



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

2012

# Checklist for Completing and Submitting Life Assurance Applications under the European Communities (Life Assurance) Framework Regulations, 1994



## Checklist

**Notes:**

- Complete all sections of this checklist.
- Insert the relevant section number, from the application, in the column of boxes entitled ‘Applicant’. (The last column is for Central Bank of Ireland use only).
- Where the checklist states ‘confirm’ a ‘√’ will be accepted as a confirmation.
- Where the required confirmation/documentation/information is not provided with/in the application, please refer to this in the covering letter indicating the proposed submission date thereof. (Delays in submitting required confirmations, documentation and/or information will delay the licensing timeframes). Please refer to the Guidelines on Completing and Submitting Licence Applications for timeframes for an applicant firm to be authorised.
- All documents to be submitted in English (or Irish if desired) only.

		Applicant	Central Bank of Ireland
<b>1.0</b>	<b><u>Details of the Applicant<sup>1</sup></u></b>		
1.1	Supply full name and address.	<input type="text"/>	<input type="text"/>
1.2	Provide the contact details of a principal who will accept receipt of any correspondence from the Central Bank of Ireland in respect of the licence application (i.e. name, address, telephone, fax and e-mail details).	<input type="text"/>	<input type="text"/>
1.3	Provide contacts details of professional advisors in relation to the life assurance licence application (if applicable). (i.e. name, address, telephone, fax and e-mail details).	<input type="text"/>	<input type="text"/>
1.4	Confirm that the Central Bank of Ireland can liaise with the named professional advisors in respect of the licence application.	<input type="text"/>	<input type="text"/>
1.5	Disclose details of the applicant’s:		
a)	Secretary;	<input type="text"/>	<input type="text"/>
b)	Actuary;	<input type="text"/>	<input type="text"/>
c)	Legal advisor; and	<input type="text"/>	<input type="text"/>
d)	External auditor.	<input type="text"/>	<input type="text"/>
<b>2.0</b>	<b><u>Overview of Parent/Group</u></b>		
	Provide:		
2.1	Full name and address of parent/group.	<input type="text"/>	<input type="text"/>
2.2	Confirm that the Board of the parent has approved the submission of the application for the establishment of a Life Assurance Company to the Central Bank of Ireland. (A certified copy of the board minutes confirming that the parent has consented to the establishment of the applicant should be submitted).	<input type="text"/>	<input type="text"/>
2.3	Brief history/background of parent/group.	<input type="text"/>	<input type="text"/>
2.4	Overview on the ownership and structure of parent/group.	<input type="text"/>	<input type="text"/>

<sup>1</sup> The “applicant” or the “firm” refers to the entity seeking authorisation.

2.5	The Central Bank of Ireland's preference for the ownership of insurance undertakings to be vested in:		
a)	One or more financial institutions of standing, or		
b)	A wide spread of owners.		
	Please confirm by marking as appropriate a) or b).		
	Where the ownership of the applicant does not meet these criteria provide full details in the application. (Where this is the case, discuss with the Central Bank of Ireland in advance of submitting an application).		
2.6	Is the applicant a subsidiary of:		
a)	An international insurance company;		
b)	An international insurance group;		
c)	An international banking group;		
d)	A financial conglomerate;		
e)	An insurance holding company;		
f)	A mixed activity holding company, or		
g)	Other (e.g.an industrial or commercial group - provide full details).		
2.7	Provide the organisation chart of the group outlining:		
a)	the legal structure of each of the entities concerned (i.e. whether the entities are incorporated, limited liability companies, unlimited liability companies, etc.);		
b)	the percentage holding of each shareholder; and		
c)	details as to where the applicant will be positioned in the group.		
	In relation to the parent/group provide:		
2.8	Please provide audited accounts in respect of parent/group for the last three years.		
2.9	Information on industry ranking, size of parent on local and global scale.		
2.10	Main group activities/lines of business.		
2.11	Details of main areas of global activity of parent/group.		
2.12	Details of main areas of EU activity.		
2.13	Details of all existing group operations in Ireland. The following information should be provided in respect of each of the existing Irish operations:		
a)	A description of the activities being carried out by each of the existing Irish operations;		
b)	Details as to whether the operations are supervised by the Central Bank of Ireland or any other regulatory authority; and		
c)	Have any material control deficiencies arisen in any of the Irish regulated operations in the last 12 months. If so, provide an overview of the deficiency, the mitigating actions taken and the current status of this issue.		
2.14	Comment on the association of the applicant with:		
a)	existing Irish operations; and		
b)	other group operations providing details of any proposed links between existing operations (including Irish operations) and the applicant (setting out any interaction which the applicant will have with the existing operations – including proposed timeframes for mergers of operations and group reorganisation, if applicable).		
2.15	Provide debt ratings for parent/group institutional shareholders. Please provide commentary thereon (this should include details of any upgrades/downgrades in the last 3 years and reasons therefore).		

2.16	Subsidiaries/Participations in other companies – does the applicant intend to have subsidiaries or significant investments in other regulated entities.		
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**3.0 Regulatory Supervision**

