

Dr Allan Kearns,
Head of Function- Analytics,
Central Bank of Ireland,
New Wapping Street,
North Wall Quay,
Dublin 1.

Dear Dr Kearns,

Yours of 19th April, replying to our request re insurance statistics publication, refers. In our original letter to Prof Lane, we requested that the Central Bank:

1. Immediately reinstate the publication of the annual summary of insurance statistics.
2. Retrospectively publish the annual summary of insurance statistics for 2016 and 2017.

We have taken some time to review and respond to your letter, and have taken counsel from our professional advisors. While we acknowledge the reporting differences that exist between the Solvency I and II reporting environments, we are not satisfied that these present a material obstacle to the presentation of summary insurance industry data per the 'Blue Book' publication.

The MCR and SCR requirements of Solvency II, including the requirement to absorb significant unforeseen losses, have obvious implications for balance-sheet reporting for insurers. The main impacts relate to Premium Provision, Claims Reserves Provision, and Risk Margin. They would, therefore, materially alter the data presented in Table 30 (Appendix I) of the old Blue Book. They would not however, prevent it. While ISME accepts that the data series is broken in respect of the evaluation and statement of provision/risk, this is not the area of prime concern for us.

When considering the current data deficit regarding increasing insurance premia, the greatest area of concern for us is on the P&L side, rather than the balance sheet side. As you will no doubt be aware from the studies by Dorothea Dowling¹ and others, there are significant and unexplained movements on the expenditure side among Irish insurers over the last number of years. The absence of consolidated P&L data, as was available in the Blue Book, has greatly facilitated this.

Bridging the gap between the Solvency II reporting regime and the old Solvency I/IFRS requirements is not insurmountable. Indeed, Allianz Re² (marked-up version copied) produced a very clear table on page 72 describing the differences in valuation between Solvency II and FRS 101. Its table of gross and net revenues, and management expenses (page 96) is comparable to the consolidated Blue Book data.

We do not, therefore, accept your assertion that the provision of Solvency and Financial Condition Reports (SFCR) of individual insurance firms is in any way analogous to your prior publication of consolidated data. The provision, in a consistent fashion, of P&L data describing premium and other income, claims paid, cost of claims incurred, commission, management expenses, other expenditure,

¹ <https://www.pressreader.com/ireland/irish-independent/20180111/281990377920957>

² <http://www.centralbank.ie/docs/default-source/Regulation/industry-market-sectors/insurance-reinsurance/solvency-ii/solvency-reports/allianz-re-dublin-dac-solvency-report-2016.pdf?sfvrsn=7>

and FX variances, on an individual company (Appendix II), and consolidated by class-of-business basis (Appendix III) is absolutely essential for policy holders in holding insurers to account.

The suggestion by you that users can interrogate the SFCR repository to '**aggregate key metrics across those subsets of particular interest**' is arrogant, impertinent nonsense. We would have to individually interrogate each one of the 187 SFCR reports on your website in order to produce the equivalent of the Blue Book summary data. You know full well this is beyond our resources to do; nor should there be a need to do so, when we have a Central Bank. In the case of at least one of the entities for which you published a SFCR, we found the document to be a non-searchable pdf (i.e. a scanned photocopy). Production of this data is your job to do, for which you and your colleagues are paid by the Irish State. It is not for ISME, or our members, or Irish consumers, to collate, analyse, and consolidate data, which you did adequately until 2015.

The Central Bank mission statement is: '**Safeguarding Stability, Protecting Consumers.**' If the Central Bank has come to the internal conclusion that its macro-prudential duties under Solvency II trump its consumer protection duties, then it should say so. In ISME's view, there is a fundamental conflict of interest between the Central Bank's two prime duties under its mission statement; which goes some way towards explaining your marked reluctance to reinstate the Blue Book.

In summary, we do not accept that the Solvency II regime in any way precludes or prevents the Central Bank from publishing a revised Blue Book, albeit with a differently-valued balance sheet requirement. Nor, as you suggested in your letter, do we consider the proposed national claims database to be an analogue for the Blue Book. Therefore we ask you to consider afresh your opinion that the SFCR reporting regime is an adequate, or indeed any, replacement for the Blue Book; and that the Central Bank should immediately reinstate publication of the latter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Neil McDonnell', with a long horizontal flourish extending to the right.

