TITHE AN OIREACHTAIS

An Comhchoiste um Airgeadas, Caiteachas Poibli agus Athchóiriú, agus Taoiseach

Tuarascáil maidir leis an nGrinnscrúdú Réamhreachtach ar

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HOUSES OF THE OIREACHTAS

Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach

Report on Pre-legislative scrutiny on the

General Scheme of the Insurance (Amendment) Bill 2017

June 2018

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Contents

1. CHAIRMAN'S PREFACE

On the 17 July 2017 the Minister for Finance, Public Expenditure and Reform, Mr. Pascal Donohue, T.D., submitted the General Scheme of the Insurance (Amendment) Bill 2017 (hereafter, the 'General Scheme') to the Oireachtas Joint Committee on Finance, Public Expenditure and Reform (hereafter, 'the Joint Committee'). The Joint Committee decided that it would undertake pre-legislative scrutiny in respect of this General Scheme.

The General Scheme of an *Insurance (Amendment) Bill 2017* was approved by Government on 5 July 2017. The General Scheme contains eight heads, and aims to amend certain elements of the *Insurance Acts* to clarify the role of the Insurance Compensation Fund (ICF), following the liquidation of Setanta Insurance Company in April 2014 and to implement some of the recommendations of the Review of the Framework for Motor Insurance Compensation in Ireland Report, which was endorsed by Government in July 2016.

In carrying out its pre-legislative function on this proposed and welcome piece of legislation, the Joint Committee met in public session on 8 February, 1 March and 8 March 2018 and heard from the following stakeholders:

On 8 February 2018:

- Deputy Michael D'Arcy, T.D. Minister of State at the Department of Finance and the Department of Public Expenditure and Reform with special responsibility for Financial Services and Insurance.

On 1 March 2018:

- Ciaran Breen: State Claims Agency; and
- Ger Deering, Financial Services and Pensions Ombudsman.

On 8 March 2018:

- Representatives from Insurance Ireland; and
- Representatives from the Central Bank of Ireland.

I would like to express my appreciation to all the witnesses for their contributions and to the members of the Committee for their work on this subject. I hope that this report will help to inform the legislative process and make a valuable contribution to the forthcoming legislation.

John McGuinness T.D.
Chairman
June 2018

2. INTRODUCTION

The Government's intention in publishing the General Scheme is to amend certain elements of the *Insurance Acts* to clarify the role of the Insurance Compensation Fund (ICF), following the liquidation of Setanta Insurance Company in April 2014 and to implement the recommendations of the Review of the Framework for Motor Insurance Compensation in Ireland Report, which was endorsed by Government in July 2016.

There are two insurance guarantee schemes operating in Ireland: (1) The Insurance Compensation Fund (ICF) provides a capped level of compensation for liabilities in respect of non-life insurance policyholders in the event that an insurance firm fails; (2) The Motor Insurers' Bureau of Ireland (MIBI) provides compensation to victims of road traffic accidents caused by uninsured drivers or unidentifiable vehicles.

Following Setanta Insurance Company entering into liquidation, an issue arose regarding which of two funds is liable to cover claims against the Company. These complications concern the remits of the MIBI and the ICF, and relate specifically to the broad language used in Clause 4.1.1 of the 2009 Agreement[1] between the Minister for Transport and the MIBI.

The Accountant of the Courts of Justice (the 'Accountant') must first consider if eligible claims can be met elsewhere before making payments from the ICF. The Law Society of Ireland, on behalf of the Accountant, pursued the case against the MIBI, alleging that the scope of the MIBI's remit included insolvent insurers. This would mean that the MIBI rather than the ICF was liable to pay outstanding claims against Setanta.

A particular concern is the difference in compensation level between the ICF and the MIBI. While the ICF covers 65% of a claim or €825,000 (whichever is the lesser), the MIBI covers 100% for a personal injury claim, and a limit of €1,225,000 per claim for property (regardless of the number of claimants). In effect, this discrepancy between the amounts covered by the ICF and the MIBI means that greater coverage is afforded to those without insurance policies, than those with insurance policies taken out from an insurer in liquidation.

On 25 May 2017 by a five-to-two majority, the Supreme Court overturned the Court of Appeal judgement regarding the liability of the MIBI, meaning that claims against Setanta would have to be met from the ICF. On 30 January 2018, the Minister for Finance, Public Expenditure and Reform announced agreement in principle that the State would ensure that Setanta third party claimants would be compensated in full.

[1] Agreement between the Minister of Transport and MIBI to extend the scope of the Bureau's liability, with certain exceptions, for compensation for victims of road accidents involving uninsured or stolen vehicles and unidentified or untraced drivers. Available here: https://www.mibi.ie/_fileupload/Signed_MIBI_Agreement_29_Jan_09.pdf

However, while the ICF covers 65% of a claim or €825,000 (whichever is the lesser), the MIBI covers 100% for a personal injury claim, and a limit of €1,225,000 per claim for property (regardless of the number of claimants). In effect, this discrepancy between the amounts covered by the ICF and the MIBI means that greater coverage is afforded to those without insurance policies, than those with insurance policies taken out from an insurer in liquidation.

The aim of the General Scheme is twofold. (1) To clarify the role of the ICF in light of these complications, and (2) to implement some of the recommendations from the Review of the Framework for Motor Insurance Compensation in Ireland (July 2016). However, the Taoiseach (September 2017) stated in the Dáil that the new legislative provisions will not apply retrospectively to Setanta policy holders.[2]

Following the Chairman's preface, this Report consists of an introduction (Section 2), followed by six sections, as follows:

- Section 3: Provisions of the General Scheme of the *Insurance (Amendment) Bill 2017* – this section provides an overview of the provisions contained in the General Scheme;

- Section 4: The Setanta Insurance Company – this section provides an overview of the background involving the Setanta Insurance court case and the cost of liquidation;

- Section 5: Motor Insurance in Ireland – this section provides an overview of the Irish motor insurance market;

- Section 6: Insurance Compensation Fund (ICF) and the Motor Insurers' Bureau of Ireland (MIBI) – this section examines the two different insurance guarantee schemes operating in Ireland;

- Section 7: Other Jurisdictions – this section provides a summary of the insurance guarantee schemes in other jurisdictions; including the level of coverage offered, ex-ante or ex-post funding, home versus host state principal, and priorities in liquidation;

- Section 8: Recommendations – this section outlines recommendations of the Committee as identified in the course of its scrutiny of the General Scheme.

[2] Dáil Debates, 26 September 2017.

3. PROVISIONS OF THE GENERAL SCHEME

The General Scheme is comprised of eight heads. Table 1 below shows the general provisions of the eight heads.

***Table 1**: Provisions of the General Scheme*

Heads	Provisions
Head 1: Citation	Standard legislative provision.
Head 2: Commencement	Standard legislative provision.
Head 3: Interpretation	Standard legislative provision.
Head 4: Insurance Compensation Fund	Replacing section 2 of the *Insurance Act, 1964*. Provides the statutory basis for transfer of management and administration of the Insurance Compensation Fund to the Central Bank. This Head also provides for certain payments into and out of the Fund. Specifically, it provides for the Central Bank of Ireland, and the State Claims Agency, to be compensated for their expenses in relation to their work with the Fund. It also provides for MIBI contributions to be paid into the Fund. It further provides that the Minister must lay reports on the administration of the Fund and an abstract of accounts in relation to the Fund (as provided by the Bank), before both Houses of the Oireachtas.
Head 5: Payments out of the Fund	Replacing section 3 of the *Insurance Act, 1964*. This Head provides a legislative basis for approval by the High Court of payments from the Fund following assessment / validation by the State Claims Agency.

	This Head also provides that in the case of third party motor insurance claims, the Fund will pay out in line with MIBI levels and recoup the balance from industry. It provides that third party motor insurance personal injury claims are paid in full and that there is a cap on third party motor insurance motor property payments of €1,220,000. This Head also provides for the deletion of section 3(7) of the *Insurance Act, 1964* which guided the High Court in the ruling regarding the liability of MIBI in the Setanta case. It further provides for the transfer of certain functions from the Accountant of the High Court to the Central Bank. In addition, this Head provides that prior to an application to the High Court, the liquidator would have to submit claims to the State Claims Agency for verification. It further provides for the due diligence of claims by the State Claims Agency. The Head also proposes to reduce the time limits for applications made to the High Courts for payments out of the fund, from no more than once every six months, to no more than once every three months.
Head 6: MIBI Contribution	This Head provides a statutory basis for the contribution by members of the MIBI to the fund for third party motor insurance claims. In addition, this Head provides for the contribution by members of the MIBI equivalent to 2% of gross written motor premiums per annum. In the event that the MIBI fund reaches €150 million, this contribution will fall to 1%; if the MIBI

	fund reaches €200 million, this contribution will be suspended until the fund falls below €200 million (at which point the contribution would increase to 1% / 2% depending on the level of the fund). The Head also provides that if the MIBI fund is insufficient to meet any liability industry may have, the ICF will cover the balance, and the MIBI contribution may be increased to a maximum of 3% of gross written motor premiums per annum, until the ICF is compensated and the MIBI fund reaches €50 million.
Head 7: Amendment to the NTMA (Amendment) Act, 2000	This Head amends the *NTMA (Amendment) Act, 2000* and provides a legislative basis for the role of the State Claims Agency in assessing / verifying claims in the event of a liquidation, and for carrying out due diligence in the event of an insurer entering administration.
Head 8: Transitional provisions	This Head provides that the Central Bank and State Claims Agency will be responsible for applications for / payments out of the ICF in respect of liquidations currently in progress. However, the limits (lessor of 65% or €825,000) will still apply.

Source: L&RS summary of the General Scheme of an *Insurance (Amendment) Bill 2017*.

4. THE SETANTA INSURANCE COMPANY

4.1 Background

Setanta Insurance Company Limited (the 'Company') was incorporated in Malta in June 2007. The Company operated under the supervision of the Malta Financial Services Authority (MFSA). The Company was authorised to sell private and commercial motor vehicle insurance in Ireland in exercise of its EU passport right.[3] While the firm's financial position was not supervised by the Central Bank of Ireland (Central Bank), the Central Bank did supervise the Company in respect of its consumer protection obligations.

In January 2014 the Board of Directors of the Company resolved that the Company would cease writing new business. At an extraordinary general meeting in April 2014, it was resolved that the Company would surrender its insurance business licence to the MFSA and be immediately dissolved.

4.2 Court Case

Following Setanta entering into liquidation, an issue arose regarding which of two prospective funds is liable to cover claims against the Company. These complications concern the remits of the MIBI and the ICF, and relate specifically to the broad language used in Clause 4.1.1 of the 2009 Agreement between the Minister for Transport and the MIBI.

The ICF is administered on behalf of the President of the High Court by the Accountant, and is designed to facilitate payments in the event that an insurer enters liquidation. The Motor Insurers Bureau of Ireland (MIBI) was established in 1955 by Agreement between the Government and motor insurance companies in Ireland, with subsequent agreements signed in 1964, 1988, 2004 and 2009 (the 'Agreements'). MIBI's principal role is to compensate victims of road traffic accidents caused by uninsured and unidentified vehicles.

The Accountant of the Courts of Justice must first consider if eligible claims can be met elsewhere before making payments from the ICF. The Law Society of Ireland, on behalf of the Accountant, pursued the case against the MIBI, alleging that the scope of their remit, deemed to be of sufficient breadth to include insolvent insurers, meant that the MIBI rather than the ICF was liable to pay outstanding claims against Setanta.

Of particular concern, was the difference in compensation level between the ICF and the MIBI. While the ICF covers 65% of a claim or €825,000 (whichever is the lesser), the MIBI covers 100% for a personal injury claim, and a limit of €1,225,000 per claim for property (regardless of the number of claimants). In

[3] For more information on passporting, see Appendix 3.

effect, this discrepancy between the amounts covered by the ICF and the MIBI means that greater coverage is afforded to those without insurance policies, than those with insurance policies taken out from an insurer in liquidation.

The High Court (and subsequently the Court of Appeal) accepted the liability of the MIBI. This meant, in effect, that policyholders would have been covered for up to 100% compensation rather than the 65% or €825,000 cap on coverage that would apply were the ICF found to be liable.

The central issue for the Supreme Court to consider was whether the MIBI Agreements extend to cover liability for claims against drivers whose insurer has become insolvent. While the Supreme Court noted the MIBI Agreements contain a number of ambiguities, it did not accept that they were intended to extend in such a manner.

Ultimately, by a five-to-two majority, the Supreme Court overturned the Court of Appeal judgement regarding the liability of the MIBI, meaning that claims against Setanta would have to be met from the ICF.

