



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

2017

# Guidance on the Establishment of an EEA Branch of an Insurance Undertaking



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## **1. Introduction**

This document provides guidance in relation to the requirements of the Central Bank of Ireland (the "Central Bank") for the establishment of a branch of an insurance undertaking in an EEA State. It does not constitute legal advice nor does it seek to interpret relevant legislation.

An insurance undertaking authorised in a European Economic Area (EEA) Member State is entitled to carry on business in any other EEA Member State. The business can be conducted in two ways – if the undertaking;

- Establishes a branch operation and conducts business on a 'freedom of establishment' basis;
- Writes business from the Home State to the Host State on a 'freedom of services' basis.

The Central Bank is also responsible for notifying other EEA Member States of an Irish undertaking's intention to operate in their jurisdiction.

The provisions relating to the right of establishment and the freedom to provide services are set out in Part 11 of the European Union (Insurance and Reinsurance) Regulations 2015 ("the Regulations").

This document should be read in conjunction with the Regulations and the EIOPA Board of Supervisor's decision on the collaboration of the insurance supervisory authorities<sup>1</sup> ("Revised General Protocol"). The Revised General Protocol sets out the framework for collaboration and cooperation between Home and Host National Supervisory Authorities (NSAs). This was agreed by the Board of Supervisors of the European Insurance and Occupational Pensions Authority early in 2017 and comes into force on 1 May 2017.

In addition to the information set out in the checklist in Annex I of this document, the Central Bank may request supplementary information in order to assist in the process of reviewing the branch establishment application.

An Irish authorised undertaking wishing to notify the Central Bank of their intention to provide services on a freedom of establishment basis into

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<sup>1</sup> [EIOPA Board of Supervisors decision on the collaboration of the insurance supervisory authorities](#)

more than one EEA state must submit a single notification covering all proposed EEA states. Undertakings should ensure that the relevant information for each EEA state is clearly identifiable with separate applications for each proposed branch.

## **2. Notifying the Central Bank of the Proposal to Establish a Branch**

Upon receipt of the notification of an undertaking's intention to establish a branch in another EEA state, the Central Bank will review and assess the completeness and accuracy of the information provided.

If the information is incomplete or if further information is required, the Central Bank will follow up with the applicant as appropriate. Within three months of receiving the completed application from the undertaking, the Central Bank shall communicate the information to the Host NSA and shall inform the undertaking that it has done so.<sup>2</sup> The Central Bank shall also furnish a certificate of Solvency to the Host NSA confirming that the Solvency Capital Requirement and the Minimum Capital Requirement are covered by the undertaking.<sup>3</sup>

## **3. Starting the activity of the branch**

In accordance with Regulation 155(5) and 157(1) and (2), the branch may commence activity at the earlier of either of the following:

- the date upon which the Home NSA has received the communication set out in Regulation 154(2) and pursuant to paragraph 3.1.2.1 a) of the Revised General Protocol<sup>4</sup>, or
- If no such communication is received, on the expiry of the two-month period from the date when the Host NSA received the notification from the Home NSA.

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<sup>2</sup> Regulation 155 (1) of the European Union (Insurance and Reinsurance) Regulations 2015.

<sup>3</sup> Annex 1 in [Decision on the collaboration of the insurance supervisory authorities](#)

<sup>4</sup> EIOPA BoS Decision on the collaboration of the insurance supervisory authorities

#### **4. Changes to the details of a current branch**

If there are changes in any of the particulars set out in Regulation 154 (2) of the Regulations; for example, changes to the scheme of operations, the insurance undertaking shall give written notice of the change to the Home NSA and the Host NSA at least one month before making the change. This is to allow sufficient time for the relevant NSAs to fulfill their respective obligations under Article 146 of the Solvency II Directive.

## **Annex I – Checklist for the Establishment of an EEA Branch of an Insurance Undertaking**

- Complete all sections of the relevant checklist.
- Insert the relevant section number, from the application, in the column of boxes entitled 'Applicant'. (The last column is for Central Bank of Ireland use only).
- Where the checklist states 'confirm' a '√' will be accepted as a confirmation.
- Where the required confirmation/documentation/information is not provided with/in the application, please refer to this in the covering letter indicating the planned submission date thereof. (Delays in submitting required confirmations, documentation and/or information will delay the authorisation timeframes).
- All documents to be submitted in English (or Irish if desired) only.
- Where there are references to Regulations, this means the European Union (Insurance and Reinsurance) Regulations 2015, unless otherwise specified.