Neil McDonnell

Chief Executive

CC: Prof Philip R Lane, Governor, Central Bank of Ireland.
Minister Paschal Donohoe TD, Minister for Finance and Public Expenditure & Reform.
Michael D'Arcy TD, Minister of State at the Department of Finance and the Department of Public Expenditure and Reform with special responsibility for Financial Services and Insurance.
John McGuinness TD, Chair of the Committee on Finance, Public Expenditure and Reform, and Taoiseach

TABLE 30 - BALANCE SHEETS FOR NON-LIFE INSURANCE BUSINESS FOR THE YEAR 2015 (€000)

NAME OF UNDERTAKING	LIABILITIES							ASSETS								
	Capital Issued	Subordinated Loan Capital Reserves	Reserve Funds P&L Account	Technical Reserves		Other Liabilities and Provisions	Total Liabilities	Government Securities	Stocks, Shares and Debentures	Property - Land, Fixtures, Fittings and Other Assets	Accounts Outstanding and Sundry Debtors	Cash on Deposit and in Current Account and in Hand	Other Assets	Shares in and Debts Due From Dependent Company	Total Assets	
				UPR and UR	Outstanding Claims											Equalisation Reserves
Undertakings with their Head Offices in Ireland																
Acadia	777	29	6,674	154	939	0	3,395	235,86	0	0	0	4,680	5,673	0	235,86	
ACE Bermuda International	889	82,905	52,870	6,85	22,998	0	6,90	83,703	40,036	69,07	0	73,844	5,79	0	83,703	
Advent Insurance Limited	635	3,247	7,436	6,887	0,648	0	1,533	32,096	9,85	543	0	3,675	16,384	2,409	32,096	
Aetna Health	635	40,605	1,698	39,693	24,879	0	7,594	16,04	39,434	22,045	0	28,074	6,10	11,439	16,04	
Allianz Plc	31,250	0,911	322,201	225,035	962,420	0	77,412	1,629,229	648,663	67,709	7,077	209,003	40,549	0	1,629,229	
Allied World Assurance Company	8,804	247,823	42,047	8,293	47,759	0	69,411	504,443	87,981	0	8,501	376,649	9,461	2,155	504,443	
Allireford Limited	0,502	5,84	47,544	7,892	0,810	0	1,358	85,900	0	0	0	35,982	47,283	2,035	85,900	
Amtrust International	1,664	35,025	147,652	40,565	53,64	0	1,153	399,723	80,644	147,708	40	75,447	24,10	67,140	399,723	
Arch Mortgage Insurance Limited	65,000	2,301	4,778	288	8	0	1,860	74,517	72,699	0	11	369	462	5,6	74,517	
Arkema	8,500	0	22,025	0	3,216	0	18	33,672	0	0	0	23,571	0,301	0	33,672	
AXA	42,079	70,779	73,665	274,549	925,111	0	84,494	1,570,67	622,832	559,612	22,423	17,996	32,509	214,775	0	1,570,67
AXIS Specialty Europe	7,700	84,169	43,654	66,310	8,069	6,028	216,843	76,873	266,381	43,971	5,050	201,936	6,560	92,575	0	76,873
Baltimore	1,655	0	5,142	0	1,05	0	648	8,570	0	0	0	1,02	7,444	24	8,570	
Barclays Insurance	3,488	303	49,905	1,443	20,086	0	25,916	0,114	0	0	0	2,014	83,582	6,535	0	0,114
Bavendale	3,04	66	2,999	388	843	0	707	8,077	0	0	0	1,83	6,693	201	8,077	
Beech Hill	635	29,816	-20,489	-688	216	0	1,276	0,764	0	0	0	20	0,744	0	0,764	
BMS International	834	1,05	6,009	37	1,369	0	60	11,994	0	0	0	0	11,780	114	0	11,994
CA-CNON-Life	73,81	0	37,161	305,528	03,350	0	0,1334	620,434	57,145	22,187	48	35,450	17,42	278,396	0,466	620,434
Camerebury	1,309	84,440	27,963	5,624	43,083	0	3,356	85,765	63,300	0	0	29,620	31,003	4,142	0	85,765
Canal	1,000	0	34,1802	27,10	5,027	0	22,296	902,825	0	0	0	2,611	590,833	96,861	0	902,825
Carrefour	6,600	0	4,034	0	2,436	0	1,537	16,507	0	0	0	0	16,384	123	0	16,507
Catalina Insurance	823	140,337	40,773	557	25,1645	0	23,078	456,618	38,060	244,557	36	29,364	98,390	44,044	45,63	456,618
CBL Insurance Europe	908	2,861	3,340	986	2,453	0	1,448	11,966	0	0	0	564	0,868	773	0	11,966
CNP Santander Insurance Europe	53,000	0,900	6,124	366,686	8,106	0	20,750	475,666	47,301	80,892	0	9,270	46,65	261,948	0	475,666
COOPE	3,000	0	8,733	0	3,1870	0	48	55,021	0	0	0	568	43,102	1135	0	55,021