4.3 Cost of Liquidation

The statement of affairs drawn up by the Company in April 2014 showed a deficiency slightly in excess of €17 million. The outstanding claims reserve included in the statement of affairs was €28 million.[4]

At the time of being placed in liquidation, the Company had approximately 75,000 policy holders in Ireland, approximately two thirds of which were commercial policies and one third being private motor insurance policies. Furthermore, at a meeting of the creditors of the Company in April 2014, a liquidator was appointed. Policyholders were advised that their policies would be cancelled in due course and advised to take out new policies with immediate effect.

To avoid a situation where policy holders would continue to drive vehicles insured by the Company in circumstances where their claims will not be paid in full, all insurance policies were subsequently cancelled in May 2014.

The liquidator estimated that the amount due to the approximately 1,736 outstanding claimants was €90 million. The Liquidator was also advised that the insurance compensation scheme in Malta is not available for claims against the company made by any of its policy holders and claimants. The costs of the liquidation process amounted to €6 million as of May 2016. This included €2.3

[4] Setanta Insurance Company Limited - In Liquidation; Report of the Liquidator to the Joint Committee on Finance, Public Expenditure and Reform: Available at: https://www.oireachtas.ie/parliament/media/committees/finance/LIQUIDATOR-SETANTA-INSURANCE-COMPANY-LIMITED-committee-report.pdf

million in legal and professional fees, €1.1 million in salaries and €2.4 million in claims handling.

As of September 2017, there were 1,576 active claims, of which 573 claimants have been paid compensation from the ICF subject to the 65% and €825,000 limits. The Liquidator is currently working on settled claims and preparing them for inclusion in the next application to the High Court, expected to be made in February 2018. Over and above the 65% ICF payment, it is expected that a proportion of the balance of money due to third party claimants will be met from the proceeds of the distribution of Setanta's assets on completion of the liquidation process.

An actuarial report, commissioned by the liquidator, estimates the claims reserves at 30 June 2017 at between €105.9 million and €112.9 million. This is an increase from the first report in 2014, which estimated the claims reserves at between €87.7 million and €95.2 million. The Liquidator has subsequently informed the Department that as the Supreme Court has now made its judgment, a new actuarial report is being commissioned. This was expected to be completed in Q4 2017.[5][6]

The Liquidator estimated that approximately 30% of each claim would be available from the liquidation process. However, as a consequence of the updated actuarial report, the liquidator now estimates that he will not be in a position to meet more than 22% of the claims out of the assets of the liquidation, leaving a shortfall of between €15 million and €20 million.[7] The Liquidator expressed concerns around the confusion that arose regarding liability to pay between the ICF and the MIBI.

The Department of Finance sought legal advice on the impact on the State's ability to recover from the liquidated company if it were to compensate third party claimants for the balance due to them. On 30 January 2018, the Minister for Finance, Public Expenditure and Reform announced agreement in principle that the State would ensure that Setanta third party claimants would be compensated in full.

To date, there have been two applications to the High Court for the payment of compensation from the ICF in relation to Setanta Insurance.[8] An Order was granted in the High Court in October 2016 in relation to first party claims at a cost to the ICF of €608,085.14. Subsequent to the Supreme Court judgment, an Order was granted in the High Court in July 2017 in relation to third party claims at a cost to the ICF of €6,479,336.85. Therefore, the total amount paid out of the ICF to date in relation to Setanta Insurance is €7,087,421.99.

[5] Written Answers, Motor Insurance Regulation, 20 September 2017.
[6] It is unclear if a further actuarial report has been commissioned since written answers, 20 September 2017.
[7] Dáil Debates, Insurance Industry, 30 November 2017.
[8] Written Answers, Insurance Compensation Fund, 24 October 2017.

The next application by the Liquidator to the High Court is expected to be made in February 2018.[9]

[9] This information is accurate as of written answers, 24 October 2017. It is unclear if further applications to the High Court have been made.

5. MOTOR INSURANCE IN IRELAND

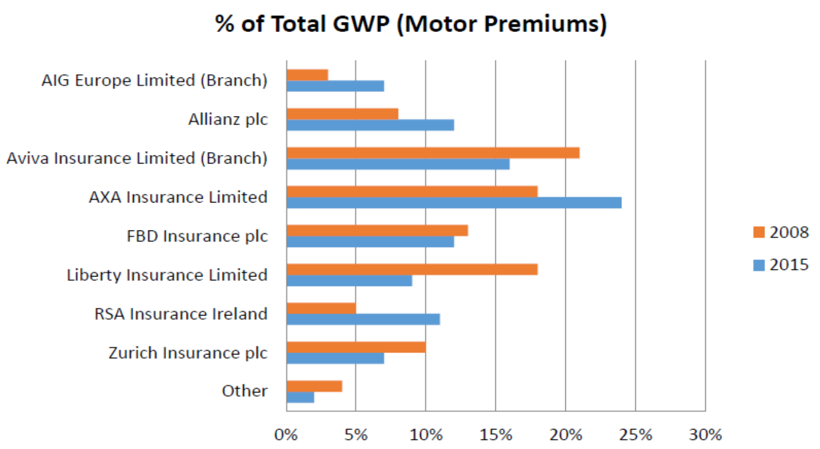
Third-party motor insurance[10] is a legal requirement[11] in Ireland. The Irish risk non-life market (excluding Accident & Health) had a total gross written premium (GWP) of €2.9 billion in 2015. Motor (both private and commercial) is the largest non-life segment accounting for 47% of Irish risk premium.[12]

There are three ways an insurance undertaking can operate within the Irish market:

- establish a head office in Ireland (authorised by Central Bank of Ireland);
- establish a branch in Ireland through Freedom of Establishment (FOE); or
- operate on a Freedom of Services basis (FOS).

The Irish motor insurance market is dominated by eight underwriters, which, combined account for 98% of motor premiums, as per Figure 1 below. This does not include FOS business. According to Insurance Ireland, 74% of motor insurance gross written premiums are accounted for by private motor business with the remaining 26% derived from commercial motor business.[13] All insurance undertakings that underwrite motor insurance in Ireland must, by law, be members of the MIBI and contribute to funding for claims in proportion to their market share.

Figure 1. Top 8 underwriters of insurance in Ireland (by market share)



Source: Report on the Cost of Motor Insurance, January 2017

The insurance undertakings listed in Figure 1 above are either authorised by the Central Bank to sell motor insurance, or are availing of EU passporting rights and

10 Insurance in respect of risks related to damage to a third-party involved in a motor accident.
11 See Part IV of the Road Traffic Act 1961, and EU Motor Insurance Directive (2009/103/EC).
12 Report on the Cost of Motor Insurance, 2017
13 Insurance Ireland Factfile, 2015

are authorised by a supervisory authority in another EU Member State (branch basis[14]). The financial position of six of the eight undertakings listed above is supervised by the Central Bank, while Aviva and AIG are supervised by the Prudential Regulatory Authority (PRA) in the UK.

The Government Report on the Cost of Motor Insurance, January 2017, details that the insurance sector made substantial underwriting profits between 2005 and 2008 (totalling €2.2 billion). Beyond 2008, intense competition in the market and a challenging economic environment have put downward pressure on rates. Over the period 2009 to 2015, total underwriting losses were €1.3 billion with motor accounting for €900 million of this. The insurance industry has suffered significant underwriting losses between 2008 and 2015 (other than 2011).

In considering the profitability of the sector, it is also important to analyse investment returns over the period. Of particular note, the current low interest rate environment is materially affecting the levels of interest or investment income that insurers can earn, and consequently reduces their ability to use this income to compensate in part for underwriting losses, as has happened in the past.

The same Report details that the average investment return was €317 million per year for the period between 2005 and 2008, reducing to €168 million per year for the period between 2012 and 2015. This latter figure has been insufficient to cover underwriting losses in 2013, 2014 and 2015.

CSO data shows that private car insurance prices in July 2016 were 19% higher than January 2003 (an average increase of 1.3% per annum). While motor insurance rates have increased since mid-2014, this followed twelve years of benign pricing (from a consumer standpoint).

Of particular interest:

- Between January 2003 and January 2008, private car insurance prices fell by 40%. This has been associated with the introduction of significant cost-cutting measures in the industry tackling legal costs, fraud and driver behaviour (speeding etc.), the introduction of PIAB (Personal Injuries Assessment Board), and increased competition in the market; and,

- Between January 2008 and January 2010, there was a sharp increase in private car insurance prices of 14%. This has been associated with a period where insurers recognised that rates had become unprofitable at the end of a prolonged market softening.

The period which follows shows two distinct intervals:

[14] The establishment of a branch of an insurance undertaking in an EEA State.

- Between January 2010 and January 2014, private car insurance prices rose by just 1%.

- Between January 2014 and July 2016, private car insurance prices rose by 70% as companies eventually reacted to deteriorating profitability positions on top of increased claims uncertainty arising from the proposed introduction of periodic payment orders and the MIBI / Setanta rulings.

The Working Group identified several factors as contributing to this increased cost of motor insurance, including:

1. **Under-pricing**: the small price rise identified in 2010 to 2014 showed that private car insurance prices lagged rising cost of claims over that time period. This demonstrated that a number of insurance companies were under-pricing, which did not take fully into account potential losses in future years;

2. **Increased frequency and cost of settled claims**: the industry has pointed to increased claims inflation and claims frequency in recent years as the primary reason for the rise in cost of insurance; and

3. **Reserving**: insurance premiums are driven by the costs insurance companies incur in setting aside reserves for claims they expect to pay but which have not yet been settled. In the recent period, data collected by the Central Bank indicates an increase in such levels of reserving.

In addition, uncertainty places upward pressure on the level of reserving. Several factors have been identified by stakeholders (as discussed in the Report by the Working Group) as contributing to heightened uncertainty in the industry. These are considered below.

Court Jurisdictional Changes: insurers stated that increases in permissible court awards have the potential to result in the average court award increasing significantly. This follows an increase in Court jurisdictional limits in February 2014 from €6,000 to €15,000 for District Court awards and from €38,000 to €60,000 for Circuit Court personal injuries awards.

High Awards for Personal Injury Claims: a number of stakeholders referred to the high awards given in Ireland for certain soft tissue injuries in comparison to other jurisdictions.

***Civil Liability (Amendment) Act 2017*:** this Act provides for the introduction of Periodic Payment Orders (PPOs).[15] The insurance industry has stated that this has increased uncertainty around the likely future cost of catastrophic claims on business currently written.

[15] Periodic Payment Orders (PPOs) are payments made at regular intervals to compensate for catastrophic injury. They are an alternative to lump-sum payments and are intended to last the lifetime of the injured person, compensating for future losses on an ongoing basis. Payments may vary with changes in circumstance.

Legal challenge in relation to Setanta Insurance: A number of insurers stated that the legal uncertainty with regard to the payment of Setanta claims, which was subject to legal proceedings, impacted on the cost of motor insurance.

Discount Rate*:* the Gill Russell versus HSE case resulted in a reduction of the discount rate from 3% to 1%. It is argued that this is having an inflationary impact on premiums as the industry considers the impact of this change on existing and future claims reserves.

Regulatory Requirements*:* The introduction of the Solvency II Directive (2009/138/EC)[16] since the start of 2016 has been cited by the industry as another factor as companies have had to revise their reserving models to reflect its new requirements. However the Working Group does not consider that this has had a material impact.

In addition to the above, the implications of Brexit (the withdrawal of the UK from the EU) will also pose challenges to the domestic insurance market. The Working Group considers that there are potential implications in the way that firms operating in Ireland are structured. As mentioned above, the freedom of Establishment (FOE) and Freedom of Service (FOS) are fundamental aspects of how firms operate throughout the EU. A number of firms operate in Ireland from the UK on this basis and the Working Group considers that there will be a need to monitor the impact of Brexit on these firms and their operations in Ireland.

[16] Solvency II was transposed into Irish law via statutory instrument: SI 485 of 2015.

6. INSURANCE COMPENSATION FUND (ICF) AND THE MOTOR INSURERS BUREAU OF IRELAND (MIBI)

There are two insurance guarantee schemes operating in Ireland:

1. The ICF provides a capped level of compensation for liabilities in respect of non-life insurance policyholders in the event that an insurance firm fails.
2. The MIBI provides compensation to victims of road traffic accidents caused by uninsured or unidentifiable vehicles.

6.1 Insurance Compensation Fund (ICF)

The ICF was established under the *Insurance Act 1964* (1964 Act), which was most recently amended by the *Insurance (Amendment) Act 2011* with the reintroduction of a levy to provide for the ICF, and a change in policy to provide for a host-based rather than a home-based compensation scheme.[17] Currently, the ICF is maintained and administered under the control of the President of the High Court, who acts through the Accountant of the Courts of Justice.[18]

The ICF is funded on an *ex-post* basis. This means that insurance companies pay a contribution to the fund after insolvency occurs. The insolvent firm does not contribute to the Fund, presenting the risk of moral hazard. However, the Working Group considers the merits of *ex-post* and *ex-ante* funding in their report, and ultimately recommend that the ICF be funded on an *ex-post* basis.[19] However, industry representatives have argued in favour of the establishment of an *ex-ante* fund, given the certainty that this provides regarding their future funding obligations.[20]

The ICF is designed to facilitate compensation payments to policyholders (natural persons only) in respect of risks in the State where an Irish authorised non-life insurer (or a non-life insurer authorised in another EU or EEA Member State which is providing insurance against risks within the State) goes into liquidation or administration.[21] Approval form the High Court must be obtained for these payments to be made. Payments are only made from the ICF if the High Court determines that it is unlikely that the claim can be met otherwise.

