Hot Topics – Discover Ireland
Brexit Reaction, Irish Regulation

Dermot O’Hara, Mazars

22 September 2016
 Brexit Fallout

RSA abandons post-Brexit plan to change its status
*Irish Times* 16th July 2016

More than 35 London financial firms eye Dublin switch
*Irish Times* 30th August 2016

Jobs hope as several UK firms keen to relocate here
*Irish Independent* 11th July 2016

Central Bank seeking experienced UK regulators
*Irish Times* 5th September 2016

No room in Dublin for possible post-Brexit influx of banks
*Irish Times* 12th September 2016
Irish Reaction

Irish Government, Taoiseach
“Ireland is a strong, open and competitive economy - our ongoing economic recovery is testament to our resilience.

We will continue to implement policies that prioritise economic stability, growth and job creation.”

Central Bank, Deputy Governor
"In respect of firms or funds potentially seeking to locate in Ireland, the bank remains committed to providing a clear, open and transparent authorisation process while ensuring a rigorous assessment of the applicant against regulatory standards so as to continue to ensure a high, consistent level of consumer protection."

IDA, Chief Executive
"While not what we had hoped for – the situation may present opportunity for Ireland in attracting Foreign Direct Investment (FDI). Ireland will remain a member of the European Union with full market access and that will be attractive to investors."
Ireland & UK: Key Similarities

- English Speaking
- Culture
- Education
- Regulatory Framework
- Legal Framework
- Financial Reporting
Benefits of Ireland

- Highly educated workers
- Youngest population in EU
- EU Passporting
- Low Corporation Tax Rate
- Base for 50% of world's leading FS companies
- Stable labour costs
- Proximity to UK
Risk Based Regulation

- Regulated under Solvency II Directive.
- Corporate Governance Requirements for Insurance Undertakings 2015.
- The Central Bank of Ireland (CBI) has responsibility for authorisation.
- CBI uses a risk based regime to group companies and targets their resources at the highest risk companies.

**CBI Resources Targeted Based on Risk Rating**

- **Ultra-High Risk**: 8 supervisors per firm
- **High Risk**: 2 to 4 supervisors
- **Medium-High**: 0.5 to 1 supervisor
- **Medium-Low**: 0.1 to 0.2 supervisor

Institute and Faculty of Actuaries
Insurance Authorisation

Applicants must submit key information
- Business plan
- Shareholding details
- Management
- Description of Activities
- Key Functions

Central Bank expect key management to demonstrate that they understand the business and the business environment

Corporate structure is governed by the corporate governance code

Fit and Proper regime in place for authorisation of key management

If all documentation is in order the authorisation process takes about 6 months
Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.
Hot Topics – Discover Ireland

Irish Market, Motor, HOAF

Joe Kennedy, Independent Actuary

22 September 2016
Non-Life Irish Market Size and Structure

Net Premium Income (£bn)

- Irish Risk Business: 3.7
- Foreign Risk Business: 2.4
- Business Written by branches located outside of Ireland: 2.3

Source: Central Bank Insurance Statistics 2014

22 September 2016
Domestic Industry Issues

**Motor insurers to be quizzed on suspected competition breaches**

*Irish Times 14th September 2016*

Potential Inflation
- Court Jurisdictions
- Judicial Appointments
- Discount Rate/ PPO’s
- Settlement Mix

- 2010 Quinn Insurance
- 2014 Setanta/ RSA
- 2016 Enterprise
Central Bank of Ireland – Solvency II

- PCF HOAF
- AOTPs for CBI
- ARTPs for Board
- AO on ORSA for Board
- Peer Review

- Challenge Others
- Influence Decision Making
- Risk Culture

- Make Appropriate Enquiries
- Prescriptive
- Nature, Scale and Complexity
The HOAF/ Actuarial Function

CBI

Peer Reviewer

Exec

Board
Society of Actuaries in Ireland Responses

Already Complete

- Voluntary Practicing certs
- HOAF Forum
- Template HOAF letter to Board
- Feedback in HOAF consultation
  - CRO role definition
  - Proper resourcing and support
  - Ongoing CBI feedback
  - Potential for conflicts of interest due to Organisation Structure
  - ‘Underwriting’?

In progress

- Support transparency and urge government to commission an annual Motor Insurance analysis
- Fully engaged with AAE’s ongoing work … potential ASP’s
  - ISAP1 General Actuarial Practice
  - ESAP2 Actuarial Function Report
  - ISAP1a Governance of Models
  - ESAP3 ORSA
  - ESAP4 AF role in contributing to Risk Management System
  - ESAP 5 Independent Review SII

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