



## Authorising insurance and reinsurance firms in Ireland

### *Introduction*

An undertaking wishing to establish as an insurance or reinsurance undertaking in Ireland must receive the prior authorisation of the Central Bank of Ireland (the “**Central Bank**”). Authorisation is granted pursuant to the European Union (Insurance and Reinsurance) Regulations 2015 (the “**2015 Regulations**”).

The Central Bank provides checklists for submitting Life, Non-Life and Reinsurance Applications under the 2015 Regulations which specify the information to be provided in support of an application for authorisation. The required information should be set out in the business plan prepared by the entity seeking authorisation (the “**Applicant**”). A summary of this information is provided below.

### *Overview of the Parent Company / Group*

Details of the Applicant’s parent company and its background should be included in the business plan, as well as proof that the parent has approved of the undertaking submitting an application for authorisation to the Central Bank.

If the parent is part of a wider group, the Applicant should submit an organisation chart and overview of the ownership and structure of both the parent and the group generally. This should include an outline of each entity’s legal structure, the holdings of each shareholder, audited documents, details of the main activities of the group, as well as the main areas of group activity.

Where the group has existing Irish operations, details should be provided on these Irish entities, including the activities carried out and whether they are supervised by the Central Bank or otherwise. If any material control deficiencies have arisen in the last 12 months, details of the status of those difficulties and steps to resolution should be provided. If the undertaking intends to be associated with existing Irish or other group operations, these links should be set out, including any proposed timelines for mergers.

Full details of any intended subsidiaries of the Applicant, or any proposed significant investments in other regulated entities, should be included in the business plan.

### *Regulatory Supervision*

The Applicant must provide proof that it has consulted with its home supervisory authority (where applicable) regarding its plan to apply to the Central Bank for authorisation.

The business plan must include details of the group’s regulated entities in other jurisdictions.

Where the parent or group has applied for regulatory approval in another jurisdiction in the last five years (whether it has been granted, refused or the application withdrawn) details should be provided in

the business plan, together with details of any censure or disciplining of the parent, group, or any directors or executives.

If the parent is subject to any consolidated supervision (inside or outside the EU), group supervision or any supervision pursuant to the Financial Conglomerates Directive, the arrangements for supervision should be outlined.

### ***Ownership Structure***

The Applicant must confirm whether it is owned by one or more financial institutions, or by a wide spread of owners.

With regard to the proposed holders of qualifying holdings in the Applicant, the following information must be provided in the business plan: (i) the period for which they intend to hold their qualifying holdings after authorisation; (ii) any intention to change their level of shareholding in the future; and (iii) information as to the willingness of the proposed shareholder to support the Applicant with additional own funds if necessary to develop the activities of the company or in case of financial difficulties.

Any conflict of interest between the Group and holders of qualifying holdings in the Applicant must be outlined in the business plan.

### ***Legal Structure***

The Applicant must confirm it will be registered in Ireland and subject to Irish law. The Applicant must outline its full legal structure.

A copy of the Certificate of Incorporation, draft copies of the constitutional documents, and, where the entity has been incorporated in excess of 18 months, the latest audited accounts should also be provided.

### ***Objectives and Proposed Operations***

The application must state the rationale for seeking authorisation and establishing in Ireland. The Applicant should confirm it shall restrict its activities to either non-life insurance / life assurance / reinsurance (as applicable).

The business plan should set out the classes of insurance being applied for, as well as details of the business and products and the target financial objectives of the group and of the Applicant. If the Applicant intends to underwrite motor vehicle liability insurance, additional documentation will need to be provided to the Central Bank.

The Applicant must set out the countries in which business will be written, whether this will be on a freedom of services or establishment basis, and the rationale for this proposed structure. Where the undertaking intends to establish in another EU member state, the application must include a draft of the branch application for the other country(ies). Where the Applicant intends to write business outside of the EU, it must provide an overview of how it can underwrite that business (either on an admitted or non-admitted basis).

## ***System of Governance***

Details of the proposed organisation structure should be provided in the business plan, including details of reporting lines. The segregation of responsibilities should be demonstrated, and the identity of the executive, non-executive and independent non-executive directors should be set out, as well as a list of people who will carry out Pre-Approval Control Functions.