[17] Under a home-based scheme, compensation is paid by the guarantee scheme of the regulator of the insurance firm. Under a host-based scheme, this compensation is paid in by the country in which the risk is located.
[18] The Accountant provides an annual report on the accounts of the Fund to the Minister for Finance and this is laid before the Houses of the Oireachtas.
[19] *Ex-post* funds take time to build, and results in opportunity costs as these funds cannot be used elsewhere. To have an *ex-ante* fund reach sufficient size to cover the estimated cost of Setanta's failure (approximately €100 million) would require 10 years an additional 0.25% levy on motor premiums in Ireland and it would take over 3 years if a 1% additional levy was applied. As estimated by the Working Group in the report of the Review of the Insurance Compensation Framework, June 2016.
[20] Regulatory Impact Analysis (RIA) in relation to the General Scheme of the *Insurance (Amendment) Bill 2017*, Department of Finance, Public Expenditure and Reform, and Taoiseach.
[21] Additional exclusions from ICF coverage include dental and health insurance, and large commercial policies relating to marine and aviation.

In the case of liquidation, payments from the ICF are capped at 65% of the total claim amount, or a maximum of €825,000, whichever is the lowest. For firms in administration, where the company was authorised in Ireland, and where at least 70% of its business over the preceding 3 years was in relation to risk in Ireland, the Fund pays out 100% of the amount due in the form of general payments to the administrator of the company.[22] The fund has previously made payments in respect of the administration of Primor / PMPA, Icarom, and Quinn Insurance. It has also made payments in respect of the entering into liquidation of Lemma.

The report for the fund for the year ending 31 December 2016 indicates the current level of the deficit is over €811.25 million.[23] The deficit reduced by approximately €51.17 million throughout 2016. The Fund collected €73.28 million during the year and made repayments to the Exchequer of €106.61 million. In addition, €21.40 million in interest on this loan amount was paid. In addition, the Fund made payments in respect of the liquidation of Setanta Insurance of €608,085.[24] The outstanding amount owed to the Exchequer at the end of 2016 was €833.74 million. Based on this amount, and the amount repaid for 2016, it will take approximately eight years for the ICF to be in a position to repay the full amount to the Exchequer.

With regard to Quinn Insurance (entered administration in March 2010) and Setanta Insurance (entered liquidation in April 2014), the State Claims Agency (SCA) has assisted the Accountant of the Courts of Justice on an informal basis, providing necessary expertise and staffing to assist in the settlement and management of claims against the insurers. In addition, as provided for in the 1964 Act, the Central Bank carries out an assessment of the financial position of the ICF each year, and provides a recommendation on the required level of contribution that should be paid to the ICF by non-life insurance firms.

The Central Bank further engages with the Department of Finance regarding the rate of interest and repayment conditions on the loan amount advanced to the ICF by the Exchequer.[25] The Central Bank determines the appropriate contribution that the industry must pay, of up to 2% of gross written premiums. Depending on the level of the Fund, the Central Bank may discontinue, increase or reduce the size of the levy.[26]

[22] In the event that the amount of business in relation to risk in Ireland over the preceding three years prior to the company going into administration was less than 70%, and the company was put into administration in another EU / EEA jurisdiction, the ICF can only pay the expenses of the company administrator in relation to the insurance claims and not the actual claims.
[23] The report for year ending on 31 December 2016 is available here.
[24] This represents the 65% that the ICF is obligated to pay in respect of the total sum of €935,516 due under policies of insurance issued by Setanta.
[25] The Central Bank may make recommendation to the Minister for Finance to advance a loan to the ICF to allow for hastier payments from the ICF to meet liabilities, particularly when it is deemed that the annual contribution from companies envisaged would not be sufficient to discharge an insolvent company's liabilities within a short space of time. These loans are repaid to the Exchequer through industry contributions.
[26] The levy is collected by the Revenue Commissioners.

6.2 Motor Insurers Bureau of Ireland (MIBI)

European Union law requires Member States to establish a compensation body to provide compensation for victims of road traffic accidents caused by uninsured or unidentified drivers. The MIBI is the body responsible for giving effect to Ireland's obligations under the relevant EU Directives.

MIBI is a private organisation that was established in 1955 (under the Companies Act 1955, since consolidated in the Companies Act 2014), following the signing of an Agreement in March 1955 between the Government and 44 motor insurers in the State. This first agreement established a compensation mechanism for the victims of uninsured driving, and was signed in November 1955.

Participation by motor insurance companies is a requirement under section 78 of the *Road Traffic Act 1961*. Since conception, MIBI has entered into a series of agreements with Government (in 1964, 1988, 2004 and 2009). The MIBI is currently governed by the 2009 Agreement with the Minister for Transport, Tourism and Sport and its role is to provide financial compensation to innocent third party victims of uninsured and unidentified vehicles.

The opening sentence of the 2009 Agreement sets out the intent:

> 'Text of an Agreement dated the 29th day of January 2009 between the Minister for Transport and the Motor Insurers' Bureau of Ireland, extending with effect from dates specified in the Agreement the scope of the Bureau's liability, with certain exceptions, for compensation for victims of road traffic accidents involving uninsured or stolen vehicles and unidentified or untraced drivers to the full range of compulsory insurance in respect of injury to person and damaged property where under the Road Traffic Act, 1961'.

The MIBI compensates for injury (or death) to a person, or damage to property, which is required to be covered by an approved insurance policy under section 56 of the *Road Traffic Act 1961* (specifically, mandatory third-party motor insurance). The amounts payable is 100% to a limit of €1,125,000 per claim for property, while this limit does not apply in the case of personal injury.

As with the ICF, the MIBI is funded on an ex-post basis. The MIBI levies insurers who provide motor insurance policies in the State in order to pay financial compensation to claimants as their claims become settled. The insurance industry estimates that this equates to approximately €30 per premium sold.

Clause 62 of the MIBI Memorandum and Articles of Association[27], sets out that the MIBI is funded by reference to each motor insurer's share of the market, with 'any such levy apportioned between Members pro rata to the Gross Written Premium (GWP) of each Member transacted in the State during the preceding calendar year'. GWP is defined as 'A Member's total gross written premiums receivable (less rebates and refunds) arising from the insurance of motor vehicle risks in the State as required to be made by the Member to the Financial Regulator or any other appropriate regulatory authority responsible for the regulation of motor vehicle insurance in the State.

The aggregate amount paid out by the MIBI in 2014 was €51.4 million (€47.9 million for domestic uninsured and untraced claims and €3.5 million for foreign related claims). In 2013 the total amount paid out was €61 million.

Based on figures provided to the Working Group by MIBI for inclusion in the Report on the Cost of Motor Insurance, the level of uninsured driving remained below 5% throughout the period 2011 to 2013. However, the MIBI figures indicate a rise in the level of uninsured driving to 7.1% in 2015, with partial figures for 2016 estimating an increase to 7.4%. The Working Group argues that the significant hike in motor insurance premiums in recent times is a factor in the increasing number of uninsured drivers.

Four major insurers investigate, handle and pay claims on MIBI's behalf (FBD, Aviva, Alliance and Zurich). Claims are assigned to these four 'Handling Offices' in proportion to their gross written premiums in Ireland (in accordance with their own claims handling procedures).

The MIBI's Technical Claims Committee reviews the effectiveness of MIBI's claim cost control and reports to the MIBI Board; it also reviews developments in the claims market and reviews individual claims referred by Handling Offices. It further reviews issues of dispute between insurers on MIBI matters, and provides a forum for Handling Offices to debate issues relative to their MIBI claim handling role.

The handling of Green Card claims is governed by the European Council of Bureaux, of which the MIBI is a Member. In the event that a motorist from another jurisdiction causes damage or injury which would be covered under the compulsory insurance laws of the country visited, the Green Card System allows the injured party to make a claim against the bureau of the visited country (handling bureau). Once the handling bureau has paid the claim, it will seek repayment from the bureau of the visiting motorist (the paying bureau). The paying bureau will then seek recovery from the insurer of the visiting motorist. Many claims do not need to follow this process, as the paying bureau (with the

[27] As referenced in the Review of the Framework for Motor Insurance Compensation in Ireland (June 2016). Available at: http://www.finance.gov.ie/wp-content/uploads/2017/09/Report-of-Review-of-Insurance-Compensation-Framework.pdf

permission of the handling bureau) may appoint an agent in the country visited. This agent has the powers of the handling bureau but will deal directly with the paying bureau.

7. OTHER JURISDICTIONS

This section provides an overview of insurance guarantee schemes in international jurisdictions, drawing upon OECD and European Commission reports. A more detailed examination of the guarantee schemes in France and the UK is presented in Appendix 1, as adapted from the report of the Joint Working Group on the Review of the Framework for Motor Insurance Compensation in Ireland.

In addition, Appendix 5 contains some of the responses received in relation to a survey conducted by the L&RS of insurance guarantee schemes in international jurisdictions. Specifically, these responses detail the schemes in operation in seven countries (Switzerland, Hungary, Austria, Canada - Ontario, Finland, Denmark and Norway).

7.1 Prevalence of insurance guarantee schemes

The OECD[28] (2013) and the European Commission[29] (2007) carried out or commissioned a study of insurance guarantee schemes internationally. These reports are summarised and discussed in the report on the Review of the Framework for Motor Insurance Compensation in Ireland (2016).

According to the OECD study, 22 EU Member States have established a motor guarantee scheme which provides compensation to motor accident victims when an insurer fails, or when the owner of the vehicle is unidentified or has failed to purchase insurance.

7.2 Level of coverage

For non-life contracts, unlimited protection is offered in Australia, Belgium, Denmark, Finland, France, Israel, Japan and the UK. Where limits are applied, Ireland had the highest maximum coverage level of €825,000.

For those countries that provide unlimited coverage, the OECD states that insurance policies are typically transferred to another insurance firm, meaning that a pay-out from the fund is less likely. In this case, the guarantee fund is essentially a last resort; acting as a backstop should it prove difficult to transfer liabilities to another firm.

Several countries expect the policy-holder to share the burden of an insurer's failure (Canada, Estonia, France, Ireland, Japan, Norway, Poland, and the UK). This 'co-insurance' can help mitigate moral hazard, as the prospect of sharing

[28] OECD (2013), "Policyholder Protection Schemes: Selected Considerations", OECD Working Papers on Finance, Insurance and Private Pensions.
[29] Oxera (2007) "Insurance Guarantee Schemes in the EU: Comparative analysis of existing schemes, analysis of problems and evaluation of options".

the burden in the event that an insurance firm fails, encourages rational consumers to consider the financial condition of prospective insurers.

7.3 Ex-ante or ex-post funding

Internationally, insurance compensation schemes are largely funded by levies raised from insurance companies.

Many schemes are ex-ante funded (e.g., Canada, Denmark, Estonia, France, Germany, Israel, Italy, Japan, Korea, Norway, Poland, Portugal, Spain, Turkey), and charge an annual levy which varies depending on the level of funding available in the scheme. For example, Italy has a high funding requirement at 5% of premiums. Estonia, Greece, Israel, Japan, Korea, Poland and Turkey charge annual levies as a percentage (ranging from 0.038% to 2%) of gross premiums. Levies are charged in different ways internationally. While Australia charges levies for its motor scheme depending on the number and types of cars insured, France charges a percentage of mathematical provisions (0.15%) as levies. Ireland, Norway and the UK base contributions on premium income.

Many ex-ante schemes are empowered to impose additional contributions (e.g., Canada, Denmark, France, Germany, Korea and Poland). As an example, the Estonian scheme can take out a loan in the event of insufficient funding, which would be funded ex-post. The Japanese schemes are able to avail of government funding if the funds are depleted and the annual levy proves to be insufficient. In Spain, ex-ante funds are collected from policyholders, not insurers. Non-life insurance policyholders are charged 0.15% of premiums for the purpose of the policyholder protection scheme.

There is also a number of ex-post schemes (e.g., Australia, Belgium, Finland, Ireland, Poland, United Kingdom and United States). As the pay-out of claims by a scheme for a failed insurer may span over a number of years, ex-post funding enables the industry to spread the collection of funds over a number of years. Ex-post funding can be allocated based on the gross premiums of each insurer (Finland, Poland, Ireland and the UK). The United States National Association of Insurance Commissioners recommends basing levies on market share in the State, with a cap set at a level of 2% of annual average premiums.

