

# Central Bank Publishes Updated New Authorisation Checklist for (Re)insurance Undertakings

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// Insurance

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The Central Bank of Ireland (Central Bank) has consolidated its five checklists for the authorisation of new (re)insurers (life insurance, non-life insurance, reinsurance, captive non-life insurance and captive non-life reinsurance undertakings) into one document. The streamlined checklist will increase the efficiency of the authorisation process.

The Central Bank has also published updated guidance on completing and submitting new authorisation applications. In an encouraging development, the checklist states that the Central Bank will try to accommodate timing considerations of applicants when considering applications. This important new feature of the authorisation application evidences the Central Bank taking recent industry feedback into account and their willingness to align with the needs of the applicant in terms of launch date.

The update coincides with the implementation in Ireland of the EU Mobility Directive which allows cross-border conversions. This, as well as cross-border mergers, enables European companies to move corporate seat from one EU member state to another. For a 'conversion' that can now be without changing corporate identity. The development facilitates movement across the EU/EEA, including potentially into Ireland. A (re)insurer relocating to Ireland under the Mobility Directive needs a new authorisation.

# New Requirements

The checklist retains the same clarity of content as previous checklists. A few existing areas of the application have been expanded to reflect recent developments in the insurance industry and legal and regulatory changes. For example:

under the 'Governance' section, applicants seeking a new insurance undertaking licence now need to submit with their application, a management responsibilities map (MRM) that is compliant with the Central Bank's new Senior Executive Accountability Regime (SEAR);

the use of and oversight of service companies for staffing purposes is now dealt with in a dedicated field in the application form;

additional questions around outsourcing reliances are included;

the question around the applicant's intention to conduct business outside the EEA has been expanded and requires a more detailed response; and

the 'Risk Management' section, includes specific questions on managing climate risk, anti-money laundering procedures and on the applicant's approach to compliance with Central Bank Guidance on Operational Resilience.

The most significant of these changes appear to be the detail required concerning the applicant's management of climate risk and MRM.

## Climate Risk Management

How exacting the details on climate risk management will need to be will depend on the applicant's business type and business model. The Central Bank's Guidance for (Re)Insurance Undertakings on Climate Change Risk will help applicants determine the type of information to consider and include.

## MRM

Applicants (save for reinsurers or captives) will be required to submit a SEAR compliant draft MRM. The MRM will need to set out the applicant's management and governance arrangements including reporting lines and oversight arrangements. This means that a more detailed organisational structure chart, compliant with new SEAR requirements, will need to form part of the application.

The creation of this draft MRM will require applicants to give meaningful thought at an early stage to resourcing at board and executive management group (EMG) level. Presumably this new addition is intended to ensure that firm culture, through people, is determined from the outset. This aligns with Central Bank messaging that firms are about the right people, doing the right things, in the right ways.

The MRM must show the allocation of prescribed responsibilities (PRs) to Pre-approval

Controlled Functions (PCF). As a result, specific skills and experience of key individuals identified on the MRM will need to be understood so that inherent, prescribed or other responsibilities can be appropriately assigned. Equally, the oversight to be exercised over specific areas of the business, will need to be matched to a person suited to that oversight. In the same vein, conflicts of interest and the impacts of conflicts on reporting lines will need thorough consideration as part of the application process.

## Customer Protection

No new explicit requirements have been included in the application form regarding customer protection. This is despite:

(a) the recent introduction of a conduct standard dedicated to the customer best interests (imposed on controlled functions (CF) individuals via the Individual Accountability Framework). This is soon to be imposed on regulated firms if the revised draft Consumer Protection Code is implemented in its current form; and

(b) the Central Bank's 'Dear CEO Letter' of 29 August 2024 on Consumer Protection Risk Management Frameworks in Insurance Firms.

Perhaps new customer protection themes will be raised in queries during the authorisation review process instead.

The updated checklist can be viewed [here](#). Please contact [Eoin Caulfield](#), [Marguerite Sinnott](#), [Catherine Carrigy](#) or your usual William Fry contact if you have any questions about the updated checklist or the authorisation process for (re)insurance undertakings in Ireland.

Contributed by Róisín Casey.