



Banc Ceannais na hÉireann  
Central Bank of Ireland

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## Guidelines for Insurance Undertakings on the Establishment of an EEA Branch



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**Context**

This document does not attempt to interpret legislation. It should be read in conjunction with [SI 359 of 1994](#), [SI 360 of 1994](#) and the related [General Protocol](#). The application process for a Branch establishment is an iterative one and therefore there may be requirements in addition to those outlined in this guidance document.

**Information to be provided to the Central Bank of Ireland****1. Introduction**

- a) A brief history of the head office undertaking.
- b) A brief description of the business rationale for the branch application.

**2. Branch information**

- a) The organisation and structure of the branch in terms of management and staffing.
- b) Details on the division of responsibility between the branch operation and the head office.
- c) Summary of any third party agreements and copies of those agreements.

**3. Market information**

- a) Details of the Classes of business and the specification of the proposed products.
- b) Target market.
- c) Distribution arrangements - marketing/sales force.
- d) Commission payable.

**4. Risk management**

- a) Underwriting policy.

- b) Summary of details of reinsurance treaties (if applicable).

**5. Technical basis**

- a) Details of the reserving basis.
- b) An estimate of the level of capital required to sustain the branch business and a scheme demonstrating how the capital will be provided.
- c) If the products to be sold through the branch are different to those at present sold by the head office:
  - (i) Details of the technical basis employed.
  - (ii) Profit and sensitivity tests.
  - (iii) Key underlying assumptions.

**6. Actuarial Certificate**

An actuarial certificate from the Appointed Actuary/Signing Actuary stating that he/she:

- a) considers the financial resources of the undertaking to be sufficient to cover both technical, including mathematical reserves, and the required solvency margin for the undertaking as a whole, for the three financial years following the establishment of the branch.
- b) agrees with the information provided in the financial projections;
- c) considers the premium rates of any new products to be suitable.

**7. Financial projections (3 years)****Life Insurance**

Projections, as outlined below, should be submitted for the first three financial years, based on the anticipated level of business. The tables at Appendix II show the individual

categories of information required, but it is not necessary to conform exactly to the actual layout shown in the tables.

- a) New business figures on a gross premium basis and contracts (table 1).
- b) Total gross premium, net premium income and in force contracts (table 2).
- c) Claims payable figures (table 3).
- d) Expense figures (table 4).
- e) Global solvency position (table 5).

Figures should be shown separately for the undertaking as a whole and for the branch, except for (e) where only figures for the undertaking as a whole are required.

#### Non-Life Insurance

Projections are required for the initial three financial years of the Branch establishment. Applicants are required to submit the following forms in respect of business written by the proposed Branch Establishment, the Irish Head Office and Total Business. The forms should be submitted in the format prescribed in [SI 202 of 1995](#) and [SI 728 of 2004](#).

- a) Form 1 – Underwriting Account
- b) Form 10 – Balance Sheet
- c) Form 11 – Profit & Loss Account
- d) Form 14 – Solvency Margin Calculation

#### Information for transmission

Under the provisions of the Protocol to the Third Life & Non-Life Directives on the collaboration of EC Supervisory Authorities, it is necessary to provide the Supervisory Authority of the Member State of the branch with the following information:

1. The Classes of business intended to be transacted in the Member State of the branch.
2. The name and address of the head office of the undertaking.
3. The address, in the Member State of the branch, from which documents may be obtained from the undertaking and to which they may be delivered. This address should also be the one to which all communications to the general representative (authorised agent) can be sent.
4. The name and powers of the general representative of the branch, being a person possessing sufficient powers to bind the undertaking in relation to third parties and to represent it in relations with the authorities and courts of the Member State of the branch. In this connection, a "Power of Attorney" certificate would be of assistance, which should include the fact that the general representative has been granted the powers outlined above.
5. A "Scheme of Operations" as outlined below:
  - a) the nature of the risks and commitments that the undertaking is proposing to cover in relation to the branch;
  - b) the principles that the undertaking uses for guidance for reinsurance in respect of the business of the branch;
  - c) estimates of the cost of setting up, in the branch, administration services and the organisation for securing business and the financial resources set aside for this purpose;
  - d) the structure of the organisation of the branch;

and, for the first three financial years:

- e) estimates of overheads in the branch other than the cost of setting up, in particular, general running costs and commission (example: table 4 of Appendix II);
- f) estimates of premiums and claims in the branch (examples: table 2 and table 3 of Appendix II);

The above information should be submitted in English and a translation into the language of the Member State of the branch may also be required in respect of certain Member States.

## APPENDIX I

### Individual Questionnaire for Proposed Branch Manager

In addition to the above requirements, the Wholesale/Retail Insurance Supervision Department of the Central Bank of Ireland requires submission of an [Individual Questionnaire](#) for the proposed Branch Manager.

## APPENDIX II – Life Insurance Tables

Table 1: New business figures on a gross premium basis and contracts

New business	Year 1	Year 2	Year 3
premium (gross)	€000	€000	€000
Single premium			
Annual premium			
Total:			
Contracts	Policy nos.	Policy nos.	Policy nos.
Single premium			
Annual premium			
Total:			

Table 2: Total gross premium, net premium income and in force contracts

Total premium	Year 1	Year 2	Year 3
income	€000	€000	€000
Gross premium			
Net premium			
Contracts	Policy nos.	Policy nos.	Policy nos.
In force contracts			

Table 3: Claims payable figures

Claims	Year 1	Year 2	Year 3
	€000	€000	€000
Death			
Maturity			
Surrender			
Other			
Total:			

Table 4: Expense figures

Expenses	Year 1	Year 2	Year 3
	€000	€000	€000
Acquisition commission			
Other commission			
Mgt. expenses (acquisition)			
Other mgt. expenses (maint.)			
Total:			

Table 5: Global solvency position

Solvency	Year 1	Year 2	Year 3
	€00	€00	€00
Life assurance business designated assets plus linked assets			
Excess of the value of the assets representing the life assurance business funds over the designated value of 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 margin			
Required minimum solvency margin for life assurance business			
Excess (deficiency) of available assets over required minimum solvency margin			





T +353 1 224 4000    F +353 1 894 4631    [www.centralbank.ie](http://www.centralbank.ie)    [insurance@centralbank.ie](mailto:insurance@centralbank.ie)



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

**Bosca OP 11517, Duga Spencer, Baile Átha Cliath 1, Éire  
PO. Box No 11517, Spencer Dock, Dublin 1, Ireland**