The OECD recommends that there should be a provision to collect additional funding once the scheme becomes underfunded to ensure that it is able to meet its obligations and is financially sustainable (as for Belgium, Canada, Finland, Estonia, Finland, France, Greece, Ireland, Israel, Japan, the UK and the US), for both *ex-post* or *ex-ante* means of funding.

7.4 Home versus host state principle

The OECD identifies Denmark, France, Germany, Israel, and Spain as the countries operating a home state principle. This means that foreign resident policyholders in these countries would be protected by the compensation scheme in the home countries. For example, in Spain, if the insurance undertaking of a branch established in Spain is headquartered outside the EU/EEA, the policyholders of that branch are protected by the Spanish compensation scheme.

The countries operating a host state principle are Australia, Austria, Belgium, Estonia, Finland, Greece, Ireland, Italy, Japan, Korea, Norway, the UK and the US. This means that all insurers, regardless of origin, are required to participate in the compensation scheme. The systems in Ireland, the UK and Greece are based on the location of the risk. The OECD states that this is a useful way to cut across the various factors, such as origin of insurer and location of policyholder, to enable the breadth of protection to be clear.

7.5 Priorities in liquidation

Some jurisdictions give policyholders a relatively high priority on the assets of the failed institution in the liquidation procedure of insurers. For example, Germany, Italy, and Spain grant policyholders a special claim on the assets of the failed company.

Other countries, such as Canada, Estonia, France, Norway, and the UK grant policyholders a general claim to the assets of the company, over any other claims apart from those that are given higher priority by bankruptcy provisions of national law (generally employee claims and tax liabilities).

A more detailed examination of the operation of the guarantee schemes in France and the UK is included in the Appendix 1, as adapted from the Report of the Review of Insurance Compensation Framework.

8. RECOMMENDATIONS OF THE JOINT COMMITTEE

This section outlines recommendations made by the Joint Committee pertinent to the General Scheme of an *Insurance (Amendment) Bill 2017.*

Recommendation 1: Auditing the ICF and the MIBI

In accordance with section 5 of the *Insurance Act 1964,* in the event that the ICF does not have sufficient funds to meet a payment approved by the High Court, the Minister for Finance may, on the recommendation of the Central Bank, advance monies to the ICF from the Central Fund (the Exchequer) to enable payments out of the ICF to be made.

The Comptroller and Auditor General (C&AG) is responsible for auditing and reporting on the use of public funds to ensure legal and appropriate use. At present, ICF is administered on behalf of the President of the High Court by the Accountant of the Courts of Justice ('the Accountant'). The Accountant provides a full statement on the ICF to the Department of Finance and the Central Bank annually.

Under section 5(1) of the *Comptroller and Auditor General (Amendment) Act, 1993* funds managed by the Courts are exempt from auditing by the C&AG:

> "The Comptroller and Auditor General shall, in addition to the accounts which he is required by other sections of this Act or by or under any other enactment to audit … the accounts for each financial year of any fund owned, or operated or controlled by or for, or held in trust by or for, a Minister of the Government or a Department (**other than a fund under the control of the Courts**)."

Mr Gerry Cross, from the Central Bank of Ireland, when asked during the hearings if the ICF will be brought under the scrutiny of the Comptroller and Auditor General, said that he would imagine that "the administrative functions of the ICF which fall within our remit would be subject to the Comptroller and Auditor General. However, we are not responsible for auditing decisions around the payment of claims, for example. That is for the State Claims Agency."[30]

Head 4 of the General Scheme proposes to transfer the administration of the ICF from the Accountant to the Central Bank of Ireland. This potentially places the ICF within the remit of the C&AG for auditing / reporting. In addition, Head 6 provides a legislative basis for contributions to be made to the ICF by the Motor

[30] Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach debate (08 March 2018) "General Scheme of the Insurance (Amendment) Bill 2017: Discussion (Resumed)". Available at: https://beta.oireachtas.ie/en/debates/debate/joint_committee_on_finance_public_expenditure_and_reform_and_taoiseach/2018-03-08/4/

Insurers Bureau of Ireland (MIBI). The MIBI fund consists of private monies, that is, those contributed by industry.

However, given their expanded role in supplementing the ICF as laid out in this General Scheme, and the importance of the proposed MIBI contribution, consideration should be given to the oversight and auditing of these funds.

Recommendation 1: Auditing the ICF and the MIBI

In accordance with section 5 of the *Insurance Act 1964,* in the event that the ICF does not have sufficient funds to meet a payment approved by the High Court, the Minister for Finance may, on the recommendation of the Central Bank, advance monies to the ICF from the Central Fund (the Exchequer) to enable payments out of the ICF to be made.

The Comptroller and Auditor General (C&AG) is responsible for auditing and reporting on the use of public funds to ensure legal and appropriate use.

Head 4 of the General Scheme proposes to transfer the administration of the ICF from the Accountant of the Courts of Justice to the Central Bank. This potentially places the ICF within the remit of the C&AG for auditing / reporting. In addition, Head 6 provides a legislative basis for contributions to be made to the ICF by the MIBI. The MIBI fund consists of private monies contributed by industry.

Given their expanded role in supplementing the ICF as laid out in this General Scheme, and the importance of the proposed MIBI contribution, the Committee recommends that consideration should be given to the oversight and auditing of these funds.

Recommendation 2: Impact on the cost of Motor Insurance

Head 6 of the General Scheme provides the legislative basis for a contribution by the MIBI to the ICF. The existing 65% limit in relation to pay-outs from the ICF will be maintained, with the additional 35% being funded by the establishment of an *ex-ante* MIBI fund raised via contributions equivalent to 2% of gross written motor insurance premiums.

The decision regarding how this additional contribution will be spread between the insurance company and the policy-holder, rests with the insurance company. Under the Solvency II Directive (2009/138/EC) the Minister for Finance is prohibited from mandating insurance firms through legislation to absorb the additional cost. With a sufficiently competitive market, there is some scope for this additional cost to be absorbed rather than passed on to the policy-holder.

The Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach also examined this issue and published their report in November 2016. The report states that the increase in prices over the previous three years is not justified, and that the cost of motor insurance is posing a ''serious risk'' to national competitiveness and the performance of the overall economy.

The Working Group set up to examine rising costs in the motor insurance industry published their report in January 2017, in which they made 33 recommendations. Table 2 below contains Central Statistics Office (CSO) data on the cost of motor insurance in Ireland since 2011. While the period between October 2013 and October 2016 saw substantial increases in the price of motor insurance, October 2017 has seen a fall in prices of over 7%.

Table 2. Consumer Price Index data on the cost of motor insurance

	2011	2012	2013	2014	2015	2016	2017
Motor Insurance (% change over 12 months)	4.2%	4.8%	-9.7%	10.5%	29.8%	8.5%	-7.2%

Source. Consumer Price Index, October 2017, CSO

In view of the above, the extent to which the decision to fund the extended coverage of the ICF through industry contributions will impact on the cost of motor insurance for Irish consumers should be considered. In particular, there is the potential for the increased cost of motor insurance to increase the number driving uninsured, which could have a knock-on inflationary effect on the amount that the MIBI pays out in relation to accidents involving uninsured drivers.

An alternative approach that would prevent this potential rise in the cost of motor insurance would involve the State funding the additional upfront cost, and recouping the payment long-term via the existing ICF levy.

In evidence to the Committee, Mr Gerry Cross (Central Bank of Ireland) stated that the Bank "is supportive of the extension of compensation for third party motor claims in the case of insurer insolvency from 65% to 100%. This removes an inconsistency and is positive from a consumer perspective."[31]

Mr Cross also stated that as the scheme will compensate to a higher level, there is a cost to be borne. A direct additional levy on policyholders would have been necessary if borne from the existing ICF and so was ruled out. By raising the fund through the MIBI the levy will form part of the insurance companies cost base. However, he acknowledged that there is clearly a possibility that this cost could be distributed across policyholders. He also pointed out that "European

[31] Ibid.

legislation prevents the Central Bank and the Government from interfering in that commercial decision of an insurance company."[32]

In terms of the possibility of Insurance companies passing on the 2% levy to policy holders, the Minister of State, Michael D'arcy T.D. stated that "it is a matter for each company to make its determination as to whether to pass on the 2%."[33]

Mr Kevin Thompson (Insurance Ireland) confirmed that Insurance Ireland has no authority over how insurance companies conduct their pricing and so it is for each individual company to decide how the 2% levy will be applied (absorbed by the company or passed on to policy holders). This legislation does not prevent or discourage insurance companies from passing the levy on to policy holders, however nor does the legislation prevent or discourage insurance companies from absorbing the cost themselves.[34]

The written submission to the Joint Committee from Brokers Ireland commented that there does not appear to be a provision in the Bill to provide for the possibility that some of the cost of the Fund be absorbed by the industry and not passed on to policy holders, reaffirming that it is the choice of the individual insurers how the levy is covered.[35]

In his evidence to the Committee, Mr Thompson (Insurance Ireland) highlighted the importance of enacting this legislation to allow payments to be received. This will have an impact on policy holders and claimants. By resolving the issue with Setanta Insurance, and bringing certainty to the industry, premiums should begin to fall, as this was one of the main reasons for the recent price increase in premiums.[36]

Mr Thompson advised that there are numerous factors that determine the price of premiums, such as; volatility in the marketplace (liquidation of Setanta), claims inflation, and competition in the market. It was his view that competition in the marketplace generally delivers good value for the consumer, and that this legislation will reduce uncertainty in the market and lead to market dynamics taken effect.[37]

At the hearings, Ms Sylvia Cronin (Central Bank of Ireland): stated that:

> "Over the previous 12 months, there has been uncertainty over this particular issue. Accordingly, insurance companies have had to put aside reserves for the

32 Ibid.
33 Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach (08 February 2018) "General Scheme of the Insurance (Amendment) Bill 2017: Discussion". Available at: https://data.oireachtas.ie/ie/oireachtas/debateRecord/joint_committee_on_finance_public_expenditure_and_reform_and_taoiseach/2018-02-08/debate/mul@/main.pdf
34 Joint Committee on Finance… See footnote 30.
35 Brokers Ireland Correspondence to the Joint Committee, Item No: 2018/605.
36 Joint Committee on Finance… See footnote 30.
37 Ibid.

worst-case scenario. Now, with this certainty, those reserves should be able to be released. In turn, this should result in more money becoming available in the short term."[38]

Recommendation 2: Impact on the cost of motor insurance

Head 6 of the General Scheme provides the legislative basis for a contribution by the MIBI to the ICF. The existing 65% limit in relation to pay-outs from the ICF will be maintained, with the additional 35% being funded by the establishment of an *ex-ante* MIBI fund raised via contributions equivalent to 2% of gross written motor insurance premiums.

Data from the CSO on the cost of motor insurance in Ireland, show, that while the period between October 2013 and October 2016 saw substantial increases in the price of motor insurance, October 2017 has seen a fall in prices of over 7%.

Given the above, the extent to which the decision to fund the extended coverage of the ICF through industry contributions will impact on the cost of motor insurance for Irish consumers should be considered.

The Committee recommends that consideration be given to exploring an alternative approach that could prevent this potential rise in the cost of motor insurance would involve the State funding the additional upfront cost, and recouping the payment long-term via the existing ICF levy.

Recommendation 3: Resource implications for the State Claims Agency, the Motor Insurers' Bureau of Ireland and the Central Bank of Ireland

Head 4, Head 6 and Head 7 provide a legislative basis for the role of the Central Bank, the MIBI and the SCA respectively. Consideration should be given to the resource implications of the expanded remits for both the Central Bank, the MIBI and the SCA as laid out in the General Scheme.

In his evidence to the Committee, Ciaran Breen (State Claims Agency) recognised that the SCA has had an informal role in the liquidation of an insurance company up to now, but that the Bill will formalise and place a statutory footing to the SCA and Central Bank's role in the event of an insurance company going into liquidation or receivership.[39] There may be resource implications for the SCA by placing the SCA's role on a statutory footing.

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[38] Ibid.

[39] Presentation to the Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach (01 March 2018).

Mr Gerry Cross (CBI) highlighted the Central Bank's current role in administering the ICF which involves the following functions:[40]

- Carrying out an annual assessment of the financial position of the Fund;
- Determining an appropriate contribution to be paid to the Fund by non-life insurance companies, not to exceed 2% of Gross Written premium;
- Liaising with Department of Finance in relation to interest rates and repayment terms on any loan advanced by the Exchequer to the Funs; and
- Publishing a notice on the Central Bank's website and delivering a notice to each non-life insurance company specifying the contribution to be paid to the Fund.

