



Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

Gabriel Makhlouf
Gobharnóir / Governor

Deputy Brian Stanley
Chairman
Committee of Public Accounts
Leinster House
Kildare Street
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8 March 2023

A handwritten signature in blue ink, appearing to read 'Gabriel Makhlouf'.

Insurance Compensation Fund and Central Fund of the Exchequer

I am writing to you in connection with the recent hearing of the Committee of Public Accounts on the Insurance Compensation Fund (ICF) and the Central Fund of the Exchequer.

I apologise for the fact that I was unable to attend the hearing as I was overseas at a scheduled meeting of the European Central Bank's Governing Council. It is a matter of regret that the Committee felt it necessary to adjourn the meeting on the grounds that the necessary information was not immediately available and confirm that I will attend the hearing scheduled for 20 April.

Insurance Compensation Fund

Given the discussion at the hearing, I want to provide the Committee with a response to some of the questions raised with respect to the Central Bank's role in the administration of the ICF.

In summary, the Central Bank's (statutory) role is to determine the contributions of insurers to the ICF (within specific legislative requirements) and to administer the ICF (which involves maintaining and investing the fund, making payments out of it at the direction of the High Court and keeping proper accounts).

The role of the Central Bank with respect to the administration of the ICF is therefore limited and does not include policy decisions regarding the use of funds. In relation to the settlement of the legal proceedings which QIL took against PWC, the Central Bank's role was limited to

receiving any monies that were paid to the ICF from the administrator and ensuring such monies were accounted for.

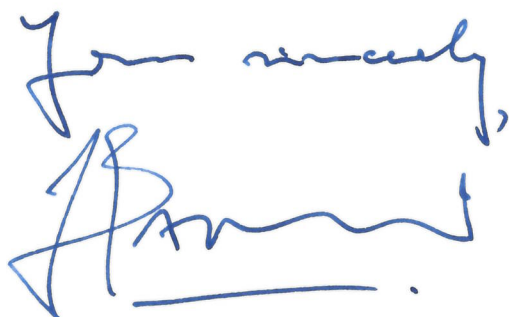
An administrator appointed to an insurer is responsible for the management of the business of that insurer. Under the Insurance Act 1964, an administrator appointed to an insurer may apply to the High Court for payments from the ICF. Any such application is required to be accompanied by a report prepared by the State Claims Agency (SCA) which has to include details on the methodology for estimating claims reserves and for assessing liabilities applied by the administrator. The Central Bank's role in this regard is limited to making payments out of the ICF to either the SCA or the liquidator or administrator in accordance with any such High Court order.

Accounts of the ICF

At the recent hearing, the Committee asked about the amount of the settlement following the proceedings taken by QIL against PWC. The Central Bank was not involved in this settlement and I understand it remains confidential.

However, as William Molloy explained to the Committee, the net effect of this settlement will be reflected in the accounts of the ICF. The procedure that is followed in advance of publication of the ICF's accounts (as part of the Fund's annual report) is set out in legislation and includes an audit by the Comptroller and Auditor General and presentation of the accounts to the Minister for Finance, after which the accounts are laid before the Oireachtas. I have asked my team to progress the preparation of the accounts on an expedited basis so that they can be presented to the Comptroller and Auditor General as soon as possible.

I look forward to engaging with you next month.

A handwritten signature in blue ink, appearing to read 'Gabriel Makhlouf', with a stylized flourish at the end.

Gabriel Makhlouf