3.1	a) Confirm that the applicant has obtained the prior consent of its home country supervisory authority (this confirmation may be provided during the application process but must be submitted with the final application at the latest).		
	b) Details of other regulated entities in other jurisdictions and please provide us with contact details for the regulator in these jurisdictions.		
3.2	Has the parent/group, within the last 5 years, received regulatory approval for new entities in any other jurisdiction?		
3.3	Has the parent/group applied to establish a regulated entity, (over the last 5 years) in any other jurisdiction, which was either withdrawn or refused?		
3.4	Has the parent/group been subject to an investigation into allegations of fraud, misconduct or malpractice by any regulatory authority (over the last 5 years) in any other jurisdiction?		
3.5	Has the parent/group or any its directors/senior managers/executives been censured or disciplined by any regulatory body further to its professional activities?		
3.6	If 'yes' in relation to 3.2 to 3.5, provide full details thereof.		
3.7	<i>Financial Conglomerates Directive (Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate) / SI 727 of 2004 European Communities (Financial Conglomerates) Regulations 2004.</i>		
a)	Please confirm if the group is subject to supervision pursuant to the Financial Conglomerates Directive.		
3.8	If answer to 3.7 is yes, outline the existing arrangements for supervision as a Financial Conglomerate including contact details of relevant regulators.		
3.9	If answer is to 3.7 is yes, please confirm the applicant will also fall within the scope of this supervision or explain otherwise.		
3.10	If answer to 3.7 is no, please confirm whether or not the establishment of this new entity will result in the applicant's group becoming a Financial Conglomerate.		
3.11	<i>Supplementary supervision of insurance undertakings in an insurance group (Directive 98/78/EC of the European Parliament and of the Council of 27 October 1998 on the supplementary supervision of insurance undertakings in an insurance group) / SI 366 of 2007 European Communities (Insurance and Reinsurance Groups Supplementary Supervision) Regulations 2007</i>		
a)	Please confirm if the group is subject to supervision as an insurance group.		
3.12	If answer to 3.11 is yes, outline the existing arrangements for supervision as an insurance group including contact details of relevant regulators.		
3.13	If answer to 3.11 is yes, please confirm that the applicant will also fall within the scope of this supervision or explain otherwise.		
3.14	If the answer to 3.11 is no, please confirm whether or not the		

	establishment of this new entity will result in the applicant's group becoming an insurance group.		
3.15	<i>Other regulatory supervision within the European Union</i>		
a)	Please confirm if the group is subject to any consolidated supervision within the EU (such as Consolidated Supervision as part of a Banking Group or an Investment Group).		
3.16	If answer to 3.15 is yes, outline the existing arrangements including contact details of relevant regulators.		
3.17	If answer to 3.15 is yes, please confirm that the applicant will also fall within the scope of this supervision or explain otherwise.		
3.18	If the answer to 3.15 is no, please confirm whether or not the establishment of this new entity will result in the applicant's group becoming subject to the consolidated supervision requirements above.		
3.19	<i>Other regulatory supervision outside the European Union</i>		
a)	Please confirm if the group is subject to any consolidated supervision outside the EU.		
3.20	If the answer to 3.19 is yes, outline the existing arrangements including contact details of relevant regulators.		
3.21	If the answer to 3.19 is yes, please confirm that the applicant will also fall within the scope of this supervision or explain otherwise.		
3.22	If the answer to 3.19 is no, please confirm whether or not the establishment of this new entity will result in the applicant's group becoming subject to any consolidated supervision outside the EU.		
	<i>Insurance Holding Company</i>		
3.23	Does the applicant's group have an insurance holding company that has its head office in the State <sup>2</sup> .		
3.24	If there is an insurance holding company with a head office in the state, please confirm compliance with Regulation 14 of SI 366 of 2007.		
3.25	Please complete an Individual Questionnaire for any person who will be concerned in the direction or management of the Insurance Holding Company. <sup>3</sup>		
<b>4.0 Ownership Structure</b>			
4.1	Provide details of:		
a)	All direct holders of shares or other interests in the applicant; and		
b)	All indirect holders of shares/interests (where the holding/interest represents 10% or more of the capital or of the voting rights of the applicant or which makes it possible to exercise a significant influence over the management of the undertaking, i.e. qualifying shareholder).		
	(Clearly outline whether there are any holding companies involved in the ownership structure – the rationale for such a structure should be provided).		
4.2	Please provide a description of the financial and non-financial interests or relationships of the direct and indirect shareholders of the company with:		
a)	any shareholders of the new company/or current shareholders of the		

<sup>2</sup> Insurance Holding Company as defined in SI 366 of 2007 European Communities (Insurance and Reinsurance Groups Supplementary Supervision) Regulations 2007.

<sup>3</sup> An Individual Questionnaire does not need to be submitted for any person who has already submitted an Individual Questionnaire as part of this application.

	Group;		
b)	any person entitled to exercise voting rights of the new company/or currently with the Group; and		
c)	any member of the board or similar body, or of the senior management of the new company/or currently the Group.		
4.3	Please complete Appendix 6 for all qualifying shareholders and please submit an Individual Questionnaire for all individual qualifying shareholders through our Online Reporting System. Please contact the Authorisation team who will arrange for the applicant to have access to the Online Reporting System.		
4.4	Where there are qualifying shareholdings of more than 10% please provide details of:		
a)	the period for which the proposed shareholder intends to hold the shareholding after the company has been authorised;		
b)	any intention of the shareholder to increase, reduce, or maintain the level of the shareholding in the foreseeable future;		
c)	an indication of the intentions of the shareholder towards the target institution and in particular whether or not there is the intention to act as an active minority shareholder, and the possible rationale for such action;		
d)	information on the ability (financial position) and willingness of the proposed shareholder to support the target institution with additional own funds if needed for the development of its activities or in case of financial difficulties;		
e)	a description of the shareholder's intentions and expectations towards the company in the medium-term, covering all the elements mentioned above in the business plan provided;		
f)	details on the influence that the acquirer intends to exercise on the financial position (including dividend policy), the strategic development, and the allocation of resources of the target institution.		
4.5	Please indicate whether the Group or qualifying shareholders if applicable have any perceived conflict of interest with the proposed new company.		
<b>5.0</b>	<b><u>Legal Structure</u></b>		
5.1	Confirm that the applicant will be registered in Ireland and subject to Irish law.		
5.2	Outline the full legal structure of the applicant, i.e. limited company, unlimited company, etc.		
5.3	If the applicant has a legal structure other than a limited company, please outline the rationale for using a different structure.		
5.4	Confirm the following documentation accompanies this checklist:		
a)	A certified copy of the Certificate of the Incorporation of the applicant (and Certificate of Name Change if applicable). A certified document is one that is stamped, signed and dated as being a true copy of the original at a particular date in time by a party independent of the applicant. Please note that the certification stamp must be present on the relevant document.		
b)	A draft copy of the Memorandum and Articles of Association of the applicant. (The final copy will be required upon licensing of the applicant).		
c)	Confirm that the objects in the Memorandum and Articles are limited to the business provided for in this application and in the Life Assurance directives.		