Appendix II

Central Bank Insurance Statistics 2015

TABLE 14 - ACCIDENT AND HEALTH IRISH RISK INSURANCE BUSINESS - NET UNDERWRITING REVENUE ACCOUNTS FOR THE YEAR 2015 (€000)

NAME OF UNDERTAKING	Opening Provision		Closing Provision		Premium Income	Emmed Premium Income	Other Income	Total Income	Claims Paid	Claims Outstanding			Cost Of Claims Incurred	Movement in Equilisation Reserve	Commission	Management Expenses	Movement in Deferred Acquisition Costs	Other Expenditure	Total Expenditure	Foreign Exchange Gain/Loss	Underwriting Profit/Loss	Investment Income Attrib. U/W A/C	Result on Technical Account			
	UPR	URR	UPR	URR						Opening Provision	Not Reported	Closing Provision												Not Reported	Opening Provision	Not Reported
Undertakings with their Head Offices in Ireland - Solvency supervised in Ireland																										
Allianz Plc	2,659	0	4,278	2,594	0	4,341	0	4,341	4,820	1,385	2,547	1,698	2,660	5,386	0	470	570	-43	0	6,383	0	-3,022	99	-1,932		
Amnion International	0	0	0	0	0	0	0	0	0	0	2	0	1	-1	0	0	0	0	-1	0	0	0	0	0		
AVA	624	0	1,948	930	0	1,942	0	1,942	338	0	0	102	102	488	0	-56	229	0	665	0	187	7	194			
BMS International	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
CBL Insurance Europe	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	0	10	0	-10	0	-10			
Decare	1,026	239	4,637	1,872	66	4,243	0	4,243	2,980	4	805	6	894	2,971	0	16	217	0	5,303	0	-1,060	0	-1,060			
FBO	2,432	0	5,465	2,566	0	5,307	83	5,404	3,863	3,624	887	4,893	865	4,910	0	3	1,806	6	6,733	0	-1,323	67	-1,072			
GD Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Irish Life Health	56,403	0	70,335	58,578	0	69,690	6,633	61,216	8176	6,603	26,577	6,396	26,386	84,388	0	9,393	30,241	7	-4,221	168,76	0	6,386	46	6,441		
Irish Tullis Boies	61	33	1,024	233	42	1,043	0	1,035	97	642	776	468	1,386	1,286	0	29	173	0	1498	0	-433	241	-92			
RSA Insurance	2,029	0	1,024	2,501	0	2,092	88	2,071	2,959	2,397	1,029	1,618	397	646	0	706	1,697	68	3,021	0	-660	66	-694			
SureStore Insurance Ltd	4	0	36	-2	0	34	0	34	0	1	5	1	6	6	0	9	0	0	24	0	0	0	0			