Mr Cross stated that to understand the resource implications for the Central Bank in administering the Fund, it is important to understand the extra duties the Bank will undertake. The Bank will liaise with relevant stakeholders, such as the State Claims Agency, relevant liquidators and the Department of Finance. In the event of liquidation resulting in a draw on the Fund, the Bank, as administrator of the Fund, will pay the specified amount to the liquidator. An annual Statement of Account for the Fund will also be provided to the Minister for Finance. An important point on this is that the Bank cannot provide monies resources to the Fund from its own resources or incur any liability from the Fund, and the Bank must be fully compensated for the work carried out to administer the Fund, as provided for in Head 4 of the Bill.[41]

Costing has not yet been undertaken by the Central Bank but Mr Cross suggests it to be relatively modest.[42]

In its written submission to the Joint Committee, the MIBI noted that they should have the ability to recover any reasonable expenses incurred in the administration of the Fund and that the "MIBI obligations to pay sums for the maintenance and administration of the 35% Fund should be deemed to have priority over its obligations to make payments to the ICF." For the purposes of clarity, the MIBI suggested that "the Bill should include a provision so that the MIBI could never be obliged to contribute to the ICF more monies than it has available to it (net of costs) as levied from its Members."[43]

Head 4 provides for compensation for expenses to be provided to the Central Bank and the State Claims Agency (SCA) for their work in relation to the Insurance Compensation Fund (ICF). Consideration should be given to the level of expenses that would be required to be drawn down from the ICF by the Central Bank and the SCA in the fulfilment of their duties as outlined in this General Scheme, and whether this is the most efficient means to compensate

[40] Joint Committee on Finance… See footnote 30.
[41] Ibid.
[42] Ibid.
[43] Motor Insurers' Bureau of Ireland (22 February 2018) Correspondence Item No: 2018/595.

these bodies. Consideration should be given to a more specific allocation to provide some guidance as to how much of the ICF will be reserved for these purposes.

The report on the Review of the Framework for Motor Insurance Compensation in Ireland states that the SCA is agreeable to support the administrator of the ICF, as it has done in an informal capacity in the past, and would have no objection to this arrangement being placed on a more formalised basis, as this would enable it to plan budgets and resourcing requirements more effectively.

Head 6 provides the statutory basis for the MIBI contribution to the Fund in the case of third party motor insurance claims, where an insurer is in liquidation. Consideration should be given to the ability of the MIBI to recover any reasonable expenses occurred in administration of the Fund, and consideration should be given to including a provision in the Bill stating that the MIBI shall never be obliged to contribute more monies to the ICF than it has available.

Recommendation 3: Resource implications for the State Claims Agency, the Motor Insurers' Bureau of Ireland and the Central Bank

Head 4 provides for compensation for expenses to be provided to the Central Bank and the State Claims Agency (SCA) for their work in relation to the ICF. Consideration should be given to the level of expenses that would be required to be drawn down from the ICF by the Central Bank and the SCA in the fulfilment of their duties as outlined in this General Scheme, and whether this is the most efficient means to compensate these bodies for their work.

Head 6 provides the statutory basis for the MIBI contribution to the Fund in the case of third party motor insurance claims, where an insurer is in liquidation. The Committee recommends that consideration should be given to the ability of the MIBI to recover any reasonable expenses occurred in administration of the Fund, and consideration should be given to including a provision in the Bill stating that the MIBI shall never be obliged to contribute more monies to the ICF than it has available.

Recommendation 4: *Ex-post* versus *ex-ante* funding

As discussed above, a key issue between the funds relates to differences in the level of coverage provided by the ICF (65%) versus the MIBI (100%), with the General Scheme proposing that coverage of the ICF be expanded, with the additional 35% being funded by industry, via the MIBI by means of an *ex-ante* fund. In their report on the Review of Insurance Compensation Framework, the Working Group recommended funding the increased exposure to the ICF via an *ex-post* fund. Further consideration might be given to the decision to adopt an *ex-ante* means of funding rather than *ex-post* as recommended by the Working Group.

The Insurance Ireland submission to the Joint Committee stressed the importance of certainty in the market concerning the annual contribution rate. They pointed out that in the UK there is a monetary limit to the contributions expected from the sector each trading year and in France an ex-ante contribution is collected in advance of liquidation, ensuring certainty for insurers.[44]

Mr Kevin Thompson (Insurance Ireland), in his evidence, re-stated the importance of the pre-funding mechanism to bring stability to the market as monies will be available to call upon if a motor insurer becomes insolvent.[45]

In its written submission to the Joint Committee, MIBI raised the 2% contribution of gross written motor premiums from the insurance industry to an ex-ante fund to be held by MIBI, the purpose of which is to ensure the industry can meet the extra 35% commitment to third party claims should a motor insurer become insolvent. MIBI pointed out that should the fund be unable to meet the 35% commitment, the ICF will cover the outstanding amount, and it is proposed that the annual contribution should be increased to 3% of gross written motor insurance premiums to reimburse the Exchequer.[46]

There is a moral hazard[47] issue with ex-post funds since the firm in liquidation does not contribute to the fund. In addition, ex-post funds could create substantial uncertainty for firms with open-ended exposure, given that the additional 35% could be small or very large depending on the nature of the firm that enters liquidation. Furthermore, an ex-post contribution would increase capital requirements for firms, which could serve to reinforce Ireland's unattractiveness to new market entrants, limiting competition in the industry.

In addition, an *ex-post* contribution by industry via the MIBI would minimise the exposure of the Exchequer, through having to make additional advances to the ICF in the event that the amount accumulated *ex-ante* is insufficient.

[44] Ibid.
[45] Ibid.
[46] Motor Insurers' Bureau of Ireland… See footnote 43.
[47] Moral hazard describes a situation in which a party engages in risky behaviour knowing that they are protected from that risk and another party will bear the cost.

Recommendation 4: *Ex-post* versus *ex-ante* funding

The ICF is funded on an *ex-post* basis. This means that insurance companies pay a contribution to the Fund after insolvency occurs. The insolvent firm does not contribute to the Fund, presenting the risk of moral hazard.[48]

The Working Group recommended funding the increased exposure to the ICF via an *ex-post* fund. Further consideration might be given to the decision to adopt an *ex-ante* means of funding rather than *ex-post* as recommended by the Working Group. However, industry representatives have argued in favour of the establishment of an *ex-ante fund,* given the certainty that this provides regarding their future funding obligations.[49]

The Committee recommends that further consideration might be given to the decision to adopt an *ex-ante* means of funding rather than an *ex-post* as recommended by the Working Group.

Recommendation 5: Justifying the level of the industry contribution

Head 6 provides for a contribution by members of the MIBI equivalent to 2% of gross written motor premiums per annum. In the event that the MIBI fund reaches €150 million, this contribution will fall to 1%; if the MIBI fund reaches €200 million, this contribution will be suspended until the fund falls below €200 million (at which point the contribution would increase to 1% / 2% depending on the level of the fund). The Head also provides that if the MIBI fund is insufficient to meet any liability industry may have, the ICF will cover the balance, and the MIBI contribution may be increased to a maximum of 3% of gross written motor premiums per annum until the ICF is compensated and the MIBI fund reaches €50 million.

In his evidence to the Committee, Mr Kevin Thompson (Insurance Ireland) stated that the proposed pre-funding mechanism (ex-ante) is to be used to "build a fund up to a maximum of €200 million through a 2% contribution on gross written premium" from the insurance industry. The contribution can fall to 1% or rise to 3% depending on the current level of the fund. The purpose is to bring stability to the market.[50]

It is expected that at the proposed 2% contribution, the fund will collect between approximately €34 million and €40 million a year. As the ICF currently collects approximately €74 million a year, the expected collection from the

[48] Moral hazard describes a situation in which a party engages in risky behaviour knowing that they are protected from that risk and another party will bear the cost.
[49] Regulatory Impact Analysis (RIA) in relation to the General Scheme of *the Insurance (Amendment) Bill 2017*, Department of Finance, Public Expenditure and Reform, and Taoiseach.
[50] Joint Committee on Finance… See footnote 30.

insurance industry is expected to be over €100 million a year. As there is currently €90 million required for the liquidation of Setanta Insurance, by contributing the €34 million, it should take three years of contributions through the proposed pre-funding of 2% to cover that liability.[51]

In evidence to the Committee, Mr Gerry Cross (CBI) pointed out that the ICF is currently in deficit of €870 million, mainly due the outstanding need for €782 million to be paid back to the Minister following the administration of Quinn Insurance, and an additional €110 million required in respect of Setanta.[52] The Central Bank calculates that 11 years is required to clear that deficit based on a 2% levy. The contribution can be justified on the basis that it creates certainty in the market and once the fund reaches €150 million, the levy drops to 1%, and once it reaches €200 million, there is no levy.[53]

The Committee is of the opinion that a clearer justification for these figures should be provided. In particular, consideration should be given as to whether or not the figures grant sufficient flexibility to the MIBI to change the levy in response to changes in the level of the fund.

Other methods of reducing the level that the MIBI is required to pay, such as those outlined in the Report of the Review of Insurance Compensation Framework, the Report on the Cost of Motor Insurance, and the Joint Committee Report on the Rising Cost of Motor Insurance should also be considered. This would reduce the overall burden on the MIBI, and would help to reduce the impact that this legislation is likely to have on industry. This would include, for example, the establishment of a motor insurance database to assist An Garda Síochána with enforcement in relation to uninsured driving, and the development and use of technologies to help detect uninsured drivers. In addition, a contribution could be sought from those responsible for uninsured driving to further reduce the amount to be paid by the MIBI.

Recommendation 5: Justifying the level of the industry contribution

Head 6 provides for a contribution by members of the MIBI equivalent to 2% of gross written motor premiums per annum, with flexibility to revise this figure upwards or downwards depending on the level of the funds.

A clearer justification for these figures could be provided. In particular, the Committee recommends that consideration be given as to whether the figures grant sufficient flexibility to the MIBI to change the levy in response to changes in the level of the fund.

[51] Ibid.
[52] There is currently €22 million available in the fund.
[53] Joint Committee on Finance… See footnote 30.

Recommendation 6: Order of claims on the assets of the insurance firm entering liquidation

The General Scheme does not make reference to the priority status of policyholders in relation to claims on the assets of the insurance firm in liquidation. Prioritising policyholders in terms of claims against the assets of the insurance company would reduce the amount of funding required to be paid out from the MIBI via the ICF.

Some jurisdictions give policyholders a relatively high priority on the assets of the failed institution in the liquidation procedure of insurers. For example, Germany, Italy, and Spain grant policyholders a special claim on the assets of the failed company.

Other countries, such as Canada, Estonia, France, Norway, and the UK grant policyholders a general claim to the assets of the company, over any other claims apart from those that are given higher priority by bankruptcy provisions of national law (generally employee claims and tax liabilities).

Recommendation 6: Order of claims on the assets of the insurance firm entering liquidation

The General Scheme does not make reference to the priority status of policyholders in relation to claims on the assets of the insurance firm in liquidation. Prioritising policyholders in terms of claims against the assets of the insurance company could reduce the amount of funding required to be paid out from the MIBI via the ICF, as some claims could potentially be met from the proceeds raised from a sale on the assets of the firm.

Recommendation 7: Prudential Supervision

The European passporting framework provides that if a firm is authorised in the EEA it is entitled to sell insurance throughout the EU / EEA. A number of insurance firms provide motor insurance in Ireland on this basis, and likewise a number of Irish firms offer insurance in other markets if the firm:

- establishes a branch operation and conducts business on a 'freedom of establishment' (FOE) basis; or
- writes business from the Home State to the Host State[54] on a 'freedom of services' (FOS) basis.

Where the undertaking operates in either of these ways, prudential supervision of the company is the responsibility of the Home State[55]. The Host State

[54] The Home Member State is the Member State where the undertakings is authorised. The Host Member State is the Member State where the undertaking operates.

supervisor is purely responsible for conduct of business supervision. When the Central Bank of Ireland (acting as a Host Supervisor) is notified about an insurance undertaking authorised in another EU / EEA country which wishes to do business in Ireland, they are added to its register of service providers or branch establishments (Host Register).

Mr Kevin Thompson (Insurance Ireland), when asked if Insurance Ireland has any concerns about the nature of EU-wide regulation, gave the following response:[56]

> "…in the last couple of years, we have gone through the implementation of Solvency II. One can argue this is a risk-based prudential model that is more robust in terms of prudential regulation of insurers within the marketplace. As an industry, we are firmly committed in terms of the existing FOS and FOE passporting model because our industry is ultimately heavily reliant on that. If one looks at the Irish international financial sector, particularly in regard to insurance, insurers domiciled here passport into 110 different countries, servicing 25 million policy holders across Europe and beyond. Our industry has been built on this and we firmly believe in the FOS model. We also firmly believe that the establishment of Solvency II, particularly as it becomes more established and refined, will be the ultimate protector for consumers in terms of making sure there is adequate solvency within each entity in Europe."[57] [58] [59]

Consideration should be given as to whether there is sufficient oversight of foreign incorporated insurance firms currently operating in Ireland.

