



March 2016

Central Bank of Ireland Supervisory Review of Solvency II Firms

Introduction

The Central Bank of Ireland (the “**Central Bank**”) published its programme of themed inspections (the “**Programme**”) on 3 February 2016, indicating its supervisory priorities for 2016 which reflect the full implementation of the Solvency II regime. The purpose of the inspections is to highlight to the Central Bank the areas where Solvency II firms might need to improve their levels of compliance.

We understand that the Central Bank has recently contacted a number of Solvency II firms in order to conduct a supervisory review and to seek information as part of the themed review of Corporate Governance and Operational Risk. We have set out below the typical information sought by the Central Bank in advance of such reviews.

Supervisory Review

In conducting its supervisory review of Solvency II firms, the Central Bank requires the following information be provided in advance of the review and the meeting with the CEO:

- ▣ A copy of the last two sets of Board Packs and minutes;
- ▣ A copy of the last two sets of sub-committee meeting minutes for both the Audit Committee and Risk Committee;
- ▣ A copy of the risk register and risk appetite statement;
- ▣ Own Risk and Solvency Assessment (“**ORSA**”) for 2015;
- ▣ Appointed Actuary Report for 2015;

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



Breeda Cunningham

DD: + 353 (0)1 673 1846

breeda.cunningham@dilloneustace.ie



Michele Barker

DD: + 353 (0)1 673 1886

michele.barker@dilloneustace.ie

- ▣ A copy of the annual assessment of the board's performance in line with Corporate Governance Code requirements;
- ▣ A copy of the latest board and management succession plan;
- ▣ Compliance plan for 2015 and 2016, including a summary of significant findings and the compliance manual;
- ▣ Internal Audit plan for both 2015 and 2016, including copies of reports completed in the past twelve months;
- ▣ A group chart structure;
- ▣ A local organisation chart with details of reporting lines; and
- ▣ A presentation to support the CEO meeting, to include a summary of the business plan, 2015 financial performance and key risks facing the company.

Themed Review of Corporate Governance and Operational Risk

In addition, where the Central Bank is undertaking targeted risk assessments under the areas of Corporate Governance and Operational Risk it requires Solvency II firms to provide the following information:

- ▣ Terms of Reference for the Board and sub-committees of the Board;
- ▣ Biographies for Board members and members of the Executive Management team;
- ▣ Executive Management team meeting minutes (last three sets) and organisation chart;
- ▣ Details of any internal/external reviews of systems of governance and operational risk;
- ▣ Corporate Governance Compliance Statement;
- ▣ Corporate Governance Code checklist;
- ▣ Copies of any culture reviews / assessments completed in past 12 months;
- ▣ Copies of remuneration committee minutes and packs (where applicable);
- ▣ Solvency and Financial Conditions Report;
- ▣ Regular Supervisory Report;
- ▣ Operational risk register;
- ▣ Operational risk policy;
- ▣ Operational risk reporting pack (most recent three sets);
- ▣ Outsourcing policy;
- ▣ Outsourcing Service Level Agreements;
- ▣ Outsourcing Key Performance Indicators;
- ▣ Details on the reporting between the Outsourcing party and the Firm (annual report and most recent quarterly report);
- ▣ Business Continuity and Disaster Recovery Policy;
- ▣ Reporting on emerging risks;
- ▣ Near Miss and Loss Events Log;
- ▣ Details of any Control Self-Assessment reports in the areas of operational risk and corporate governance;
- ▣ Data management (including data loss) policy;

- ▣ Data retention policy;
- ▣ End-user computer policy;
- ▣ AML policy; and
- ▣ Details of AML reporting and monitoring.

Next Steps

We would advise Solvency II firms to bear the above in mind when designing both their compliance and internal audit plans and updating internal policies and procedures.

Dillon Eustace is available to assist in drafting, reviewing or updating companies' policies and procedures in relation to the areas above. For further information please contact a member of our Regulatory and Compliance Team or your usual Insurance contact.

Dillon Eustace
March 2016

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.

DISCLAIMER:

This document is for information purposes only and does not purport to represent legal advice. If you have any queries or would like further information relating to any of the above matters, please refer to the contacts above or your usual contact in Dillon Eustace.

Copyright Notice:

© 2016 Dillon Eustace. All rights reserved.