



Ireland - Brexit for the Insurance Sector

INSURANCE HORIZONS

1 March 2021

By:

- A Temporary Run-Off Regime will allow UK and Gibraltar insurers and intermediaries to continue to administer direct life and non-life portfolios for up to fifteen years from 31 December 2020.
- Those firms must have ceased to conduct new insurance contracts and/or new insurance distribution business.
- Firms wishing to use the Temporary Run-Off Regime must notify the Central Bank of Ireland no later than three months after 31 December 2020.

The Central Bank of Ireland (CBI) and the Department of Finance have worked together to establish a Temporary Run-Off Regime (TRR) for UK and Gibraltar insurers and insurance intermediaries (including ancillary insurance intermediaries) (Firms), in order to protect their Irish customers, by ensuring that policies written before 31 December 2020 (Relevant Date) can continue to be serviced post-Brexit.

Under the TRR, Firms are permitted to continue administering their existing portfolio in Ireland, for up to a maximum period of 15 years from the Relevant Date, provided the conditions of the TRR (below) are met. This time period allows for orderly termination of activities in Ireland, while ensuring minimum disruption to Irish policyholders. The TRR applies to life and non-life contracts of insurance but does not apply to reinsurance contracts.

The following conditions must be met by a relevant Firm if they wish to avail of the TRR:

- The Firm must (i) be authorised as an insurer or registered as an insurance intermediary in the UK or Gibraltar, and (ii) have started business in Ireland either on a freedom of establishment or freedom to provide services basis before the Relevant Date;
- The Firm must have ceased to conduct new insurance contracts and/or new insurance distribution business in Ireland on or before the Relevant Date;
- The Firm must exclusively administer its existing portfolios in order to terminate activity in Ireland, after the Relevant Date; and
- The Firm must comply with the general good requirements.

Firms are required to notify the CBI that they wish to avail of the TRR no later than three months after the Relevant Date by completing a notification form. Failure to notify does not necessarily preclude a Firm from availing of the TRR. However, if the Firm fails to notify the CBI, it can exercise its supervisory powers and prevent a Firm relying on the TRR.

The required notification forms, which must be submitted by March 2021, are published on the CBI's website. Firms availing of the TRR are also subject to ongoing reporting requirements. A public register of firms availing of the TRR will be available on the CBI's Register.

The CBI may withdraw the temporary authorisation or registration if:

- the Firm does not continue to satisfy the conditions for the TRR; or
- the CBI is not satisfied with the progress made by the Firm towards terminating its business within the maximum of 15 years from the Relevant Date.

Relevant legislation is contained in Part 10 of the Withdrawal of the United Kingdom from the European Union (Consequential Provisions) Act 2020, which amends the European Union (Insurance and Reinsurance) Regulations 2015 and the European Union (Insurance Distribution) Regulations 2018 (IDR) to provide for the TRR.

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