



Deputy Brian Stanley
Chairman
Committee of Public Accounts
Leinster House
Kildare Street
Dublin 2
D02 XR20

13 April 2023

Dear Chairman

Re: Quinn Insurance dac (under administration)

Following the Central Bank of Ireland's (the "Bank") appearance at the Committee of Public Accounts on 23 February 2023, we agreed to revert on a number of items raised by Committee members.

In 2003, responsibility for the supervision of insurance undertakings was transferred from the Department of Enterprise Trade and Employment to the Bank. Since then, we have been responsible for the supervision of Quinn Insurance dac (under administration) ("QIDAC"). As detailed below, the administrators were appointed based on an application made by the Bank.

The Bank became aware of significant concerns from 2008 onwards. Throughout 2008 and 2009, we continually engaged with QIDAC in respect of its business and financial performance. We were concerned that there were unacceptable gaps between the technical reserve calculations of Milliman (QIDAC's signing actuary) and PricewaterhouseCoopers (QIDAC's external auditors), because Milliman's calculations were lower than those of PricewaterhouseCoopers.

Submissions made to the Bank by QIDAC during the early part of 2010 showed its financial position had deteriorated to such an extent that the company's solvency margin was only 107% considerably below the 150% level required. There was no satisfactory plan in place for QIDAC's recovery and on 19 February and 23 March 2010, we informed QIDAC that

consideration was being given to applying to the High Court for the appointment of administrators. Then, on 24 March 2010, the Bank was advised that previously unknown guarantees against properties of QIDAC valued at €448 million were in place against Quinn Group debt. In addition, we were advised that an amount of €35 million, in respect of which the Quinn Group had given an absolute commitment that it would be injected into QIDAC by the end of that week, would not be made because the consent of Quinn Group's lenders was required for such a payment and this had not been forthcoming.

The Bank's decision, therefore, to apply to the High Court on 30 March 2010 for the appointment of the joint administrators was based on the emergence of the guarantees, a significant concern that QIDAC's technical reserves were insufficient and that the manner in which the business of QIDAC was being, and had been, conducted had failed to make adequate provision for its debts. The appointment of the administrators was confirmed by the High Court on 15 April 2010.

In order to go before the High Court to apply for the appointment of administrators, the Bank had to have concrete and tangible evidence. Once that became available, we brought an application to the High Court to appoint the joint administrators.

I look forward to meeting you next week and for engagement with the Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gabriel Makhoulf', with a horizontal line underneath the name.

Gabriel Makhoulf