



November 2015

Ireland transposes Solvency II Directive into Irish law – European Communities (Insurance and Reinsurance) Regulations 2015

The Irish Government has now transposed into Irish law the Solvency II Directive (Directive 2009/138/EC) as amended by the Omnibus II Directive (Directive 2014/51/EC) which will become effective across all EU Member States from 1 January 2016.

In Ireland, the Solvency II regime has been given legal effect by secondary legislation in the form of Statutory Instrument namely, the European Communities (Insurance and Reinsurance) Regulations 2015 (the “**2015 Regulations**”).

The 2015 Regulations introduce a new prudential regulatory framework which reforms European insurance legislation affecting life, non-life and reinsurance undertakings.

The 2015 Regulations will also be supplemented by more detailed technical Commission Level 2 measures and they in turn will be supplemented by Level 3 guidance for national supervisors developed and adopted by the European Insurance and Occupational Pensions Authority (EIOPA).

A New Prudential Supervisory Approach

As the implementation date of 1 January 2016 for Solvency II draws closer, reinsurance and insurance undertakings in Ireland are well under way with their Solvency II implementation programmes.

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



Sinéad O’Loughlin

DD: +353 (0)1 673 1732

sinead.ologhlin@dilloneustace.ie

Solvency II is built on a three pillar structure which seeks to ensure that insurance and reinsurance undertakings:

- (i) hold adequate financial resources (Pillar 1);
- (ii) maintain effective governance (Pillar 2); and
- (iii) increase market discipline through disclosure requirements (Pillar 3).

Significantly, Solvency II will introduce dynamic economic risk-based solvency requirements for insurance and reinsurance undertakings which will ensure that risk is measured on consistent principles and that capital requirements are aligned with the underlying risks of the undertaking concerned.

As a result, the 2015 Regulations establish new capital requirements, valuation techniques, governance and reporting standards to replace the existing Solvency I requirements.

The 2015 Regulations also provide the Central Bank of Ireland (the “**Central Bank**”) with increased supervisory responsibilities. The Central Bank has stated that its supervisory teams will be examining the extent to which certain Solvency II requirements are embedded within insurance and reinsurance undertakings. Documenting compliance with all required Solvency II obligations will be crucial going forward for insurance and reinsurance undertakings to demonstrate full compliance with the 2015 Regulations to the Central Bank.

**Sinéad O’Loughlin is a senior associate solicitor in the Insurance Group of Dillon Eustace. Sinéad advises leading Irish and EU life, non-life and health insurance companies and provides legal advice on all aspects of insurance law including consolidation and restructuring of insurance operations such as portfolio transfers and cross border mergers, the development and distribution of insurance products and corporate governance matters. Sinéad was seconded to the Department of Finance where she assisted in the transposition of the Solvency II Directive.*

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.

Hong Kong

604 6F Printing House, 6 Duddell Street, Central, Hong Kong. Tel: +852 352 10352.

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:
© 2015 Dillon Eustace. All rights reserved.