d)	Latest audited accounts where the applicant is incorporated in excess of 18 months.		
<b>6.0 Objectives and Proposed Operations</b>			
6.1	Clearly set out:		
a)	The classes of life assurance business being applied for;		
b)	Please provide a summary of the types of events/circumstances being Insured;		
c)	Please provide the target financial objectives of both the group and the applicant e.g. return on equity. Please indicate when the applicant will meet the target;		
d)	Full details of the applicant's proposed life assurance business and Products;		
e)	Confirmation that the operations of the company will be limited to life assurance and to operations arising directly therefrom; (Art 7 (2) (a) Framework Regulations);		
f)	The application should set out the countries in which business will be written and whether this will be on a freedom of services or establishment basis;		
g)	The application should provide the rationale for the proposed F.O.E or F.O.S structure. Where an establishment(s) in another Member State is proposed, the application must include a draft branch application file for that country(s) which must reconcile with the data in the main application <sup>4</sup> ;		
h)	Where other Member States are involved, applicants should note that there may be further legal requirements to be fulfilled in each Member State. These are usually communicated by the relevant authorities in the countries by means of their 'General Good Requirements';		
i)	If the applicant intends to write business outside the EU, provide an overview of how the applicant can underwrite that business from an Irish authorised undertaking;		
6.2	Rationale for seeking an insurance licence and establishing in Ireland.		
6.3	Detailed information on the sources of funding for the applicant.		
6.4	Provide details of the applicant's new product approval process.		
<b>7.0 Organisation of the Applicant and Governance Arrangements</b>			
7.1	Demonstrate how 'heart and mind' will be present in Ireland <sup>5</sup> . (The day-to-day operations must be conducted within the State.)		
7.2	Board of Directors. Provide details of the proposed board of directors specifically identifying <sup>6</sup> :		

<sup>4</sup> The Central Bank of Ireland will only issue a branch application for notification purposes to another Member State Regulator, after the head office application has been granted a licence, i.e., if the application is successful.

<sup>5</sup> Heart and Mind: An undertaking whose registered office is located in the State must ensure it has sufficient resources available to it to conduct its business and that the strategic direction, decision making, control and accountability of the insurance undertaking is located in the State.

<sup>6</sup> Please refer to the Corporate Governance Code for Credit Institutions and Insurance Undertakings for composition of boards. <http://www.centralbank.ie/regulation/poldocs/consultation-papers/Documents/CP41%20->

a) Executive directors;		
b) Non-executive directors;		
c) Independent directors;		
d) Terms of references for the Board of Directors.		
7.3 Applicant's Governance Arrangements.		
Provide:		
a) Organisation chart of the applicant's corporate governance structure;		
b) Set out details of reporting lines of the applicant to the group;		
c) Details of all management committees and members <sup>7</sup> , e.g.,		
▪ Audit Committee;		
▪ Risk Committee;		
▪ Remuneration Committee;		
▪ Nomination Committee;		
▪ Other relevant committees (Investment, Underwriting, etc.)		
Details should include:		
▪ Composition thereof;		
▪ Frequency of meetings;		
▪ General responsibilities/terms of reference;		
▪ Reporting lines; and		
▪ Details of sub-committees (if applicable).		
7.4 Please confirm the applicant will comply with all the requirements of the Corporate Governance Code for Credit Institutions and Insurance Undertakings.		
7.5 Senior Management/ Other Staff/processes:		
a) Include detailed organisation chart for applicant;		
b) Outline the projected staffing requirements over the first 3 years of the applicant's operations (broken down on a yearly basis).		
7.6 Provide list of persons who will carry out Pre-Approval Controlled Functions (PCF's) for the applicant firm (including PCF's that are outsourced) and the PCF function they will be performing		
7.7 A completed 'Individual Questionnaire' must be completed for PCF's. The regulations identify senior positions as PCF's such as Chief Executive Officer, Director or Head of Compliance, Risk and Internal Audit		
The Individual Questionnaire must be completed through our Online Reporting System. Please contact the Authorisation team who will arrange for the applicant to have access to the system.		
Please refer to the 'Fitness and Probity' regime available on the Central Bank of Ireland's website for further information on PCF's and due diligence to be undertaken to assess a person's probity to perform a control function (CF) <sup>8</sup> .		

## 8.0 Risk Management<sup>9</sup>

Detailed information is required in respect of the following key functions:

[%20Corporate%20Governance%20Requirements/Corporate%20Governance%20Paper%20-%20204%20November%20\(3\)%20Amended%2023%20Feb%202021.pdf](#)

<sup>7</sup> Please refer to the Corporate Governance Code for Credit Institutions and Insurance Undertakings for composition of committees. [http://www.centralbank.ie/regulation/poldocs/consultation-papers/Documents/CP41%20%20Corporate%20Governance%20Requirements/Corporate%20Governance%20Paper%20-%20204%20November%20\(3\)%20Amended%2023%20Feb%202021.pdf](http://www.centralbank.ie/regulation/poldocs/consultation-papers/Documents/CP41%20%20Corporate%20Governance%20Requirements/Corporate%20Governance%20Paper%20-%20204%20November%20(3)%20Amended%2023%20Feb%202021.pdf)

<sup>8</sup> <http://www.centralbank.ie/regulation/processes/fandp/Pages/IntroductiontoFitnessandProbity.aspx>

<sup>9</sup> There may be overlap between Section 8 and Section 9.