The Applicant must confirm it will comply with the requirements of the Corporate Governance Code, and provide details of the audit committee, risk committee, remuneration committee, nomination committee and other relevant committees.

## ***Risk Oversight***

A copy of the proposed Own Risk and Solvency Assessment report should be provided, showing (together with written policies) how the Applicant's risk management system will cover the following: (i) underwriting and reserving; (ii) asset liability management; (iii) investment; (iv) liquidity and concentration risk; (v) operational risk; and (vi) reinsurance and other risk mitigation techniques. The application must show how an effective risk management system will be established by the Applicant, including strategies, processes and reporting procedures to measure, monitor, manage and report the risks the undertaking may be exposed to. Information regarding the reinsurance and other risk mitigation techniques and investment strategy should be provided, as well as details of any possible conflict of interest arising and arrangements to protect the interests of policyholders.

If the Applicant intends to outsource certain mandatory functions, the business plan must include the following: (i) the activities being outsourced; (ii) the service provider; and (iii) measures the Applicant has in place with regard to oversight of the service provider. Copies of the draft outsourcing agreements and service level agreements must be included with the business plan. The Applicant must confirm that its compliance department, internal audit department, auditors and the Central Bank will have full and unrestricted access to all information relating to outsourced functions as well as to the service providers' business premises if an onsite inspection or audit is to be performed.

A copy of the risk appetite statement, business continuity plan and details of the IT systems to be used by the Applicant, as well as the main and back-up IT service providers, should also be included with the business plan.

## ***Key Functions***

For each key function within the Applicant, the business plan should outline the structure of the function, an overview of the team (including experience and qualifications) and detail the role and objectives of the function.

The full details of the risk management and internal control functions within the actuarial function and the compliance function should be set out. Details of the internal control procedures within the risk management function must also be included.

With regard to internal audit, the Applicant should outline the expected frequency of internal audits and the scope of the internal audits to be performed. With regard to compliance, details of the expected frequency of compliance reports should be included.

## ***Other Functions***

The application should outline the structure of the underwriting function, submit an overview of the underwriting team, detail the role and objectives of the underwriting function and outline the underwriting activities of the Applicant.

Details should be included in the business plan of the policy administration function, the claims administration function, the finance function and the investment function including the reporting lines of each function, key reports utilised and the frequency of reporting.

Distribution channels and projected sales for each product should be set out, as well as: (i) the regulatory status of distributors; and (ii) whether individuals are advising consumers on retail financial products or offering to sell retail financial products for consumers on behalf of the Applicant.

The Applicant must also confirm that the entity will only distribute products through authorised channels and that policy documents are consistent with any relevant legal requirements. Details should be provided of the Applicant's new product approval process.

## ***Scheme of Operations***

Information should be provided regarding the following: (i) the nature of risks the Applicant proposes to cover; (ii) the guiding principles as to reinsurance and retrocession; (iii) the basic own funds items constituting the absolute floor of the Minimum Capital Requirement ("**MCR**"); (iv) estimates of the costs of setting up the administrative services; (v) the financial resources intended to meet those costs, and, if necessary, (vi) the resources at the disposal of the Applicant for the provision of the assistance promised.

Additional information should be provided for the first three financial years such as forecast balance sheets and estimates of: (i) the future Solvency Capital Requirement ("**SCR**") on the basis of the forecast balance sheet (and the calculation method used), (ii) financial resources intended to cover technical provisions, the MCR and SCR, (iii) management expenses, and (iv) premiums and claims.

## ***Capital and Financial Projections***

The Applicant must set out details of Basic Own Funds and Ancillary Own Funds. Detailed information must be provided as to the sources of funding for the Applicant. If the Applicant intends to apply for approval for an internal model for the calculation of SCR, the authorisations team should be informed of this prior to submission of the application.

Documentation must be provided including a profit and loss account, own funds, list of assets, and projection of future cash flows. If the Applicant is a subsidiary of an insurance holding company that has its head office in Ireland it should provide a consolidated group solvency and the choice of method used, and the group's solvency and financial condition report.

## ***Proposed Head of Actuarial Function***

The Applicant must submit the Certification of Financial Projections confirming that the Head of Actuarial Function considers the premium rates to be suitable and the financial resources of the undertaking to be sufficient for the first three financial years following authorisation. It must also confirm that the Head of Actuarial Function agrees with the information provided in the financial projections.