Recommendation 7: Prudential Supervision

The European passporting framework provides that if a firm is authorised in the EEA it is entitled to sell insurance throughout the EU / EEA. A number of insurance firms provide motor insurance in Ireland on this basis, and likewise a number of Irish firms offer insurance in other markets

The Committee recommends that Government assure that there is sufficient oversight of foreign incorporated insurance firms currently operating in Ireland.

Recommendation 8: Merging of the funds

In certain other jurisdictions, a single fund is used to compensate victims in the event that the liable driver is uninsured or unidentifiable (For example: Switzerland, Austria and Belgium). Given that contributions are sourced from

[55] Setanta Insurance Company Limited was authorised by the Malta Financial Services Authority and operated in Ireland on a Freedom of Services basis.
[56] Ibid.
[57] For further information on the Solvency II framework, see Appendix 2.
[58] FOS: Freedom of Services
[59] FOE: Freedom of Establishment

industry for both funds, perhaps consideration should be given to merging the two into a single larger fund / body. This would likely yield efficiency gains in terms of management and oversight, and there may be transactional efficiencies associated with the processing of claims.

Recommendation 8: Merging of the funds

In certain other jurisdictions, a single fund is used to compensate victims in the event that the liable driver is uninsured or unidentifiable (For example: Switzerland, Austria and Belgium).

The Committee recommends that consideration be given to the potential efficiency gains from a merging of the ICF and the MIBI contributions into a single fund.

Recommendation 9: The legal status of the MIBI

The MIBI written submission to the Joint Committee raised concerns in regard to their legal status due to the administration of the 35% Fund. Section 10 of the *Investment Intermediaries Act, 1995* (IIA) defines an "investment business firm" as "any person… who provides one or more investment business services or investment advice to third parties on a professional basis…". Furthermore, under Section 9 of the IIA, "it is an offence for a company registered in the Irish State to act as an "investment business firm" unless that person (including a corporate) is acting under and within the terms of an authorisation to do so."[60]

It is possible that the proposed future role of the MIBI is outside the scope of the IIA definition as the MIBI acts on behalf of its own members (rather than third parties), however, there is a lack of clarity regarding the MIBI's status under the IIA.

To remove any doubt in this matter, the MIBI recommends "that the Bill is amended to specifically exempt the MIBI from the scope of the IIA", noting that "Section 2(6)(d) of the IIA contains a number of specific exemptions for certain bodies acting on behalf of the National Treasury Management Agency (or the Minister for Finance) such as An Post and the Prize Bond Company Ltd."[61]

Therefore, for the purpose of clarity, consideration should be given to providing the Motor Insurers' Bureau of Ireland (MIBI) with an exemption from the scope of the Investment Intermediaries Act, 1995 (IIA) to explicitly make it clear that the MIBI, within the context of the proposed activities, do not require an authorisation pursuant to the IIA.

[60] Motor Insurers' Bureau of Ireland… See footnote 43.
[61] Ibid.

Recommendation 9: The legal status of the MIBI

Under Section 9 of the *Investment Intermediaries Act, 1995* (IIA), "it is an offence for a company registered in the Irish State to act as an "investment business firm" unless that person (including a corporate) is acting under and within the terms of an authorisation to do so."[62]

It is unclear if proposed future activities of the MIBI fall under the IIA, but for the purpose of clarity, the Committee recommends that consideration be given to providing the MIBI with an exemption from the scope of the IIA.

[62] Motor Insurers' Bureau of Ireland… See footnote 43.

Recommendation 10: Possible trust structure

In its written submission to the Committee, the MIBI states that following discussions with the Department, the MIBI understands that the draft text of the Bill may provide that MIBI is "to hold on trust all moneys paid to the MIBI 35% Fund under this Act and shall open and maintain a separate account for such moneys." [63] [64]

The MIBI has identified the following disadvantages if such a trust structure is utilised:

- Potential difficulties if trust requires unwinding in the future (e.g. "in the event that a Europe-wide insurance guarantee scheme emerges")
    - MIBI proposes that the surplus funds are returned to the Members of MIBI in such case.
- It creates unnecessary complexity, responsibility, and a potential conflict of interest for the directors of the MIBI as they would be required to balance their existing obligations to act in the best interest of their Members with a statutory obligation to hold monies under the trust.

The MIBI proposed that instead, the funds should be held in a separate bank account. MIBI also suggested that the "Bill could include provisions which ensures that the Insurance Compensation Fund (ICF) is segregated from the funds that the MIBI might have in place in respect of its existing operations so that there will be no 'cross-contamination' between the two funds."[65]

Further consideration might be given to the manner in which monies for the fund are held by the MIBI.

Recommendation 10: Possible trust structure

The General Scheme does not make reference to how the funds will be held by the MIBI. The MIBI is of the understanding that the final Bill will require monies to be held in a Trust, to be opened and maintained by the MIBI, but believe that funds should be held in a separate bank account.

The Committee recommends that further consideration might be given to the manner in which monies for the fund are held by the MIBI.

[63] The MIBI noted this in their written submission to the Joint Committee, however, as the opening and maintenance of a separate account does not appear in the General Scheme, it serves no purpose under the scrutiny of the General Scheme.
[64] Motor Insurers' Bureau of Ireland… See footnote 43.
[65] Ibid.

Recommendation 11: Collection of fund from insurers in liquidation

Head 6 provides the statutory basis for the MIBI contribution to the Fund in the case of third party motor insurance claims, where an insurer is in liquidation. This Head will provide that the MIBI will collect from members a contribution equivalent to 2% of Gross Written Motor Premiums.

In evidence given to the Committee, Mr Gerry Cross (Central Bank of Ireland), under question from Senator Paddy Burke, acknowledged that the General Scheme is not clear on the collection of the levy from an insurer that has gone into liquidation.[66]

For example; if an insurance company goes into liquidation or examinership at the end of the year but there is a 2% charge on all the premia, the policy holder will have paid the 2% levy into the compensation fund, but the levy may not be collected by the MIBI. Mr Gerry Cross stated that the "current MIBI arrangement is based on the firms that are in business this year and on the claims that were made previously. The Senator has raised a good point and it is something to be considered when drafting the Bill".[67]

Consideration should be given to hoe the fund is collected by the MIBI from insurers that have entered into liquidation, as the insurer in question may have collected the 2 % levy from their policy holders, but upon entering into liquidation, the levy may not be collected by the MIBI.

Recommendation 11: Collection of Fund from insurers in liquidation

Head 6 of the General Scheme provides the statutory basis for the MIBI to collect, from its members, a contribution equivalent to 2% of Gross Written Motor Premiums.

The Committee recommends that consideration be given to how the fund is collected by the MIBI from insurers that have entered into liquidation, as the insurer in question may have collected the 2% levy from policy-holders earlier in the financial year, but upon entering into liquidation, the levy may not be collected by the MIBI.

[66] Joint Committee on Finance… See footnote 30.
[67] Ibid.

Appendix 1

Insurance guarantee schemes in France and the UK

France	UK
Establishment	
A guarantee fund was first established in France in 1951 to protect victims of motor accidents by uninsured or untraceable drivers. It was extended in 1966 to include motor and hunting insurance in the event of an insolvency of an insurance undertaking. A compensation fund for terrorist attacks was created in 1986 and extended to victims of other attacks in 1990 and included in the Fonds de Garantie des assurances obligaoires de dommages (FGAO). The FGAO was extended again in 2003 to include compulsory classes on non-life insurance. There is a separate fund for life insurance. The FGAO is a legal entity established under private law. The Fund employs 300 people who deal primarily with claims settlement.	The Financial Services Compensation Scheme (FSCS) is the UK's compensation fund of last resort for customers of authorised financial services firms. It can pay compensation if a firm is unable, or likely to be unable, to pay claims against it. The FSCS is an independent body established under the Financial Services and Markets Act 2000 (FSMA) and became the single compensation scheme on 1 December 2001 when FSMA came into force, replacing former schemes. The FSCS is funded by levies on authorised firms. The Motor Insurers' Bureau (MIB) in the UK deals separately and exclusively with compensation for victims of uninsured/untraceable drivers.
Participation	
The FGAO covers insurance undertakings authorised and supervised in France and that cover risks subject to compulsory insurance. Branches of EU insurers excluded except with regard to their provision of motor liability and hunting insurance. Compensation provided irrespective of both place of residence within the EU and the location of risk. Risks located outside the EU and victims resident outside the EU are not eligible for protection.	The FSCS covers business conducted by firms authorised by the Financial Conduct Authority (FCA), the financial services regulator in the UK. Whether the FSCS covers contracts of insurance issued by UK firms through their establishment in other EEA countries (or outside the EEA) depends on the location of risk: if issued by an establishment in another EEA country, the FSCS covers only the contract for risks located in the UK; risks located outside the UK are not covered.
Coverage	
The FGAO covers compulsory insurances which total over 100. The FGAO does not cover maritime, air transport, fluvial, financial guarantees, nuclear etc.	The FSCS consists of five sub-schemes: - deposits - insurance business (life and general) - insurance mediation (from 14 January 2005) - investment business - home finance advice and arranging (from 31 October 2004). The FSCS does not cover re-insurance or marine, aviation, transport business and credit insurance.

Eligibility	
The Regulator must declare that the company is unable to meet its obligations. The regulator will then commence the transfer of all or part of the insurer's portfolio. The FGAO is used to facilitate the transfer and protect those not fully covered by the transfer.	The FSCS can pay compensation only when an authorised firm is unable, or likely to be unable, to pay claims made against it. The FSCS describes this as being in default. The FSCS carries out investigations to establish the financial position of any particular firm.
Compensation limits	
Policyholders are entitled to 90% compensation and victims receive 100%.	The FSCS compensates 100% of claims that arise under long-term insurance and compulsory insurance (motor and employers' liability) contracts. Since July 2015, it has increased the compensation limit for professional indemnity claims (from 90% to 100%) and introduced a new category of claims covered at 100% (death and incapacity claims due to injury, sickness or infirmity). It compensates 90% for claims arising from other types of general insurance policies.
Funding	
The FGAO as a whole, including functions other than insurance guarantee, is funded from different sources: - A charge on policyholders amounting to 1.2% of motor liability insurance policies; - A contribution from insurance undertakings of 1% of premiums; - Contribution from those responsible for uninsured accidents; - Fines and penalties; - Investment income; - Funds from recoveries in the liquidation process of relevant companies. In addition to their ordinary contribution, if the FGAO's reserves fall below €250m for a period of more than six months, participating insurers are obliged to make extraordinary contributions. Contributions of individual insurance companies are based on premium income from compulsory insurances that are covered by the scheme.	The FSCS is funded by levies on firms authorised by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The FSCS's costs are made up of management expenses and compensation payments. The amount levied for compensation payments is primarily driven by the FSCS's forecast of compensation costs. Since 1 April 2014, the FSCS uses a 36-month funding model which allows it to levy the greater of one-third of the next 36 months' expected compensation costs which is then adjusted to reflect both unspent balances or deficits (carried over from the previous year) and recoveries. The management expenses levy is subject to an annual limit but is based on the FSCS's budget requirements for each year. In general, the FSCS charges the levy once a year. It may also make additional levies during the year, if necessary. There are limits to the amounts the FSCS can levy in a financial year. Each insurer's contribution is calculated on a tariff basis and insurers contribute predominantly in proportion to their relevant net premium income. Any costs exceeding specific thresholds could trigger the retail pool and be shared more widely.
Recoveries	

The FGAO receives funds from recoveries in the liquidation process. A contribution is also sought from those responsible for uninsured driving which results in compensation being paid.	The ability to make recoveries is dependent upon claimants assigning rights against the firms in default and third parties. FSCS then "stands in the shoes" of the claimant. An assignment of rights is required by FSCS in most cases. However, if FSCS decides not to pursue any recovery, at the claimant's request it reassigns the claim to the claimant.

Source. Adapted from the Review of the Framework for Motor Insurance Compensation in Ireland, June 2016.

Appendix 2

Supervision

For insurance and reinsurance companies with gross premium income in excess of €5 million, the Solvency II Directive (2009/138/EC) covers the prudential supervision of insurance companies. It was transposed into Irish law by the *European Union (Insurance and Reinsurance) Regulations 2015*.

Solvency II regulates risk adequacy and capital management and consolidates the integration of the EU insurance market. The Solvency II framework is based on three interlinked "pillars".

(1) Pillar 1 aims to ensure firms are adequately capitalised with risk-based capital with two capital requirements defining the upper and lower end of a ladder of supervisory intervention.

(2) Pillar 2 requires insurers are to carry out an Own Risk and Solvency Assessment (ORSA) and this is required to be reviewed by the supervisor.

