

## Insurance & Reinsurance

# Financial Services Regulation and Compliance - Insurance July 2024

Domestically, the Motor Insurance Insolvency Compensation Bill 2024 completed final stages in the Dáil. At European level, EIOPA publish factsheet on the regulatory framework applicable to AI systems in the insurance sector.

15 Aug 2024

---

## Domestic

### **CBI publishes updated checklist and guidance for Submitting (Re)Insurance Authorisation Applications**

On 22 July, the Central Bank of Ireland (the **CBI**) published its new checklist for completing and submitting (re)insurance authorisation applications under the European Union (Insurance and Reinsurance) Regulations 2015 (the **checklist**), alongside a guidance document on completing and submitting such applications.

The new checklist aims to assist applicants wishing to establish (re)insurance undertakings in Ireland by clarifying the CBI's expectations in relation to the information required to be submitted for assessment.

### **Motor Insurance Insolvency Compensation Bill 2024 progresses**

The Motor Insurance Insolvency Bill 2024 (the **Bill**) completed final stages in the Dáil on 10 July 2024 and will now progress to the Seanad.

The Bill streamlines the process for claiming compensation and designates the Motor Insurers' Bureau of Ireland (**MIBI**) as the compensation body for injured parties in the event of an insurer becoming insolvent. Where an insurer is the subject of a winding-up order, MIBI will be responsible for providing compensation to injured parties who are resident in Ireland. This must cover third-party motor liability at a minimum. The Bill permits the Minister for Finance to make regulations and set requirements for Irish authorised insurers who are providing insurance in Ireland in relation to their contributions funding the Insurance Contribution Fund.

## European

## **EIOPA issues opinion on the supervision of captive insurers**

On 2 July 2024, the European Insurance and Occupational Pensions Authority (**EIOPA**) published an opinion on the supervision of captive (re)insurers. This opinion, addressed to supervisory authorities, aims to facilitate a risk-based and proportionate supervisory approach for captive (re)insurers and further harmonise supervisory expectations in relation to captive (re)insurers.

The opinion primarily focuses on:

- supervisory convergence in relation to intra-group transactions (particularly cash pooling practices)
- captive (re)insurers' compliance with the Prudent Person Principle
- corporate governance expectations relating to key functions and outsourcing requirements, while taking into account the widespread practice of captive (re)insurers relying on captive management companies

## **EIOPA publishes Solvency II technical information**

EIOPA published its monthly technical information on 3 July 2024 in relation to the relevant risk-free interest rate term structures with reference to the end of June 2024, for Solvency II purposes. This information is used for the calculation of technical provisions for (re)insurance obligations. EIOPA also published technical information on the symmetric adjustment of the equity capital charge under Solvency II with reference to the end of June 2024.

## **EIOPA publish factsheet on the regulatory framework applicable to AI systems in the insurance sector**

Following the publication of the EU's Artificial Intelligence (**AI**) Act in the Official Journal on 12 July 2024, EIOPA published a factsheet providing an overview of the legal framework applicable to AI systems in the insurance sector. Recognising the substantial impact AI is expected to have on the insurance sector, EIOPA acknowledges the growing trend towards the use of AI systems throughout the insurance value chain.

The factsheet, which was published on 15 July 2024, highlights the new features and additional requirements introduced by the AI Act for the insurance sector, particularly as they relate to developers and users of high-risk AI systems. Insurance undertakings are reminded that insurance sector legislation continues to apply across all AI use cases, irrespective of its classification under the AI Act. EIOPA cautions that the use of third-party AI systems may be considered outsourcing under Solvency II, reminding insurance undertakings that they remain fully responsible for all Solvency II obligations in respect of an outsourced function.

## **EIOPA announces the new composition of its stakeholder groups**

EIOPA announced the selection of 30 members of its Insurance and Reinsurance Stakeholder Group (**IRSG**) upon commencement of its new four-year term on 4 July 2024. The IRSG seeks to facilitate consultation between EIOPA and stakeholders in the (re)insurance sector and is composed of a diverse range of representatives from across the industry. The IRSG advises EIOPA on the implementation and impact of, among other things, regulatory/implementing technical standards, guidelines, recommendations and peer reviews. Appointments were made taking into account the expertise needed

to assist EIOPA with its anticipated workstream in the coming years (focusing on sustainable finance, digitalisation, and operational resilience).

## **EIOPA Insurance Risk Dashboard**

EIOPA published its Insurance Risk Dashboard (the **dashboard**) based on Solvency II data for Q1 2024 and 2023-YE. The dashboard aims to illustrate the principal risks in the EU insurance sector through data that is based on financial stability and prudential reporting, gathered from insurance groups and undertakings within the EU. The dashboard covers risks including, but not limited to, market risks, digitalisation risks and ESG-related risks.

The dashboard shows risks are presently stable in the EU's Insurance sector. However, there is evidence of vulnerability arising from real estate prices and market volatility. The year-on-year premium growth for life and non-life insurance increased in Q1 2024, while the median loss ratio decreased.

For more information on these topics please contact any member of A&L Goodbody's [Insurance & Reinsurance](#) team.

*This publication provides an overview of certain legal and regulatory developments that may be of interest to certain entities. It does not purport to provide analysis of law or legal advice and is strictly for information purposes only.*

©2024 A&L Goodbody LLP. All rights reserved.