



September 2020

CBI Inquiry ends

The Central Bank of Ireland (“**CBI**”) has entered into settlements with two former directors of Quinn Insurance Limited (Under Administration) (“**QIL**”), concluding an Inquiry in respect of their suspected participation in a breach of insurance regulations. The CBI’s statement on the conclusion of the Inquiry can be found here: [Link](#)

Background

In 2013 the CBI entered into a settlement with QIL in relation to this matter, fining QIL €5m for two breaches of the European Communities (Non-Life Insurance) Framework Regulations 1994 (the “**1994 Regulations**”). The fine was waived in the public interest, as QIL was under administration and reliant on compensation from the Insurance Compensation Fund.

In 2015 this case concerning two of QIL’s former directors was referred to Inquiry.¹ It related to the individuals’ suspected participation in a breach of Regulation 10(3) of the 1994 Regulations by QIL, as regards the soundness and adequacy of QIL’s accounting procedures and internal control mechanisms during the period 6 October 2008 to 9 July 2008, in relation to how it managed and monitored the assets of its subsidiaries. Some of QIL’s subsidiaries had given financial guarantees in respect of finance facilities extended to Quinn Group Limited and these subsidiaries’ assets backed QIL’s technical reserves.

¹ An Inquiry is a formal mechanism used by the CBI to determine if certain regulatory breaches which have been designated as a “prescribed contravention” have been committed, and if so, what sanction (if any) should be imposed. It is rare for cases to go to Inquiry as most cases settle under the Administrative Sanctions Procedure.

For further information on any of the issues discussed in this article please contact:



Muireann Reedy

DD: +353 (0)1 674 1002

Muireann.reedy@dilloneustace.ie

The Inquiry hearing commenced in May 2019 and was heard in public over the course of seven days. Prior to this, in the period November 2015 to May 2019 the Inquiry was dealing with procedural, documentary and preliminary matters. During this time the individuals launched judicial review proceedings challenging the CBI's investigation and Inquiry. The High Court found in the CBI's favour in a judgment delivered in October 2017.

Comment

The entry by the CBI into these settlement agreements concludes the QIL Inquiry. Unusually the public statements in respect of both individuals do not give any details as to the settlement terms, the CBI stating that due to the individuals' circumstances at the time of settlement – which were unrelated to the Inquiry – it would not be giving any further comment. The CBI has said that the taking of these cases to Inquiry, shows that it will pursue cases all the way to Inquiry, if merited.

Three other Administrative Sanctions Procedure cases have settled after a referral to Inquiry. Two of the cases involved individuals who were formerly involved in the management of Irish Nationwide Building Society (“**INBS**”) and the other involved an insurance intermediary. The INBS Inquiry is ongoing in respect of two other individuals who were formerly involved in its management.

Contact information

If you have any queries about the information contained in this article, please contact Muireann Reedy of our Regulatory Investigations Unit at Muireann.Reedy@dilloneustace.ie or at 01-674 1002.

Dillon Eustace
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DILLON EUSTACE

Dublin

33 Sir John Rogerson's Quay, Dublin 2, Ireland. Tel: +353 1 667 0022 Fax: +353 1 667 0042.

Cayman Islands

Landmark Square, West Bay Road, PO Box 775, Grand Cayman KY1-9006, Cayman Islands. Tel: +1 345 949 0022 Fax: +1 345 945 0042.

New York

245 Park Avenue, 39th Floor, New York, NY 10167, U.S.A. Tel: +1 212 792 4166 Fax: +1 212 792 4167.

Tokyo

12th Floor, Yurakucho Itocia Building, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006, Japan. Tel: +813 6860 4885 Fax: +813 6860 4501.

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