8.1	<p><b>Internal Audit.</b> Where the size or nature of the operations of the applicant warrants it, a properly staffed internal audit function should exist (which has direct access to the board of directors or an appropriate sub-committee of the board) that reports to the board.</p> <ul style="list-style-type: none"> <li>• Outline the role of internal audit;</li> <li>• Include details of whether internal audit will be outsourced to a group company or carried out locally;</li> <li>• Outline expected frequency of internal audits;</li> <li>• Outline the scope of the internal audit;</li> <li>• Confirm that the audit function is independent from the operational activities of the applicant;</li> <li>• Please submit an overview of the internal audit team and their experience;</li> <li>• If applicant is already trading please submit an overview of audit reports over the last 3 years to include: Title of report, issues identified classified by high, medium or low risk, current status of issues. For any high risk issues please submit copies of the report. Further audit reports may be requested.</li> </ul>		
8.2	<p><b>Compliance</b></p> <ul style="list-style-type: none"> <li>• Indicate who will be responsible for the compliance function;</li> <li>• Set out compliance reporting lines, processes, key compliance responsibilities, etc. (The compliance officer should be independent of company operations unless otherwise agreed with the Central Bank of Ireland).</li> </ul>		
8.3	<p><b>Risk Appetite Statement</b></p> <ul style="list-style-type: none"> <li>• Submit a copy of the risk appetite statement<sup>10</sup> for the applicant. The risk appetite statement should include the following: <ul style="list-style-type: none"> <li>○ All material risks that the applicant is exposed to;</li> <li>○ To express the risk appetite in quantitative measures and qualitative terms;</li> <li>○ To separately address risk appetite over short, medium and long term;</li> <li>○ To identify clear trigger levels for each material risk. In addition to material breach limits, the statement need to include interim limits which when breached will require remedial action;</li> <li>○ A clearly documented and communicated escalation procedure in place (both internal and external escalation procedures) as well as identifying what constitutes a material breach;</li> <li>○ To identify the individual(s) with responsibility for monitoring and escalation;</li> <li>○ To communicate the statement to all relevant staff, including those responsible for producing, monitoring or using the risk measures on a regular basis;</li> <li>○ The approval of the statement by the board.</li> </ul> </li> </ul>		
8.4	<p><b>Risk Management</b></p> <ul style="list-style-type: none"> <li>▪ Outline the risk management function;</li> <li>▪ Identify the major risks that the applicant faces, and detail how the applicant proposes to monitor, manage and control and report on each of these risks (in relation to each of its proposed business lines);</li> <li>▪ Demonstrate that comprehensive risk management systems commensurate with the scope, size and complexity of the applicant's activities, including derivatives and associated risks,</li> </ul>		

<sup>10</sup> Please refer to Section 14 of the Corporate Governance Code for Credit Institutions and Insurance Undertakings for Risk Appetite Statement. <http://www.centralbank.ie/regulation/Pages/Codes.aspx>

	<p>will be in place, incorporating:</p> <ul style="list-style-type: none"> <li>- Continuous measuring, monitoring and controlling of risks;</li> <li>- Accurate and reliable management information systems;</li> <li>- Timely management reporting; and</li> <li>- Thorough audit and control procedures.</li> </ul>		
8.5	<p><b>Underwriting</b></p> <ul style="list-style-type: none"> <li>▪ Detail the underwriting guidelines and criteria;</li> <li>▪ Detail the role and objectives of the applicant’s underwriting function;</li> <li>▪ Describe the data and processes that will be employed by the the underwriting function to achieve those objectives;</li> <li>▪ Outline the underwriting activities of the applicant to include underwriting policy and strategy;</li> <li>▪ Outline the internal controls over the underwriting process;</li> <li>▪ Describe how the performance of the underwriting function will be monitored and controlled.</li> </ul>		
8.6	<p><b>Provisioning</b></p> <ul style="list-style-type: none"> <li>▪ Outline the policies and procedures in place to establish technical provisions particularly in relation to provisions such as incurred but not reported (IBNR) and incurred but not enough reported (IBNER).</li> </ul>		
8.7	<p><b>Asset and Liability Management</b></p> <ul style="list-style-type: none"> <li>▪ Outline the Asset Liability Management policy to include identification and assessment of mismatches between assets and liabilities (i.e. with respect to duration and currency), contingencies plans for unexpected outflows/inflows, and any proposed uncovered mismatches.</li> </ul>		
8.8	<p><b>Investment</b></p> <ul style="list-style-type: none"> <li>▪ Provide the investment strategy;</li> <li>▪ Provide the strategic asset allocation, by asset class, type, currency and duration;</li> <li>▪ Provide details of the specific investments purchased;</li> <li>▪ Provide details of the specific counterparties.</li> <li>▪ Provide internal quantitative limits per counterparty, geographical area or industry.</li> </ul> <p>See Central Bank of Ireland’s guidelines for insurance companies (1) risk management of derivatives<sup>11</sup> and (2) asset management<sup>12</sup>.</p>		
8.9	<p><b>Liquidity and Concentration Risk Management</b></p> <ul style="list-style-type: none"> <li>▪ Describe the process of identifying, monitoring and measuring the concentration of risk on the underlying lines of business and the portfolio as a whole.</li> </ul>		
8.10	<p><b>Operational Risk Management</b></p> <ul style="list-style-type: none"> <li>▪ Provide a policy on operational policy to include a definition of operational risk, identification of major operational risks, and detail how the applicant proposes to monitor, manage, control and report on operational risks.</li> </ul>		
8.11	<p><b>Reinsurance and Other Risk Mitigation Technique</b></p> <ul style="list-style-type: none"> <li>▪ Document the reinsurance policy, including settling reinsurance programs, level of risk transfer, selection of type of reinsurance, principles for the selection of reinsurance counterparties;</li> <li>▪ Procedures for assessing the creditworthiness and diversification</li> </ul>		

<sup>11</sup> <http://www.centralbank.ie/regulation/industry-sectors/insurance-companies/Documents/Guidance%20-%20Risk%20Management%20of%20Derivatives.pdf>

<sup>12</sup> <http://www.centralbank.ie/regulation/industry-sectors/insurance-companies/Documents/Guidance%20-%20Asset%20Management.pdf>

- of reinsurance counterparties;
- Procedures for assessing the effective risk transfer;
- Concentration limits for credit risk exposure to reinsurance counterparties, and appropriate systems for monitoring these exposures;
- Liquidity management to deal with any timing mismatch between claims' payments and reinsurance recoveries;
- Provide draft reinsurance treaties;
- Detail the structure of any reinsurance/retrocession programme, including excesses, limits, currencies and reinsurers. Provide draft retrocession treaties.

