

ARTHUR COX

“Dear CEO” Letter on Consumer Protection Risk Management Frameworks in Insurance Firms: What insurers should do

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The Central Bank of Ireland (CBI) has recently issued a “Dear CEO” letter to the insurance industry, detailing the findings from a targeted Consumer Protection Risk Assessment (CPRA) of insurance firms’ consumer protection risk management frameworks. This communication underscores the critical need for firms to enhance their consumer protection risk management frameworks, setting clear expectations and challenging timelines. This letter is not just another routine compliance reminder; it is a clear signal that the CBI is raising the bar on how insurance firms manage and mitigate risks to consumers.

What the CBI said

The CBI’s letter highlights findings from its recent targeted CPRA, revealing varying levels of maturity in the consumer protection frameworks across different insurance firms. While some firms have made significant progress, others still lag behind in developing robust frameworks that effectively identify, manage, and mitigate consumer risks. The CBI emphasizes the importance of fostering a consumer-focused culture within firms, underpinned by a strong risk management framework. This framework should be comprehensive, align with the firm’s overall risk appetite, and be supported by clear policies, procedures, and controls.

The letter also outlines specific follow-up actions that firms must undertake:

1. **Consumer risk-focused culture:** Insurance firms are expected to foster a culture that prioritizes consumer risk, supported by effective consumer protection risk management frameworks.
2. **Gap analysis:** Firms are required to conduct a gap analysis of their existing frameworks to identify areas needing improvement to meet the CBI’s standards.
3. **Accountability:** Firms must provide the CBI with the name of an individual in a PCF role with accountability for delivery of the expectations set out in the letter by **September 30, 2024**.
4. **Implementation plans:** Updated plans should be presented to the board by **November 30, 2024**, with full implementation expected by **June 30, 2025**.

What insurance firms should be thinking about now

In light of the CBI’s letter, insurance firms should not wait until the next regulatory review to start making necessary adjustments. Immediate steps should be taken to conduct a thorough review of existing

consumer protection frameworks. This includes identifying any gaps or weaknesses in governance, control functions, risk identification processes, and consumer reporting mechanisms.

Firms should prioritize the development of action plans to address these gaps, ensuring they align with the CBI's expectations and the [CPRA Guide 2017](#). It is also crucial for firms to foster a strong consumer-focused culture at all levels of the organisation. This means that senior management must actively promote and lead by example in embedding consumer protection into the daily operations of the firm.

Moreover, firms should consider enhancing their monitoring and reporting systems to ensure they provide timely and accurate insights into consumer risks. This proactive approach will not only help firms meet regulatory requirements but also build trust and credibility with consumers.

How Arthur Cox can help

Navigating the complexities of consumer protection risk management is no small feat, particularly in view of the heightened expectations of the CBI. Arthur Cox is uniquely positioned to provide tailored support to insurance companies in several key areas:

1. Regulatory review and gap analysis
2. Board engagement
3. Accountability and reporting
4. Training and development
5. Implementation support
6. Building a culture of consumer protection
7. Regulatory engagement and advocacy
8. Ongoing legal support and advisory services

Conclusion

The recent "Dear CEO" letter serves as a wake-up call for insurance firms in Ireland to re-evaluate their consumer protection frameworks. By taking immediate action to address gaps and strengthen their approach, firms can better protect consumers and position themselves favourably in the eyes of the regulator. With the right support, firms can navigate these regulatory challenges effectively, ensuring they remain compliant and consumer-focused in their operations.

Arthur Cox and our multidisciplinary teams can empower insurance companies to not only meet but exceed the CBI's regulatory expectations. This comprehensive support will help your firm protect its customers, avoid regulatory penalties, and build a strong reputation.

To discuss how Arthur Cox can support with conducting your gap analysis ahead of the **30 November** deadline, or otherwise, please contact [Ciaran Flynn](#), [Stephen D'Ardis](#), [Azahara Cots](#), or your usual Arthur Cox contacts.