



FINANCIAL REGULATOR
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Information Release

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Findings of Inspection of Life Insurance Firms Compliance with Minimum Competency Requirements

-Examination Shows Comprehensive Procedures in Place and Recommends Best Practice-

The Central Bank & Financial Regulator today (xx August 2010) published the findings of a themed inspection on compliance by life insurance firms with the ‘grandfathering’ provisions and register maintenance provisions of the Minimum Competency Requirements. The inspection was carried out earlier this year and found that firms generally had comprehensive procedures in place. The Central Bank and Financial Regulator has notified life insurance firms of the findings of the inspection and has made a number of recommendations. Compliance issues identified during the inspection are subject to separate engagement with the individual firms concerned. The findings from the inspection have informed the current review of Minimum Competency Requirements.

Under the Minimum Competency Requirements (MCR), which came into effect on 1 January 2007 firms must ensure that individuals who provide advice on or sell retail financial products or undertake certain specified activities¹ meet a minimum required competency standard, either through holding a recognised qualification or working in the industry for a specified period of time. In addition, individuals are required to undertake a programme of Continuing Professional Development (CPD) on an ongoing basis and firms are required to ensure that these individuals comply with these requirements.

¹ Specified activities include claims administration, reinsurance intermediation, management of accredited individuals and adjudicating on complaints.

The Central Bank & Financial Regulator was encouraged to find that, in the main, life insurance firms have comprehensive procedures in place to ensure compliance with the requirements. Following the inspection a number of recommendations have been made to firms:

- Firms must have procedures in place to ensure that ‘grandfathered’ individuals who are recruited from another firm in the financial services industry have experience that is relevant to the role they will carry out in the Firm. The verification of this must be documented and recorded.
- Firms must ensure that all staff who are required to meet Continuing Professional Development requirements are monitored on an ongoing basis to ensure that the required amount of CPD is completed and that the CPD is relevant to the staff member.
- Firms must ensure that their records are kept up to date and where anomalies exist in CPD records, these must be investigated and addressed as a matter of urgency.
- Firms must implement procedures to ensure that the register of accredited individuals is kept up to date on an ongoing basis to ensure that consumers are not provided with out of date information.

The findings of this review have been incorporated into the ongoing Review of Minimum Competency Requirements on which a consultation paper, CP45, has been issued. The closing date for submissions in response to this consultation paper is 13 August 2010. The consultation paper is available at <http://www.financialregulator.ie/consultation-papers/Pages/default.aspx>
Further information: Press Office (01) 224 6299, press@centralbank.ie

Notes to Editors

Individuals who commenced an activity on or before 1 January 2007, who have carried on that activity for at least 4 years between 1 January 1999 and 1 January 2007, and who do not hold a relevant recognised qualification, could avail of the grandfathering arrangements

Each financial service provider is also obliged to keep a register of all accredited and specified accredited individuals, and this register must be publicly available, on request.