Note: Applicant should refer to the Central Bank of Ireland's "Guidelines on the Reinsurance Cover of Primary Insurers and the Security of their Reinsurers"<sup>13</sup>.

In principle, credit for retrocession arrangements with related companies (in solvency calculations) is only available where the group reinsurer/retrocessionaire is a satisfactorily rated entity.

8.12	Internal Controls/Policies <ul style="list-style-type: none"> <li>• Provide full details of the internal control procedures. Internal control should address the control environment, control activities, communication and monitoring.</li> </ul>		
8.13	Anti-Money Laundering Procedures <ul style="list-style-type: none"> <li>• Detail the Anti-Money Laundering Procedures.</li> </ul>		
8.14	Conflicts of Interest <ul style="list-style-type: none"> <li>• Provide full details regarding the possible conflicts of interest arising in the conduct of the different types of activity under the applicant's control, demonstrating that adequate arrangements have been made to protect the interest of clients.</li> </ul>		
8.15	Outsourcing <ul style="list-style-type: none"> <li>• The information that should be provided to the Central Bank of Ireland in relation to outsourcing proposals should be consistent with regulatory principles, for example Solvency II guidance<sup>14</sup>;</li> <li>• Please provide full details of any outsourcing by the applicant to both affiliates and third parties. Copies of all service level agreements should be provided. (Transaction flow charts for the activities involving outsourcing may be required, i.e. details of the interrelationships of the various entities, timings, etc.);</li> <li>• The scope of activities to be outsourced should be described (outlining whether chain outsourcing is proposed);</li> <li>• Confirm that the outsourcing service provider will provide the Central Bank of Ireland with access<sup>15</sup> to data held by it (and premises) in order that the Central Bank of Ireland can properly carry out its supervisory functions. Please note that the Central Bank of Ireland will expect to sight a provision in <b>ALL</b> agreements in respect of this;</li> <li>• Please provide details of how the outsourced activities will be monitored and controlled including details of key performance indicators used;</li> <li>• Please provide details of termination of the agreement, rights and obligations of the outsourcing institution and outsourcing service provider.</li> </ul>		

<sup>13</sup> <http://www.centralbank.ie/regulation/industry-sectors/insurance-companies/Documents/Guidance%20-%20Reinsurance%20Cover.pdf>

<sup>14</sup> [https://eiopa.europa.eu/fileadmin/tx\\_dam/files/consultations/consultationpapers/CP33/CEIOPS-L2-Final-Advice-on-System-of-Governance.pdf](https://eiopa.europa.eu/fileadmin/tx_dam/files/consultations/consultationpapers/CP33/CEIOPS-L2-Final-Advice-on-System-of-Governance.pdf)

<sup>15</sup> Access should also be provided to allow the outsourcing institution's compliance and internal audit department access to data and the external auditors full and unrestricted rights of inspection and auditing of that data.

9.0 Premiums/Underwriting, Claims, Distribution, Investment Management, Finance			
9.1	Underwriting <ul style="list-style-type: none"> <li>Outline the underwriting activities of the applicant to include, strategy, staffing and authority levels/limits and how those limits are monitored;</li> <li>Outline the reporting lines of all individuals within the underwriting section.</li> </ul>		
9.2	Policy and Claims Administration <ul style="list-style-type: none"> <li>Provide details of the policy admin and claims functions including the reporting lines of the function, the key reports utilised and the frequency of reporting.</li> </ul> <p>Note: This section should cover, inter alia, policy set-up, surrenders, death claims, change of information, withdrawals, valuations, accounting reconciliations.</p>		
9.3	Distribution <ul style="list-style-type: none"> <li>Provide details of all distribution channels and projected sales for each product;</li> <li>Regulatory status of distributors (need for qualifications/ authorisation e.g. Minimum Competency Requirements or equivalent in other Member States).</li> <li>Are individuals, on a professional basis, as, for or on behalf of this applicant <ul style="list-style-type: none"> <li>Providing advice to consumers on retail financial products;</li> <li>Arranging or offer to arrange retail financial products for consumers;</li> <li>Undertaking certain specified functions;</li> </ul> (as set out in the Minimum Competency Code issued by the Central Bank of Ireland in 2011).</li> <li>Provide confirmation that the entity will only distribute products through authorised channels.</li> </ul>		
9.4	Policy Documents <ul style="list-style-type: none"> <li>Provide details of policy documents (to comply with Annex III of 2002/83/EC);</li> <li>Marketing Literature and other information provided to policyholders e.g. Key Features Information; and</li> <li>Are the policy documents consistent with any legal requirements such as compulsory classes under the Road Traffic Acts, the Health Insurance Acts and other foreign legislation.</li> </ul>		
9.5	Finance <ul style="list-style-type: none"> <li>Detail the remit and staffing of the financial control function (including projections on compliance with prudential reporting requirements), the reporting lines of the financial control function, the key reports utilised and the frequency of reporting.</li> </ul>		
9.6	Investment Management <ul style="list-style-type: none"> <li>Detail the remit and staffing of the investment management function including the reporting lines of the function, the key reports utilised and the frequency of reporting.</li> </ul>		
9.7	Outsourcing <ul style="list-style-type: none"> <li>Please provide an operational process map for the entire applicant including functions outsourced to service providers.</li> </ul>		

**10.0 Capital, Solvency and Financial Projections**

*5 year<sup>16</sup> projections are required in all instances where 'projections' are referred to.*

The aim of this section is to review the applicant has reasonable financial projections and complies with the capital requirements. The assumptions are reviewed for reasonableness for example using industry data, actual experience and market research. The assumptions are checked into the financial projections which should produce a Profit and Loss Account and Balance Sheet which should show compliance with the capital requirements.