## 5. Annex I

### General checklist for the establishment of a branch in an EEA State by an insurance undertaking

1.0	<b><u>Details of the Applicant</u></b>	Applicant	Central Bank
1.1	Supply full name and address of the head office of the insurance undertaking.		
1.2	Provide the contact details (name, address, telephone and email) of an individual who will accept receipt of any correspondence from the Central Bank of Ireland in respect of the application.		
1.3	Provide contact details (name, address, telephone and email) of professional advisors in respect of the application.		
1.4	Confirm that the Central Bank of Ireland can liaise with the named professional advisors in respect of the application.		
1.5	Please indicate the EEA State(s) in which you wish to establish a branch. <sup>5</sup>		
1.6	Please provide the name and address of the branch in the EEA State from which the Central Bank of Ireland can obtain and deliver documents to.		
1.7	If the undertaking belongs to a cross-border group, the name of the group supervisor, structure of the group and the latest reported group solvency position.		
1.8	Supply the legal entity identifier (LEI) of the undertaking		
2.0	<b><u>Scheme of Operations</u></b>		
2.1	Please submit the following information as part of the scheme of operations;  The nature of the risks or commitments which the applicant proposes to cover.		

<sup>5</sup> If the intention is to establish branches in multiple Member States, please provide a separate application for each proposed branch.

2.2	The classes of insurance according to Schedule 1 and Schedule 2 of the European Union (Insurance and Reinsurance) Regulations 2015, into which planned business falls.		
2.3	The guiding principles as to reinsurance and to retrocession with respect to the branch operations.		
2.4	Cost estimates for setting up the administrative services and organisation for securing business of the branch; the financial resources set aside for this purpose and, if the risks to be covered fall within class 18 in Schedule 1 of the Regulations, the company taking over assistance services or the resources available to the insurance undertaking to provide the promised assistance;		
2.5	If the branch intends to cover motor vehicle third party risks (class 10, not including carrier's liability), a declaration of membership or a certificate of application for membership of the national bureau and of the national guarantee fund of the Host State		

**3.0 Branch Information**

3.1	Please give details on the undertaking's programme of operations. Describe the particular activities that the branch will carry on and the structural organisation of the branch.		
3.2	Set out how the branch will contribute to the overall strategy of the group.		
3.3	Set out what the main functions of the branch will be and how these functions will interact with the head office of the undertaking.		
3.4	Outline the interaction and the reporting lines between the branch and the head office of the undertaking.		
3.5	Set out the organisational structure of the branch, and outline the associated resourcing and staffing of the branch.		

3.6	Please provide the name of the individual responsible for the branch operations on a day to day basis, (the Branch Manager.) <sup>6</sup>		
3.7	Confirm that an Individual Questionnaire has been completed for the Branch Manager, as this is a PCF role.		

**4.0 Market Information**

4.1	Please outline the target market for the classes of business to be written.		
4.2.	Please outline what the distribution and marketing arrangements for the branch will be.		
4.3	Does the branch intend to use tied agents/managed general agents?		
4.4	Please provide an overview of the main competitors in the market in which the branch intends to write business.		

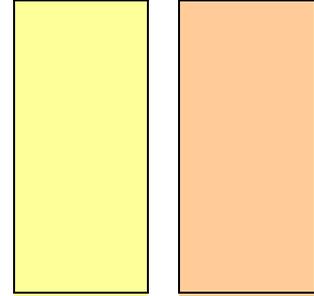
**5.0 Outsourcing**

5.1	Please provide full details of any proposed outsourcing by the branch to related companies and third parties:		
	i. Name, description and scope of the function or activity to be outsourced.		
	ii. Name of the service provider.		
	iii. Name of the person responsible for the function at the service provider.		
	iv. The scope of activities to be outsourced.		
	v. Measures that will be in place in respect of oversight of the outsourced activity/function.		

