LIFE INSURANCE POLICYHOLDER PROTECTION IN IRELAND

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- **Irish based insurers** are subject to the EU's **Solvency II** Directive.
- EU's Solvency II Directive sets out **strict rules** on insurance companies management and capital requirements.
- Insurers must respect the **Solvency Capital Requirement (SCR).**
- **Mandatory effective governance and risk management** policies for Irish insurers.

Protection of client assets is a key priority of the Central Bank of Ireland ("CBI").

- **Safeguard of Client assets:** asset managers adhere to general good principles and prescriptive requirements.
- **Supervising process**: CBI actively monitors the above obligations.
- **Returns analysis:** CBI periodically analyses the financials of insurers.
- **Fitness and Probity Regime**: key people must be competent and capable, honest, ethical, of integrity and also financially sound.
- **Extensive powers:** CBI can intervene where an insurer fails to meet its regulatory obligations.
- **Requirement to hold additional capital:** CBI may impose additional capital requirements if an insurer does not adequately meet the SCR.

- **Segregation of Client assets** from the insurer's assets.
- **No right to seize or execute Client assets:** insurer's creditors have no right to seize these assets and the insurer cannot create a lien or charge over these assets in favour of another party.
- **Insurer's asset ring-fence and segregated**: policyholders' assets are segregated from insurers' technical provisions.
- **Insurer's assets** must be sufficient to back up insurers' liabilities to policyholders.
- **Insurer's technical provisions** must be calculated based on realistic assumptions and must include a risk margin, to take account of future uncertainty.

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- Is one of the **strongest cross border life insurance companies** in Europe.
- **Exceeded its capital requirement obligations**, with a solvency capital ratio of **206%** in Q4 2020.
- Carries out **extensive due diligence on the Custodians Banks and Asset Managers**.
- **Active monitoring** of Custodians Banks and Asset Managers.

Central bank of Ireland www.centralbank.ie/regulation/industry-market-sectors/insurance-reinsurance; Supervision Process: www.centralbank.ie/regulation/industry-market-sectors/insurance-reinsurance/solvency-ii/supervision-process; Regulatory Reporting Requirements: www.centralbank.ie/regulation/industry-market-sectors/insurance-reinsurance/solvency-ii/reporting-requirements; Solvency Regime: www.centralbank.ie/regulation/industry-market-sectors/insurance-reinsurance/solvency-ii