10.1 Provide full details in relation to:  
Forecasts underlying business plan such as premium rates, volume, reinsurance rates, loss ratios, commission rates and investment income assumptions.

The basis for these forecasts should be explained in the context of 1) industry data, 2) actual experience, e.g. loss ratios and 3) market research.

10.2 Financial projections  
The financial estimates should be submitted in the format outlined in the Schedule to the European Communities (Life Assurance) Framework Regulations, 1994 and the currency used should be Euro.

While applications should cover the specific requirements outlined below, It would be advisable to provide as comprehensive an application as possible in order to minimise follow-up queries. The application should therefore include financial projections prepared on an optimistic, realistic and pessimistic basis with explanations of the underlying assumptions supporting each. The following projections should be provided for at least 5 years on an optimistic, pessimistic and realistic basis.

- (i) Profit and loss account prepared in accordance with appropriate accounting standards;
- (ii) Balance Sheet prepared in accordance with appropriate accounting standards;
- (iii) New business projections, by policy type and Member State in the format set out in Appendices 1 and 1A;
- (iv) Projected Balance Sheet in the format set out in Appendix 2 with mathematical reserves broken down by product;
- (v) Revenue accounts direct business, reinsurance accepted and reinsurance ceded in the format set out in Appendix 3;
- (vi) Estimates of maintenance and acquisition expenses in the format set out in Appendix 4;
- (vii) Full details of the basis used to calculate premium rates and technical, including mathematical reserves;
- (viii) Estimates relating to the financial resources intended to cover underwriting liabilities and the solvency margin in the format set out in Appendix 5;
- (ix) Details of the types of investments which are expected to represent the life assurance funds and the estimated portion that will be represented by each type of investment;
- (x) Details of the scale of commissions payable, charges and expenses applied to each product type;
- (xi) Estimates of the costs of setting up the administrative services of the organisations for securing business and the financial resources to meet those costs;
- (xii) Details of reserving policy including the closed fund reserve;
- (xiii) If the applicant is currently trading, provide the P&L, Balance Sheet and capital requirement for the last three years. Provide

<sup>16</sup> It is noted that SI 360 of 1994 European Communities (Life Assurance) Framework Regulations require financial projections for 3 years. The Central Bank has found that for life companies it can take more than 3 years for profits to emerge and therefore request financial projections are extended to 5 years.

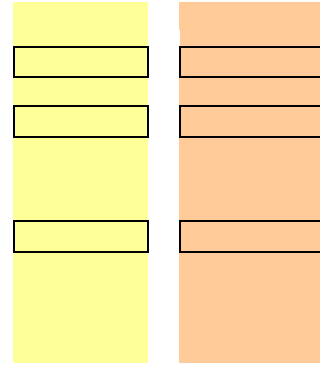
	the financial performance of each product line for the last five years.		
	The solvency margin calculations are set out in Directive 2002/83/EC . The Central Bank of Ireland requires applicants and newly approved companies (first 3 years) to meet 200% of their calculated solvency margin. After three years the requirement may be reduced to 150% <sup>17</sup> .		
10.3	Capital Set out full details of: The capitalisation of the applicant splitting it between share capital, capital Contribution, subordinated debt etc., Minimum Guarantee Fund (MGF). The undertaking must possess a MGF, which is currently €3,500,000 <sup>18</sup> .		
10.4	Solvency II (i) Financial projections (using the latest QIS technical specifications) for the first three years of operations. (ii) Applicants plans to use standard formula, internal model or partial internal model as appropriate. (iii) Assessment of main gaps between current arrangements and Pillar II and III requirements.		
	While the Solvency II regime is not in place, applicants are required to demonstrate where they are now and demonstrate a credible plan to achieve compliance. As the Solvency II regime is being developed, the Central Bank of Ireland will facilitate a discussion in relation to the above requests.		
<b>11.0</b>	<b><u>IT/Business Continuity Plan</u></b>		
	Provide details of:		
11.1	All IT systems to be used in relation to front and back office operations; (Please use operational process map at 9.7 above as a basis for this information).		
11.2	The main IT service providers and back up IT service providers; and		
11.3	The business continuity plan (confirming the business continuity arrangements in place in an alternative location in the State).		
<b>12.0</b>	<b><u>Other</u></b>		
	Confirm that:		
12.1	Location – set out details of the applicant’s: a) Initial Infrastructure Plans; and b) Future/Permanent Plans.		
12.2	Provide any other information relevant to the application.		
<b>13.0</b>	<b><u>Proposed Appointed Actuary</u></b>		
	Please submit:		
13.1	Certification of Financial Projections confirming that the Appointed		

<sup>17</sup> The rationale for the higher solvency margin in the first 3 years includes: lack of company specific, historical premium and/or claims data; higher operational risk posed by new firms; unproven business model; no other retained reserves have been built up; premium collection may be in arrears in comparison with the potential for immediate significant claims; or general concerns in relation to “teething problems” in the early years of all types of business, as statistics show businesses having a much higher failure in their first 3 years. Within the context of a new insurance company such increased risks poses increased potential harm to policyholders and it is therefore appropriate from a prudential and consumer perspective that the increased risk be balanced by a more robust capital position, which is reviewed after three years.