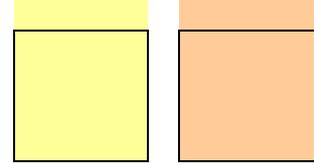
<sup>6</sup> Please note that the role of Branch Manager of branches in other EEA countries is a pre-approval control function (PCF16) under the Central Bank of Ireland’s Fitness and Probity Regime.  
[https://www.centralbank.ie/regulation/how-we-regulate/authorisation/fitness-probity/regulated-financial-service-providers-\(introduction\)/completing-and-submitting-an-individual-questionnaire](https://www.centralbank.ie/regulation/how-we-regulate/authorisation/fitness-probity/regulated-financial-service-providers-(introduction)/completing-and-submitting-an-individual-questionnaire)

vi.	Please provide a copy of all draft outsourcing agreements.		
<b>6.0 Risk Oversight</b>			
6.1	Please submit a copy of the undertaking's Own Risk and Solvency Assessment (ORSA) report.		
6.2	Demonstrate how the branch operations are covered within the overall risk management system of the undertaking and how this is reflected in the ORSA.		
<b>7.0 Financial Projections</b>			
7.1	<p><i>The application should include three year (for a non-Life undertaking) and five year (for a Life undertaking) financial projections prepared on a realistic basis with explanations of the underlying assumptions.</i></p> <p><i>Where financial projections and other financial information is requested, either in this section or in section 2 Scheme of Operations, the financial estimates should be submitted in the format outlined in the Solvency II Quantitative Reporting Templates (QRTs) (See Annex 2) and the currency used should be the currency of the undertaking's current financial reporting.</i></p> <p><i>Please complete the information in the QRTs at a branch and overall entity level as required.</i></p>		
7.2	<p><i>Please submit the Certification of Financial Projections confirming that the Head of the Actuarial Function:</i></p> <ul style="list-style-type: none"> <li><i>Considers the financial resources of the undertaking to be sufficient for the first three financial years for a non-Life undertaking and</i></li> </ul>		

*for the first five years for a Life undertaking following establishment of the branch. The Certificate of Financial Projections should cover the overall entity; it is not necessary for individual certificates for each branch to be submitted.*

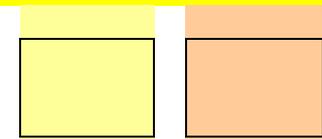


- *Agrees with the information provided in the financial projections, as set out in the relevant QRTs.*

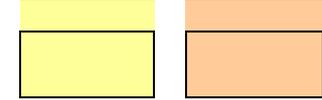


**8.0 Other**

8.1 Confirmation that the Central Bank of Ireland shall be notified without delay of any material changes to the current business plan and application.



8.2 Provide any other information relevant to the application.



**Confirmation from Applicant and the Service Provider Responsible for Preparation of the Branch Application**

We [the applicant/parent/shareholders] hereby confirm that we are responsible for the preparation of this checklist and supporting documents. We have delegated the completion of the checklist including the confirmations set out in (i) and (ii) below, to [service provider].

There is willingness and a capacity on the part of the applicant to comply with codes, prudential and legislative requirements applicable to Life and Non-Life insurance branches on a continuous basis.

**Signed:** \_\_\_\_\_

**Name (*in Print*):** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Name of Employer:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**(i) *The information set out in this checklist is correct and accurate***

**(ii) *The checklist is completed in full***

**Signed:** \_\_\_\_\_

**Name (*in Print*):** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Name of Employer:** \_\_\_\_\_

**Date:** \_\_\_\_\_

## 6. Annex 2 – List of QRTs

Please complete and submit the relevant QRTs as appropriate for the application at a branch and overall entity level as required.

### List of QRTs required at entity level

Template Code	Template Name
S.02.01.01	Balance Sheet
S.05.01.01	Premiums, Claims and Expenses – by LOB
S.05.02.01	Premiums, Claims and Expenses – by Country
S.06.01.01	Summary of Assets
S.18.01.01	Projection of Future Cash Flows (Best Estimate – Non-Life)
S.23.01.01	Own Funds
S.25.01.01	Solvency Capital Requirement – Standard Formula or Partial Internal Models
S.28.01.01	Minimum Capital Requirement – Non-Composite Undertaking
NST.01 <sup>7</sup>	Non-Life Income Statement
NST.02	Life Income Statement

### List of QRTs required at branch level

Template Code	Template Name
S.02.01.01	Balance Sheet
S.05.01.01	Premiums, Claims and Expenses – by LOB
S.05.02.01	Premiums, Claims and Expenses – by Country
S.06.01.01	Summary of Assets
NST.01	Non-Life Income Statement
NST.02	Life Income Statement

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<sup>7</sup> For details on the applicability of the National Specific Templates (NSTs) please refer to <https://www.centralbank.ie/regulation/industry-market-sectors/insurance-reinsurance/solvency-ii/national-specific-templates>



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