(3) Pillar 3 comprises reporting and disclosure requirements including a public Solvency and Financial Condition Report (SFCR) and a private Regulatory Supervisory Report (RSR).

The Central Bank of Ireland has a statutory responsibility for the proper and effective regulation of financial service providers and markets while ensuring that the best interests of consumers are protected.

The Consumer Protection Code supplements the legislative framework and includes statutory Codes and Regulations, which all firms must comply with, including requiring insurers to provide correct information to consumers when selling and renewing insurance policies and ensuring these products are suitable for their customers. This consumer protection framework also applies to European insurers selling in Ireland on an FOS or FOE basis.

Appendix 3

Passporting

The European passporting framework provides that if a firm is authorised in the EEA it is entitled to sell insurance throughout the EU/EEA. A number of insurance firms provide motor insurance in Ireland on this basis, and likewise a number of Irish firms offer insurance in other markets.

This business can be conducted in two ways – if the undertaking:

i) establishes a branch operation and conducts business on a 'freedom of establishment' (FOE) basis, or

ii) ii) writes business from the Home State to the Host State23 on a 'freedom of services' (FOS) basis.

Where the undertaking operates in either of these ways, prudential supervision of the undertaking is the responsibility of the Home Member State (i.e. the State in which it is authorised). The Host State supervisor (the State in which the FOE or FOS business is being conducted) is purely responsible for conduct of business supervision. When the Central Bank of Ireland (acting as a Host Supervisor) is notified about an insurance undertaking authorised in another EU/EEA country which wishes to do business in Ireland, they are added by the Central Bank of Ireland to its register of service providers or branch establishments (Host Register). In addition, such companies are advised of the Central Bank of Ireland's General Good Requirements, which includes membership of the Motor Insurers' Bureau of Ireland (MIBI)[68].

[68] Central Bank of Ireland, General Good Requirements for Insurance and Reinsurance Undertakings, (2012).

Appendix 4

Relevant legislation

EU Motor Insurance Directives have been codified into and replaced by a single Motor Insurance Directive 2009/103/EC. A time line of these directives, and their key provisions, is provided below[69].

First Motor Insurance Directive (1972)

- Mandatory motor third party liability insurance (MTPL) taken out in a Member State should also cover incidents occurring in another Member State.
- For incidents occurring in another Member State the insurance bureau where the incident occurred should obtain insurance information from the state in which the vehicle is registered.

Second Motor Insurance Directive (1984)

- Set out minimum indemnity levels for not just damage to persons but also damage to property.
- Required that a compensation body should be set up to compensate victims where the mandatory MTPL insurance was not in place. Such a body, the Motor Insurers' Bureau of Ireland (MIBI), had already been set up in Ireland by agreement between the Government and the insurance industry in 1955.

Third Motor Insurance Directive (1990)

- Compulsory MTPL insurance policies must cover the whole of the EU on the basis of a single premium and the policy should guarantee cover at the greater of the levels required in the state where the vehicle is registered or the state where the accident occurred.
- Passenger liability must be included in motor insurance policies.

Fourth Motor Insurance Directive (2000)

Insurance companies must designate a local representative in each Member State to enable a victim to be able to consult with a representative of the insurer in their own Member State and language.

[69] Report on the Cost of Motor Insurance, January 2017.

A Member State must establish an information centre to provide information to entitled persons, e.g., claimants, regarding the relevant insurer of a vehicle in that Member State. The MIBI are the appointed body in Ireland.

Fifth Motor Insurance Directive (2005)

- Revised the minimum levels of compensation cover for damage to persons and property and provides that these amounts will be updated regularly in line with the Harmonised Index of Consumer Prices.
- Obliged insurers to provide a statement of claims record to facilitate a person wishing to take out a new motor insurance contract with another insurer.

'Sixth' Motor Insurance Directive (2009/103/EC)

This Directive codifies into a single Directive (2009/103/EC) and repeals the previous Motor Insurance Directives.

Appendix 5

L&RS Survey

The L&RS conducted an international survey of insurance guarantee schemes in other jurisdictions. A total of 37 responses were received. The following is a sample of the responses received: Switzerland, Hungary, Austria, Canada - Ontario, Finland, Denmark and Norway. Note, currencies exchanged using rates as of February 1st 2018.

Question 1A: What organisation is responsible for compensating the victims of road traffic accidents, caused by uninsured motorists?

Question 1B: How is this compensation funded?

Question 1C: Is there a limit on the amount of any claim for compensation that is covered in this way?

Question 2A: What organisation is responsible for compensating claimants when their motor insurance company enters liquidation?

Question 2B: How is this compensation funded?

Question 2C: Is there a limit on the amount of any claim for compensation that is covered in this way?

Switzerland

1A: The Swiss National Guarantee Fund (NGF) compensates in accordance with the principles of keeper insurance for personal injuries and material damage caused by unidentified or uninsured motor vehicles, bicycles or trailers in the event of accidents that have occurred in Switzerland or the Principality of Liechtenstein, providing that no other insurance (e.g. own damage, accident or social insurance) is liable to pay for the loss. NGF is organised in the legal form of an association according to the Swiss civil code. Each insurance company licensed for motor third party liability insurance (MTPL) in Switzerland and the Prinicipality of Liechtenstein, has to be member by law.

1B: The NGF is funded ex-ante by an annual contribution made by each car owner as stipulated by legislation and ex-ante by reinsurance. The MTPL insurance providers collect these contributions together with their premiums. The amount of the contribution is set by the NGF and must be approved by the

Swiss Financial Market Supervisory Authority (FINMA). The bases for calculating the contributions and for supervising their payments are defined by the Swiss Road Traffic Insurance Ordinance (VVV). The NGF calculates each car holder's contribution according to approved rules of the actuarial practice.

1C: According to the VVV, the insurance has to guarantee a minimum amount of cover of CHF 5 million (approximately 4.3 million euro) per event, whatever the number of victims and the type of claim (personal injury and damage to property). In case of passenger transportation per individual car or per bus, the minimum amount of cover per event is fixed at CHF 10 million (approximately 8.6 million euro) if the vehicle is designed for 10 to 50 passengers and at CHF 20 million (approximately 17.3 million euro) if it is designed for more than 50 passengers. Where material damage is caused by an unidentified person, the injured parties have to bear a deductible of CHF 1,000.00 (863 euro) each. This deductible is not applicable in cases where both material damage and personal injuries have to be compensated. However, the personal injuries involved must be serious.

2A: The NGF also intervenes in case of bankruptcy of the competent Swiss MTPL insurer and fulfils the tasks of the compensation body.

2B: As described in answer 1B, funding is provided ex-ante by contributions by each car owner, whereas the amount of the collected contribution is to serve both purposes of the NGF.

2C: The statutory MTPL minimum insurance coverage of the country, where an insured accident happened, applies. There are no further captions per claim, policy-holder, year or per bankruptcy incident.

Hungary

1A: All operators of motor vehicles registered in the territory of Hungary are required to enter into a contract with an insurance company. This is the obligation of the compulsory insurance of vehicles. If the offender is an uninsured driver, the amount has to be paid by the Indemnity Account of the Association of the Hungarian Insurance Companies.

1B: The Compensation Fund (Guarantee Fund) which is set up and financed by the insurance companies covered in this Act for providing compensation to victims of accidents caused by uninsured motor vehicles in violation of the obligation in respect of the compulsory insurance of vehicles.

1C: In connection with any claim, regardless of the number of victims, in the case of damage to property, the insurance company shall cover up to approximately 4,000 euro per claim, and in the case of personal injury up to the forint equivalent of approximately 20,000 euro per claim per claim, including any and all related claims arising out of or in connection with the accident, the costs of enforcement of the claim (including legal expenses), and interest for the period until the settlement payment is in fact made.

2A: The Claims Guarantee Fund shall cover the claims of the injured party against an insurance company under liquidation in accordance with the relevant insurance contract and the provisions contained in the relevant Act on the enforcement of claims for compensation.

2B: This Fund is set up and financed by the insurance companies under the relevant Act, for providing compensation to victims of accidents caused by motor vehicles with sufficient insurance cover under contract in accordance with the Act at the time of the accident at an insurance company undergoing liquidation. The Claims Guarantee Fund is managed by the *Association of the Hungarian Insurance Companies*.

2C: This amount is not quantified, but the rights and obligations the insurance company under liquidation had before the liquidation was ordered in connection with an insurance contract shall accrue to manager of the Claims Guarantee Fund. Furthermore, the manager of the Fund may demand compensation from the insurance company under liquidation.

Austria

1A: The Austrian Insurance Association is the organisation responsible for compensation. The Association as the compensation body shall provide compensation to persons with their place of residence in Austria, if the damage occurred in another EEA Signatory State.

1B: The Association shall have a claim for reimbursement against those companies that insure against the risk of liability for motor vehicles that are authorised for use in Austria, for the compensation paid by it, including an appropriate level of administrative expenses. The liability insurers shall contribute proportionally to such reimbursement, in accordance with the ratio of their total premiums written from motor vehicle liability insurance for vehicles that have been authorised in Austria to the total of premiums written for all insurers for this kind of insurance. Where the Association has provided compensation in case of accidents abroad or in case of vehicles normally based in another EEA signatory state that are not subject to the compulsory insurance, it shall have a claim to have this compensation reimbursed by the compensation body in the EEA Signatory State in which the motor vehicle, with which the damage was caused, is normally based.

1C: Basically, the claim for compensation is subject to the same limit as the one which would apply if motor liability insurance was concluded.

2A: Also in this case, the Austrian Insurance Association is the organisation responsible for compensation.

2B: See answer 1B above.

2C: In case of insolvency the compensation shall be limited to 0.5% of the total premium income of all motor vehicle liability insurers each calendar year and damages shall only be compensated for the amount exceeding 220 euro.

Canada – Ontario

1A: In Ontario, individuals who own and drive a vehicle are required by law to purchase from private insurers a standard auto insurance policy that covers third-party liability, protection against unidentified vehicle (hit-and-run) and uninsured motorists, direct compensation-property damage as well as statutory accident benefits. In the event of a road traffic accident, victims file a claim directly with their own insurance company. Statutory accidents benefits provide certain benefits in the event a victim is being injured or killed in an automobile collision, regardless of who is at fault. Statutory accidents benefits can be upgraded with optional benefits chosen by policyholders.

1B: Compensation is funded through the automobile insurance premiums of policyholders, allowing private insurers to pay for the damages.

1C: The Statutory Accident Benefits Schedule (SABS) is a regulation under the *Insurance Act* that sets out the benefits and compensation that may be available to victims who have been injured in an road accident. The SABS is used as a framework for victims and their insurance company to reach a settlement. Note: For more information, please consult Understanding Automobile Insurance and After an Auto Accident: Understanding the Claims Process by the Financial Services Commission of Ontario, and *Ontario Auto Insurance Explained* by the Insurance Bureau of Canada.

2A: The Property and Casualty Insurance Compensation Corporation (PACICC) is the entity which administers the Compensation Plan for Property and Casualty Insurers to protect policyholders and claimants against the insolvency of a property and casualty insurance company. PACICC was created in 1988 following negotiations between the provincial and federal Superintendents of Insurance and was incorporated as a federal non-profit corporation. Unless they are covered by another authorized plan, all property and casualty (P&C) insurers licensed in a province or territory of Canada are required to be members of PACICC.

2B: The Compensation Plan for Property and Casualty Insurers is funded by all participating property and casualty insurance companies. They pay a small levy to PACICC to cover its running costs. In case of an insurer insolvency, PACICC responds to valid claims and participating insurance companies are assessed for their share of the cost involved.

2C: In the event a motor insurance company enters liquidation, PACICC will pay outstanding claims and refund premiums paid in advance up to the following limits:

up to $250,000 (approximately 164,000 euro) for auto insurance policies (policy deductibles are applied to the total amount of the insured loss);

70% of the unearned (unexpired) portion of the premium calculated from the date of the wind-up order, up to a maximum refund of $700 (approximately 460 euro) per policy.

Note: See the *Guide to Compensation Plan for Property and Casualty Insurers* for details about the main features of the Plan.

Finland

1A: The Finnish Motor Insurers' Centre (LVK) is the party that ultimately safeguards the rights of a person who has been involved in a road accident and takes care of the consequences of a default on the payment of the statutory motor liability insurance. In accordance with the Act governing motor liability insurance all vehicles that have Finland as their permanent place of residence must have motor liability insurance. The obligation to insure applies to the owner and permanent keeper of the vehicle.