<sup>18</sup> This is subject to an indexation review. The next increase is expected from 31/12/2012. Please refer to the Insurance Section of the Central Bank of Ireland website for an update.

Actuary:

- Considers the premium rates (including charges/loadings to be suitable);
- Considers the financial resources of the undertaking to be sufficient to cover both technical including mathematical reserves and the required solvency margin for the first three financial years following authorisation; and
- Agrees with the information provided in the financial projections, i.e. projected revenue accounts, balance sheets and statements of solvency.



I confirm that:

- I am authorised by the applicant to submit this life assurance licence application on their behalf;
- The information set out in the application and supporting documentation is complete, correct and accurate; and
- There is a willingness and a capacity on the part of the applicant to comply with codes, prudential and legislative requirements applicable to life assurance companies on a continuous basis.

Signed: \_\_\_\_\_

Name (in Print): \_\_\_\_\_

Title: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX 1  
NEW BUSINESS LEVELS**

Type of Account :-                   Gross / Ceded / Net  
Basis :-                                Optimistic / Pessimistic  
Type of Business :-                 Community / Irish / Global / Other

Name of Product :  
Class of Business :  
Linked or Non-Linked :  
Single or Regular :

Year 1                   Year 2                   Year 3

- No. of new contracts  
- Premiums (€000)  
- Sums Assured (€000)

---

Name of Product :  
Class of Business :  
Linked or Non-Linked :  
Single or Regular :

Year 1                   Year 2                   Year 3

- No. of new contracts  
- Premiums (€000)  
- Sums Assured (€000)

---

Name of Product :  
Class of Business :  
Linked or Non-Linked :  
Single or Regular :

Year 1                   Year 2                   Year 3

- No. of new contracts  
- Premiums (€000)  
- Sums Assured (€000)



**APPENDIX 1A**  
**NEW BUSINESS LEVELS (SUMMARY)**

<u>Type of Account</u> :-	Gross / Ceded / Net			
<u>Basis</u> :-	Optimistic / Pessimistic			
<u>Type of Business</u> :-	Community / Irish / Global / Other			
Single Premium Contracts	Year 1	Year 2	Year 3	

number of linked contracts

number of non-linked contracts

total number of contracts

total premiums (€000)

total sums assured (€000)

Annual Premium Contracts	Year 1	Year 2	Year 3	
--------------------------	--------	--------	--------	--

number of linked contracts

number of non-linked contracts

total number of contracts

total premiums (€000)

total sums assured (€000)

Total Contracts	Year 1	Year 2	Year 3	
-----------------	--------	--------	--------	--

number of linked contracts (AP + SP)

number of non-linked contracts (AP + SP)

total number of contracts (AP + SP)

total premiums (€000) (AP + SP)

total sums assured (€000) (AP + SP)

AP = Annual Premium

SP = Single Premium

Community = Refers to business written in the European Community (other than in Ireland). (Please note that new business premium income written by way of branch establishments in other Member States must be shown separately for each branch in each Member State).

Irish = Refers to business written in Ireland.

Global = Should include Community, Irish and Other.

Other = Business written outside the European Community (e.g. E.F.T.A. countries and Third Countries).

New business premium income written by way of free provision of services should be shown separately in respect of each Member State where it is proposed to operate on a services basis.

**APPENDIX 2**  
**BALANCE SHEET - NEW AUTHORISATIONS**

Basis :-                      Optimistic or Pessimistic

Type of Business :-                      Community / Irish / Global / Other

<b><u>Liabilities</u></b> :	Year 1	Year 2	Year 3
	€000	€000	€000

Mathematical Reserves **(by product)**

Balance of Life Assurance Business Funds

Other Liabilities (to be specified)

Share Capital

Balance of P&L account

**Total Liabilities** :

<b><u>Assets</u></b> :	Year 1	Year 2	Year 3
	€000	€000	€000

Designated Assets

Excess Value of Total Assets over designated assets

Shareholder assets

Other Assets (to be specified)

**Total Assets** :

**APPENDIX 3**  
**REVENUE ACCOUNT - NEW AUTHORISATIONS**

Type of Account :- Gross / Ceded / Net  
Basis :- Optimistic or Pessimistic  
Type of Business :- Community / Irish / Global / Other

	Year 1	Year 2	Year 3
	€000	€000	€000
Premium Income			
Investment Income			
Capital Gains			
Other Income (to be specified)			

**Total Income :**

Deaths  
Surrenders  
Maturities  
Commission  
Management Expenses  
Stamp Duty  
Premium Levy  
Taxation  
Other Expenditure (to be specified)

**Total Expenses :**

Excess of Income over Expenditure  
Long Term Fund at start of Year  
Transfer to / from Long Term Fund  
Long Term Fund at End of Year

**APPENDIX 4**  
**MAINTENANCE / ACQUISITION EXPENSES**

Type of Account :- Gross and Net  
Basis :- Optimistic / Pessimistic  
Type of Business :- Community / Irish / Global / Other

	Year 1	Year 2	Year
3			

**Acquisition Expenses**

total number of new single premium contracts  
total number of new annual premium contracts  
total number of new contracts

total management expenses in connection with  
acquisition of single premium business (€000)

total management expenses in connection with  
acquisition of annual premium business (€000)

total management expenses in connection with  
acquisition of business (€000) (as per revenue account)

**Maintenance Expenses**

total single premium policies in force at year end  
total annual premium policies in force at year end  
total number of policies in force at year end

total maintenance / other management expenses (€000)  
(single premium contracts)

total maintenance / other management expenses (€000)  
(annual premium contracts)

total maintenance / other management expenses (€000)  
(as per revenue account)

**APPENDIX 5**  
**STATEMENT OF SOLVENCY - NEW AUTHORISATIONS**

Basis :- Optimistic or Pessimistic

Type of Business :- Community / Irish / Global / Other

	Year 1 €000	Year 2 €000	Year 3 €000
Life assurance business designated assets			
Excess of the Value of designated assets representing the life assurance business funds over those funds			
Assets which are not life assurance business assets allocated towards life assurance business required minimum solvency margin			
Total Mathematical reserves (after distribution of surplus)			
Other insurance and non-insurance liabilities			
Available assets for life assurance business required minimum solvency			
Required minimum solvency margin for life assurance business			
Excess (deficiency) of available assets over required minimum solvency margin			

## APPENDIX 6 – QUALIFYING SHAREHOLDERS

Please complete the relevant section below in relation to all qualifying shareholders. A qualifying shareholder, pursuant to European Communities (Life Assurance) Framework Regulations, 1994, means a direct or indirect holding in an undertaking which represents 10 per cent or more of the capital of the voting rights or which makes it possible to exercise a significant influence over the management of the undertaking.