VI Insurance	339,093	0	697,989	335,399	0	693,393	62,694	1,094,227	680,763	305,469	0	374,665	0	649,929	0	63,895	34,470	59	1,072,977	0	2,140	7,016	26,929			
Zurich Insurance plc	24	0	593	243	0	479	67	626	264	61	6	206	27	357	0	65	63	72	0	735	0	-99	0	-69		
TOTAL (a)	404,804	272	1,088,336	405,844	88	1,087,360	159,298	1,245,658	978,979	327,323	33,504	400,465	32,650	1,659,667	0	99,079	71,163	177	-9,120	1,212,666	0	32,892	7,728	40,718		
Undertakings with their Head Offices in other EU Member States																										
ACE European	7,378	0	6,288	7,623	0	6,023	0	6,023	9,300	1,81	0,224	1,616	6,945	6,758	0	-700	1,679	-810	0	6,224	4,311	7,510	0	7,510		
AIG Europe Limited	3,102	0	11,654	3,360	0	11,699	1	11,697	4,762	2,626	37	3,424	1,263	4,498	0	1,932	1,650	-36	0	6,662	0	1,685	537	2,522		
Aviva Insurance Limited	2,032	0	3,388	2,218	0	3,799	0	3,799	4,500	1,094	479	2,400	711	5,168	0	765	412	-26	0	6,297	0	-2,468	261	-2,207		
Chubb Insurance Europe	281	0	562	318	0	563	0	563	245	36	16	34	29	257	0	16	56	1	0	426	-3	10	25	65		
Ecolab Global	73	0	93	76	0	90	0	90	65	6	3	6	42	16	0	94	66	-23	0	244	0	-54	-1	-56		
Financial Insurance	39	0	3,210	-61	66	3,294	-86	3,208	1,060	424	755	433	467	632	0	5,869	0	46	0	6,000	0	-2,094	0	-2,094		
InterPartner	451	0	2,508	368	0	2,599	0	2,599	1,039	0	353	0	512	1,607	0	529	979	-462	0	2,592	0	7	0	7		
ING Non-Life	0	0	0	0	0	0	0	0	659	75	776	0	404	57	0	0	462	0	0	546	0	-546	-22	-571		
London General	669	0	5,693	940	0	5,692	0	5,692	1,942	375	412	469	321	1,075	0	2,860	297	97	1,635	5,244	0	208	81	369		
RSAA Plc (Irish Branch)	27	0	43	27	0	43	0	43	6	2	3	0	-303	-302	0	2	2	1	0	-397	0	330	0	330		
WR Berkley	66	0	60	52	0	294	0	294	40	43	241	31	0	-33	0	23	42	29	0	60	-5	169	0	169		
TOTAL (b)	14,888	0	44,030	14,247	66	43,803	-67	43,616	22,999	7,054	16,099	8,870	6,692	27,599	0	9,117	5,568	-766	1,535	43,653	4,301	4,284	861	5,245		
GRAND TOTAL	418,992	272	1,132,366	420,091	276	1,131,163	159,091	1,289,294	1,000,978	334,377	49,602	408,935	52,332	1,678,265	0	108,895	77,331	-599	-7,585	1,256,319	4,301	37,275	8,687	45,963		

