



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Guidance on Fit and Proper Notification Process for Insurance Holding Companies and Mixed Financial Holding Companies under Solvency II

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1. Background

- 1.1 Insurance holding companies¹ and mixed financial holding companies² (“holding companies”) are subject to the Solvency II fit and proper (“F&P”) requirements and Regulations 261 and 262 of the European Union (Insurance and Reinsurance) Regulations, 2015 (the “Solvency II Regulations”).
- 1.2 The Fit and Proper Standards - as provided for in a code issued by the Central Bank of Ireland (“the Central Bank”) under section 50 of the Central Bank Reform Act 2010 (the “Domestic Regime”) - do not apply to holding companies, as these are not regulated financial service entities. However in accordance with Regulation 261(2), holding companies shall have regard to any code setting out standards of fitness and probity issued by the Central Bank under the Domestic Regime.
- 1.3 Regulation 261 of the Solvency II Regulations outlines the F&P requirements at the level of the insurance holding company or mixed financial holding company, and to those effectively running the holding company. These requirements apply to either a participating holding company or an intermediate holding company³ within a group.
- 1.4 Regulation 261(3) of the Solvency II Regulations requires the holding company to notify the Central Bank when a new person is appointed to effectively run the holding company and provide all information needed to assess whether this individual is fit and proper. Any appointment made in contravention of this requirement is void. Regulation 261(4) also imposes a notification requirement when these persons are replaced because they no longer comply with any standard of F&P set out in the Domestic Regime.

¹ As defined in Regulation 215(1) of the European Union (Insurance and Reinsurance) Regulations, 2015

² As above

³ An insurance holding company or a mixed financial holding company through which an insurance undertaking or reinsurance undertaking in a group holds a participation in a related insurance undertaking, a related reinsurance undertaking, a third country insurance undertaking or a third country reinsurance undertaking.

2. Objective of the Guidance

- 2.1 The purpose of this guidance is to assist holding companies in their compliance with the obligations under the Solvency II Regulations with regard to the F&P notification requirements. This guidance does not purport to address, in detail, every aspect of F&P assessments under Solvency II and it should be read in conjunction with the Solvency II requirements and any standard of F&P set out in the Domestic Regime and in the EIOPA's Guidelines on System of Governance (EIOPA-BoS-14/253).
- 2.2 This guidance outlines the Central Bank's expectations with regards to the notifications for the roles covered in the Solvency II Regulations, along with the content, form and timing of these notifications.
- 2.3 The Central Bank may update or amend this guidance from time to time, as appropriate.

3. Persons who Effectively run a Holding Company

3.1 Regulation 261 of the Solvency II Regulations states that holding companies shall ensure that all persons who effectively run the holding company must be fit and proper to perform their duties and holding companies shall have regard to any code setting out standards of F&P as set out in the Domestic Regime.

3.2 EIOPA has outlined in its Guidelines on System of Governance that the term “persons who effectively run the undertaking” captures the members of the Board and members of senior management (which includes employees responsible for high level decision making and for implementing the strategies devised and policies approved by the Board).

3.3 For the purposes of this Guidance, a person is concerned in running a holding company, if the person:

- a) is a director of the company, or
- b) not being a director of the company, has power to direct or control the affairs of the company, or
- c) is the chief executive of the company, or
- d) is, irrespective of the title provided to the role, a person, within the company, responsible for high level decision making and for implementing the strategies devised and policies approved by the Board of the company. This includes, but is not limited to, persons holding a position equivalent to a pre-approval controlled function, as defined in section 22 of the Central Bank Reform Act 2010.

4. Timing, Form and Content of the F&P Notification Process

4.1 Timing of the F&P Notification

In accordance with Regulation 261(3) of the Solvency II Regulations, a holding company must notify the Central Bank when a new person is appointed to manage the holding company along with all information needed to assess whether this individual is fit and proper to manage the holding company. Any appointment made in contravention of this requirement is void. The Central Bank requires this notification to be provided for the persons outlined in paragraph 3.3 no later than 5 working days from the date of the appointment.

4.2 Form of the F&P Notification

The formal notification should take the form of a completed questionnaire sent/emailed to the relevant supervisory team in the Central Bank. The questionnaire includes a declaration, which must be signed by the CEO/Managing Director.

4.3 Content of the F&P Notification

The questionnaire is an [excel template](#), the content of which is in accordance with the information required by Guideline 15 of the EIOPA Guidelines on the System of Governance and the accompanying Technical Annex.

4.4 Supervisory Receipt of the F&P Notification

The F&P notification itself is complete when the Central Bank has received a complete questionnaire with all information required by the Central Bank. While the Central Bank will issue an acknowledgment of receipt of the notification, there will be no formal feedback on the notification as the requirement to notify the Central Bank under Regulation 261(3) of the Solvency II Regulations does not constitute an approval process.

5. Notification of Subsequent Changes/Replacements

- 5.1 Regulation 261(3) of the Solvency II Regulations requires that the holding company shall notify the Central Bank of any changes to the identity of the individuals⁴ who effectively run the holding company within 5 working days. On receiving notification of such a change, the Central Bank may contact an individual who previously had a role in effectively running the holding company.
- 5.2 Regulation 261(4) of the Solvency II Regulations requires that the holding company shall notify⁵ the Central Bank if any of the persons, previously notified to the Central Bank are replaced because they no longer comply with the standard of F&P as set out in the Domestic Regime.
- 5.3 Any notifications issued to the Central Bank should be in writing in the form of a letter/email to the relevant supervisory team. This letter/email should be signed by the CEO/Managing Director.
- 5.4 Regulation 262 of the Solvency II Regulations provides that the Central Bank may issue a written notice to a holding company for information concerning the qualifications, reputation and experience of all persons who effectively run the holding company or other persons specified in the notice. If it appears to the Central Bank that the person does not have adequate professional qualifications, knowledge and experience to enable sound and prudent management of the relevant company; or the person is not of good repute or integrity; it may direct the company to remove or dismiss the person from their role. A failure to comply with a direction may result in enforcement action being taken by the Central Bank.

⁴ Persons already notified in accordance with Section 4.1

⁵ In accordance with section 9.2 of the [questionnaire template](#)

6. The Actions to be Taken by a Holding Company Prior to Notifying the Central Bank of its Proposal to Make an Appointment

6.1 The Central Bank expects holding companies to carry out a detailed assessment on all persons outlined in paragraph 3.3 to ensure they are fit and proper to perform their duties.

6.2 In assessing whether an individual is fit and proper, holding companies should have regard to any code setting out standards of fitness and probity issued by the Central Bank under the Domestic F&P Regime, along with the European Commission Delegated Regulation (EU) 2015/35 and the EIOPA Guidelines on System of Governance.



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