(Copy the relevant section where necessary if more than one shareholder.)

(Where a (qualifying) shareholder does not meet one of the legal forms provided below, e.g. individual shareholders, please discuss the ownership structure with the Central Bank of Ireland in advance of submitting the application).

### **Shareholder – Company**

Disclose name, address and registered number of Shareholder.

--

Where a shareholder is an incorporated entity, confirm that the company (i.e. shareholder) has submitted the following:

- |  |                      |
|--|----------------------|
| a) Description of activities;  | <input type="text"/> |
| b) Whether or not the company is regulated and if regulated, by which authority;   | <input type="text"/> |
| c) Most recent audited accounts if applicable. If not available most recent management accounts should be submitted;   | <input type="text"/> |
| d) Details of proposed interaction with the applicant;   | <input type="text"/> |
| e) Written confirmation that the company is the <i>beneficial</i> owner of the shares;   | <input type="text"/> |
| f) Details of any litigation (or known circumstances which might give rise to litigation) against the company currently outstanding or that has occurred in the last five years, except cases arising in the course of normal business activities.   | <input type="text"/> |
| g) Details of any material written complaints made against the company by its clients or its former clients in the last five years which are awaiting determination by, or have been upheld by an ombudsman.   | <input type="text"/> |
| h) Details of any significant events or information (for example, in relation to insolvency, reconstruction, civil or criminal investigations or proceedings, or financial services regulations) which would be relevant to our consideration of the company and the applicant’s firm application for authorisation. | <input type="text"/> |

### **Shareholder – Nominee Company**

Disclose name, address and registered number of Shareholder.

--

Where a company holds 10% or more of the shares in an applicant firm on behalf of third parties, confirm that the company has submitted the following details relating to the proposed nominee holders of the shares:

- |  |                      |
|--|----------------------|
| a) Documentation evidencing the fact that the nominee is the registered holder of the shares, i.e. certified copy of the share register; | <input type="text"/> |
| b) Documentation evidencing the ownership of the nominee company, i.e. certified copy of the share register;                             | <input type="text"/> |
| c) Audited accounts of the nominee company;  | <input type="text"/> |
| d) Identity of the beneficial owners of the shares;  | <input type="text"/> |
| e) Details regarding what object is intended to be served by using such a nominee company, rather than holding the shares directly; and  | <input type="text"/> |

- f) Appropriate declarations in respect of the nominee holding the shares in trust for the beneficial owners, including formal confirmation from the nominee itself that the relevant declarations of trust remain valid and in force.

**Shareholder – Trusts**

Disclose name of Shareholder.

Where a shareholder is a trust, confirm that the trustees have submitted the following:

- a) Documentation evidencing the fact that the trust is the registered holder of the shares, i.e. certified copy of the share register;
- b) Copies of the trust deed and any other documentation constituting the trust or relating to the trust in some other way including any supplemental or ancillary deeds, documents or agreements or side letters;
- c) Completed Individual Questionnaires through our Online Reporting System for the settlers of the Trusts;
- d) Completed Individual Questionnaires through our Online Reporting System for the trustees of the Trusts;
- e) Completed Individual Questionnaires through our Online Reporting System for the beneficiaries of the trusts (including details of age for minors) and those of all persons who are within the class of prospective beneficiaries;
- f) Most recent audited accounts (if available) or other relevant financial information in relation to the trusts to include all assets and liabilities of the trust;
- g) Purpose of the Trust;
- h) A signed undertaking is required to ensure that the requirements of the legislation in relation to the shareholders is met on a continuous basis. The undertaking must contain provisions to provide the Central Bank of Ireland with
  - a) advance notice of any acquiring transactions or disposals
  - b) advance notice of any proposed change in the beneficiaries to the trust, the trust deeds, or the trust’s governing law;
  - c) and must be signed by all Shareholders including the trustee(s) and the applicant firm; and
  - d) any material changes in the Trust.
- i) Legal opinion confirming the validity and efficacy of the undertaking as drafted to suit the circumstances of any particular shareholder trust;
- j) Provide details of the source of the funds under the trustee’s control;
- k) Provide the name(s) of the person (s) authorised to sign on behalf of the Trust;
- l) Provide details of any limitations on the trustee’s power of investments.

**Shareholder – Partnerships**

Disclose name, address and registered number of Shareholder.

Where a shareholder is a limited liability partnership (‘LLP’), confirm that the partners have submitted the following:

- a) Description of the LLP itself (including names of general and limited partners and details of respective roles);
- b) Descriptions of activities of the LLP;
- c) Whether or not the LLP is regulated and by which authority;
- d) Most recent audited accounts if applicable. If not available most recent management accounts;
- e) Details of proposed interaction with applicant;
- f) Written confirmation that the LLP is the beneficial owner of the shares;

- g) A copy of the partnership deed and any relevant agreement between the general and limited partners;
- h) Completed Individual Questionnaire through our Online Reporting System for each partner in the Partnership;
- i) If the partnership is not a LLP, please contact the Central Bank of Ireland.



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