Appendix III

TABLE 22 - TOTAL (BY CLASS) IRISH RISK INSURANCE BUSINESS - NET UNDERWRITING REVENUE ACCOUNTS FOR THE YEAR 2015 (€000)

CLASS OF BUSINESS	Opening Provision		Premium Income		Closing Provision		Earned Premium Income	Other Income	Total Income	Claims Paid	Claims Outstanding				Cost Of Claims Incurred	Movement In Reerves	Commission	Management Expenses	Movement In Deferred Acquisition Costs	Other Expenditure	Total Expenditure	Foreign Exchange Gain / Loss	Underwriting Profit / Loss	Investment Income Attrib. to U/W A/C	Result on Technical Account		
	UPR		URR		UPR						URR		Opening Provision	Not Reported												Closing Provision	Not Reported
	UPR	URR	UPR	URR	UPR	URR					UPR	URR															
GROSS																											
Undertakings with their Head Offices or Branch Offices in Ireland																											
Accident & Health	675,200	272	1,792,808		877,388	276	1,790,666	70,559	188,863	186,543	705,536	0,0275	6,6304	98,703	1574,69	0	14,233	73,668	21	-7,585	1,754,526	-1,705	84,973	8,667	10,650		
Motor Vehicle	585,020	1,340	1,355,951		679,992	286	1,355,655	8,722	1,333,977	1,023,949	2,465,905	457,955	2,578,012	539,550	1,923,774	0	14,201	217,318	-5,365	265	16,874	1,770	-333,927	51,795	-280,732		
Marine, Aviation & Transit	6,407	7	6,204		6,029	11	6,471	0	6,463	6,16	8,309	0,699	8,571	8,073	991	0	1947	3,485	-261	0	6,653	547	0,977	865	16,592		
Fire and Other Damage to Property	402,942	798	843,797		407,267	735	839,335	6,940	846,475	46,269	281,759	81,073	248,740	78,059	300,236	89	16,950	65,811	1847	644	668,957	546	88,454	6,265	203,730		
Liability	23,907	1,547	595,954		238,024	1,572	579,716	5,716	595,431	489,990	2,078,822	735,990	2,82,637	626,595	394,000	0	66,302	97,750	-3,810	488	555,731	0,009	46,709	48,300	95,099		
Credit Suretyship	8,510	6,502	30,925		8,252	6,657	29,029	55	29,084	4,166	42,102	23,665	32,940	20,744	13,18	20	3,846	7,630	281	-99	0,711	590	0,303	465	0,998		
Other Classes (6, 7 & 8)	24,395	721	70,773		25,546	281	69,770	39	69,809	26,102	0,873	6,547	4,054	30,867	-6	4,100	16,647	-1,027	310	59,832	469	0,446	106	14,654			
Treaty Reinsurance Accepted	2,677	0	9,099		3,014	0	8,752	0	8,752	5,072	393	59	340	72	5,03	0	594	2216	-405	-1	7,535	1	12,7	41	1293		
TOTAL	1,944,534	6,187	4,707,811		2,455,601	9,818	4,659,043	102,003	4,710,045	3,725,936	5,658,559	1,422,162	5,654,555	1,075,844	3,678,683	64	444,783	574,856	-9,020	-6,796	4,672,660	18,325	47,762	105,277	174,039		
NET																											
Undertakings with their Head Offices or Branch Offices in Ireland																											
Accident & Health	48,920	272	1,023,366		420,914	276	1,018,163	85,011	1,389,284	1,000,078	334,377	49,620	408,935	53,332	1,073,266	0	89,896	77,331	-689	-7,585	1,255,19	4,301	37,276	8,667	45,963		
Motor Vehicle	545,016	1,340	920,052		607,740	-7,703	920,370	70,766	951,855	1,065,029	2,267,576	49,666	2,179,87	452,295	903,69	0	16,423	276,396	-5,146	266	1,225,06	1,635	-273,455	51,795	-52,660		
Marine, Aviation & Transit	5,642	7	6,075		5,380	11	6,333	611	6,244	4,406	6,990	5,322	6,581	3,311	2,386	37	1,923	3,474	-268	0	7,652	80	5,372	865	5,957		
Fire and Other Damage to Property	345,210	798	537,816		336,628	-643	547,541	6,029	608,670	330,491	229,900	58,693	205,903	46,478	294,364	778	16,333	65,071	1,679	644	567,868	-1,279	39,623	6,265	54,789		
Liability	88,963	1,547	304,032		91,643	-7,274	325,573	8,374	348,947	42,646	170,035	479,611	165,632	469,032	293,664	0	58,367	92,200	-5,429	489	444,331	1,129	-54,305	48,300	-45,916		
Credit Suretyship	8,255	6,502	6,414		8,196	6,657	6,399	256	6,265	6,520	21,466	0,030	17,570	1,507	0	20	2,566	7,486	1,032	-99	0,296	625	9,384	465	9,869		
Other Classes (6, 7 & 8)	218,6	721	51,937		218,6	281	50,025	1434	53,459	20,869	0,183	14,359	6,141	0,951	25,419	-24	0,354	6,448	-470	310	50,357	-737	2,365	1,016	3,393		
Treaty Reinsurance Accepted	2,677	0	9,090		3,014	0	8,753	0	8,753	5,072	393	59	340	73	5,04	0	592	2216	-407	-1	7,534	1	1,220	41	1,261		
TOTAL	1,596,371	6,187	3,008,234		1,596,330	-6,395	3,000,457	319,521	3,291,978	2,795,173	4,650,070	1,038,108	4,495,259	995,979	2,602,533	621	408,464	573,712	-8,101	-6,796	3,570,433	5,845	-672,610	105,277	-46,339		