1B: Under The Finnish Motor Insurers' Centre Act, a company granting motor insurance policies and, regarding the state's vehicles, the State Treasury must be members of the Finnish Motor Insurers' Centre. The provisions of section 3 of the Act define the parties that are responsible for the costs of the Finnish Motor Insurers' Centre. Under the section's subsection 1, the member insurance companies are responsible for the costs of the Finnish Motor Insurers' Centre. The cost share of each member is in proportion to their premium income from motor liability insurance policies. The cost share of the State Treasury is estimated based on the costs attributable to it. The Finnish Motor Insurer's Centre defines the fees that the members must pay to it in accordance with their cost shares, and it has the right to collect prepayments of such fees. More specific regulations concerning the calculation of the members' cost shares and their implementation are provided in the cost allocation principles provided by the Ministry of Social Affairs and Health.

1C: The limits for compensation are the same as those otherwise applied to road accidents. No limits are applied to personal injuries, but the compensation for property damage cannot exceed 5 million euro.

2A: The interests of claimants are guaranteed by law even if an insurance company enters liquidation or is declared bankrupt. For this reason, the Motor Liability Insurance Act includes provisions on the joint liability of insurance companies. When the company in question is a motor liability insurance company that issues insurance policies and operates in Finland, the Motor Insurers' Centre is liable for paying the compensation. In such an event, the insurance portfolio and assets are transferred to the Motor Insurers' Centre based on the decision of the Finnish Financial Supervisory Authority. The Motor

Insurers' Centre is also responsible for foreign companies that issue motor liability insurance policies in Finland through a branch office or based on free service provision. In addition, legislation provides the possibility to impose an additional premium on a policyholder who has, by virtue of ownership or otherwise, exercised significant influence in the governance of the insurance company that entered liquidation or was declared bankrupt.

2B: If the Finnish Motor Insurers' Centre has insufficient funds for making compensation payments, the Finnish Motor Insurers' Centre has the right to impose an additional premium on policyholders (section 93 of the Motor Liability Insurance Act). The criteria are very strict: No additional premium can be imposed on a consumer or parties that are to be treated as a consumer**.** An additional premium can only be imposed on policyholders of mutual insurance companies. Compensation payments are ultimately guaranteed with the joint guarantee fee imposed on the other members of the Finnish Motor Insurers' Centre (section 94 of the Motor Liability Insurance Act). The purpose of this joint guarantee payment is to cover compensation payments made based on motor liability insurance policies issued in Finland. The amount of the joint guarantee payment is determined based on the share of premium Income. However, the amount cannot exceed 2% of the annual premium income. An insurance company can include the increase in expenses due to the joint guarantee system fee in the maturing motor liability insurance premiums.

2C: See answer 1C. The limits for compensation are the same as the limits applied to road accidents in general.

Denmark

1A: The Danish compensation body Dansk Forening for International Motorkøretøjsforsikring (DFIM) compensates victims of road traffic accidents caused by uninsured and unidentified vehicles.

1B: Insurance companies and all insured car owners pay to the compensation system through their insurance. However, in January 2018 the Danish Government is going to submit an amendment to the Road Traffic Act introducing a system that makes it possible for DFIM to charge a fee to the owner of an uninsured motor vehicle for each day the road safety insurance obligation is not complied with. The fees are intended to act as an incentive for people to have an insurance, because the cumulative value of the fees quickly exceed the insurance premium that is to be paid. According to the Danish Road Traffic Act section 105, motor vehicles must be insured in a liability insurance company that has the Danish FSA's (Finanstilsynet) permission to conduct insurance business. The Danish FSA is a public authority. The primary task of the Danish FSA is supervision of insurance companies. The most important supervisory activity is monitoring that companies have adequate funds of their own to cover their risks (supervision of solvency).

1C: In cases of an unknown vehicle, the insurance only covers property damage if in combination with personal injury. In general, the area is subject to the rules and regulations given by the Danish Liability in damages act.

2A & 2B: The insurance companies have joined forces in establishing a compensation fund called "Garantifonden for skadesforsikringsselskaber".

2C: The compensation fund covers a spectrum of those private consumers and commercial businesses who have a claim against an opposing insolvent company. Both people and property are covered, when it comes to third party (liability) insurance. In the case of public liability insurance, only personal injury is covered. Property damage must be filed as a proof against a bankrupt estate.

Norway

1A: The Norwegian Motor Insurers` Bureau (TFF) is responsible for handling and settling of claims caused by unidentified, uninsured or foreign vehicles. The Bureau is a cooperation organisation for Norwegian motor insurance companies.

1B: Insurance companies and all insured car owners are bound to pay to the compensation system through their insurance. It is also worth mentioning that the Norwegian Parliament has adopted an amendment to *The Automobile Liability Act*, introducing a fee system in order to provide an incentive for owners of motor vehicles to make sure they are insured. The amendment will take effect as of 1 January 2018. As of this date, owners of uninsured motor vehicles will be charged a fee of 150 (approximately 16 euro) for each day the vehicle remains uninsured. The TFF will be responsible for charging the fee.

1C: It follows from the *Norwegian Automobile Liability Act* Section 10 that the following exception applies to the claims eligible for compensation for injuries caused by an uninsured vehicle: injury suffered by the owner or the person in charge, or injury which anyone has suffered whilst he allowed himself to be driven in the motor vehicle, although he knew or was bound to understand that it was not lawfully insured.

2A: According to the Norwegian regulation on financial institutions Section 20-1, a compensation scheme called "Garantiordningen for skadeforsikring" (compensation scheme for non-life insurance) has been established. The Norwegian *Finanstilsynet*, the Norwegian financial supervisory authority, is responsible for the scheme.

2B: According to the said regulation on financial institutions section 20-2, most insurance companies, with some exceptions, are bound to be a member of the fund. Pursuant to Section 20-4 of the regulation, the membership also entails an annual contribution to the fund.

2C: The compensation scheme for non-life insurance in principle covers all claims from insured persons and injured parties following non-life insurance contracts, when the insured risk exists in Norway. However, the compensation scheme does not cover:

- Insurance requirements relating to credit insurance agreements;
- Life insurance offered by non-life insurance companies;
- Energy insurances;
- Aviation insurances;
- Sea insurance, excluding coastal hull insurance; and,
- Insurance through a self-insurance company (captive).

In addition, the compensation scheme does not cover more than 90 per cent of each claim, and in no event is more than 20 million NOK (approximately 2,091,928 euro) pro claim covered by the scheme.

Appendix 6

Orders of Reference

a. Functions of the Committee – derived from Standing Orders [DSO 84A; SSO 70A]

(1) The Select Committee shall consider and report to the Dáil on—

(*a*) such aspects of the expenditure, administration and policy of a Government Department or Departments and associated public bodies as the Committee may select, and

(*b*) European Union matters within the remit of the relevant Department or Departments.

(2) The Select Committee appointed pursuant to this Standing Order may be joined with a Select Committee appointed by Seanad Éireann for the purposes of the functions set out in this Standing Order, other than at paragraph (3), and to report thereon to both Houses of the Oireachtas.

(3) Without prejudice to the generality of paragraph (1), the Select Committee appointed pursuant to this Standing Order shall consider, in respect of the relevant Department or Departments, such—

(*a*) Bills,

(*b*) proposals contained in any motion, including any motion within the meaning of Standing Order 187,

(*c*) Estimates for Public Services, and

(*d*) other matters

as shall be referred to the Select Committee by the Dáil, and

(*e*) Annual Output Statements including performance, efficiency and effectiveness in the use of public monies, and

(*f*) such Value for Money and Policy Reviews as the Select Committee may select.

(4) The Joint Committee may consider the following matters in respect of the relevant Department or Departments and associated public bodies:

(*a*) matters of policy and governance for which the Minister is officially responsible,

(*b*) public affairs administered by the Department,

(*c*) policy issues arising from Value for Money and Policy Reviews conducted or commissioned by the Department,

(*d*) Government policy and governance in respect of bodies under the aegis of the Department,

(*e*) policy and governance issues concerning bodies which are partly or wholly funded by the State or which are established or appointed by a member of the Government or the Oireachtas,

(*f*) the general scheme or draft heads of any Bill,

(*g*) any post-enactment report laid before either House or both Houses by a member of the Government or Minister of State on any Bill enacted by the Houses of the Oireachtas,

(*h*) statutory instruments, including those laid or laid in draft before either House or both Houses and those made under the European Communities Acts 1972 to 2009,

(*i*) strategy statements laid before either or both Houses of the Oireachtas pursuant to the Public Service Management Act 1997,

(*j*) annual reports or annual reports and accounts, required by law, and laid before either or both Houses of the Oireachtas, of the Department or bodies referred to in subparagraphs (*d*) and (*e*) and the overall performance and operational results, statements of strategy and corporate plans of such bodies, and

(*k*) such other matters as may be referred to it by the Dáil from time to time.

(5) Without prejudice to the generality of paragraph (1), the Joint Committee appointed pursuant to this Standing Order shall consider, in respect of the relevant Department or Departments—

(*a*) EU draft legislative acts standing referred to the Select Committee under Standing Order 114, including the compliance of such acts with the principle of subsidiarity,

(*b*) other proposals for EU legislation and related policy issues, including programmes and guidelines prepared by the European Commission as a basis of possible legislative action,

(*c*) non-legislative documents published by any EU institution in relation to EU policy matters, and

(*d*) matters listed for consideration on the agenda for meetings of the relevant EU Council of Ministers and the outcome of such meetings.

(6) Where a Select Committee appointed pursuant to this Standing Order has been joined with a Select Committee appointed by Seanad Éireann, the Chairman of the Dáil Select Committee shall also be the Chairman of the Joint Committee.

(7) The following may attend meetings of the Select or Joint Committee appointed pursuant to this Standing Order, for the purposes of the functions set out in paragraph (5) and may take part in proceedings without having a right to vote or to move

motions and amendments:

(*a*) Members of the European Parliament elected from constituencies in Ireland, including Northern Ireland,

(*b*) Members of the Irish delegation to the Parliamentary Assembly of the Council of Europe, and

(*c*) at the invitation of the Committee, other Members of the European Parliament.

(8) A Select Committee appointed pursuant to this Standing Order may, in respect of any Ombudsman charged with oversight of public services within the policy remit of the relevant Department or Departments, consider—

(*a*) such motions relating to the appointment of an Ombudsman as may be referred to the Committee, and

(*b*) such Ombudsman reports laid before either or both Houses of the Oireachtas as the Committee may select.

b. Scope and Context of Activities of Committees (as derived f Standing Orders) [DSO 84; SSO 70]

(1) The Joint Committee may only consider such matters, engage in such activities, exercise such powers and discharge such functions as are specifically authorised under its orders of reference and under Standing Orders; and

(2) Such matters, activities, powers and functions shall be relevant to, and shall arise only in the context of, the preparation of a report to the Dáil and/or Seanad.

(3) The Joint Committee shall not consider any matter which is being considered, or of which notice has been given of a proposal to consider, by the Committee of Public Accounts pursuant to Standing Order 186 and/or the Comptroller and Auditor General (Amendment) Act 1993; and

(4) any matter which is being considered, or of which notice has been given of a proposal to consider, by the Joint Committee on Public Petitions in the exercise of its functions under Standing Orders [DSO 111A and SSO 104A].

(5) The Joint Committee shall refrain from inquiring into in public session or publishing confidential information regarding any matter if so requested, for stated reasons given in writing, by—

(a) a member of the Government or a Minister of State, or

(b) the principal office-holder of a body under the aegis of a Department or which is partly or wholly funded by the State or established or appointed by a member of the Government or by the Oireachtas:

Provided that the Chairman may appeal any such request made to the Ceann Comhairle / Cathaoirleach whose decision shall be final.

(6) It shall be an instruction to all Select Committees to which Bills are referred that they shall ensure that not more than two Select Committees shall meet to consider a Bill on any given day, unless the Dáil, after due notice given by the Chairman of the Select Committee, waives this instruction on motion made by the Taoiseach pursuant to Dáil Standing Order 28. The Chairmen of Select Committees shall have responsibility for compliance with this instruction.

Appendix 7

Membership

Members of the Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach

Deputies:

John McGuinness T.D. (FF) (Chairman)

Peter Burke T.D. (FG)

Joan Burton T.D. (Lab)

John Deasy (FG)

Pearse Doherty T.D. (SF)

Michael McGrath T.D. (FF)

Paul Murphy T.D. (Ind)

Senators:

Gerry Horkan (FF) (Vice-Chairman)

Paddy Burke (FG)

Rose Conway-Walsh (SF)

Kieran O’Donnell (FG)

Appendix 8

List of Witnesses

Department of Finance and Public Expenditure and Reform:

- Mr. Michael D'Arcy TD, Minister of State
- Mr. Cathal Sheridan
- Ms.Anne-Marie Walsh

Insurance Ireland:

- Mr. Kevin Thompson
- Mr. Declan Jackson

Central Bank of Ireland:

- Ms. Sylvia Cronin
- Ms. Gerry Cross

Appendix 9

Link to Official Meeting Transcripts

8 February 2018

8 March