial market conduct supervisors worldwide.

The theme of this year's Seminar was: Strengthening Financial Consumer Protection and Supervision in an Increasingly Digitalised World. The Seminar featured a keynote address from Deputy Governor Colm Kincaid which can be read [here](#).

1. The revised Guidance incorporates *Guidance for reinsurance Undertakings on the F&P amendments 2015* as such this will be removed from the Central Bank website

Forward Planner

Upcoming Dates



Central Bank of Ireland – Recent Speeches/Publications

Date	Topic	Link
3 November 2025	Modernising how we protect consumers in vulnerable circumstances - Remarks by Deputy Governor Colm Kincaid at Consumer Protection Code Workshop	https://www.centralbank.ie/news/article/speech-deputy-governor-consumer-protection-code-workshop-3-November-2025
3 October 2025	Through the cycle – regulation and supervision in an uncertain world - Remarks by Deputy Governor Mary-Elizabeth McMunn to Compliance Institute Annual Conference	https://www.centralbank.ie/news/article/speech-mary-elizabeth-mcMunn-Compliance-Institute-2-October-2025
2 October 2025	“Towards our Future Financial Wellbeing” – Speech by Deputy Governor, Colm Kincaid at Financial Services Ireland	https://www.centralbank.ie/news/article/speech-by-deputy-governor-coltm-kincaid-at-financial-services-ireland-02-October-2025
30 September 2025	“Shaping the Future of Insurance – A Regulator’s Perspective” – Remarks by Seana Cunningham, Director of Insurance to European Insurance Forum	https://www.centralbank.ie/news/article/speech-director-seana-cunningham-european-insurance-forum-30-September-2025

Contact Us

Queries on insurance supervision matters should be sent to: insurance@centralbank.ie

Queries on insurance policy matters should be sent to: insurancepolicy@centralbank.ie

Queries on regulatory reporting should be sent to: InsuranceRegulatoryReportingQueries@centralbank.ie

Queries relating to the Central Bank Portal should be sent to: portalsupport@centralbank.ie