



National Association *of* Insurance Commissioners

Summary of Findings and Determination

CENTRAL BANK OF IRELAND

Approved By:

Qualified Jurisdiction (E) Working Group November 12, 2014

Reinsurance (E) Task Force December 11, 2014

Executive (EX) Committee and Plenary December 16, 2014

I. Evaluation of Central Bank of Ireland

The Qualified Jurisdiction (E) Working Group of the National Association of Insurance Commissioners (NAIC) has completed this Summary of Findings and Determination with respect to the Central Bank of Ireland (Central Bank). It is the recommendation of the Working Group that the NAIC recognize the Central Bank as a Qualified Jurisdiction and place it on the *NAIC List of Qualified Jurisdictions*, to be effective as of January 1, 2015, after which the Central Bank will be re-evaluated every five years. Further, the Working Group recommends that Delaware be designated the Lead State for purposes of regulatory cooperation and information sharing with the Central Bank. These recommendations are based on the following analysis:

II. Procedural History

The NAIC adopted the *Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions* (Qualified Jurisdiction Process) on August 27, 2013 (which was further amended on August 19, 2014). The revised *Credit for Reinsurance Model Law* (#785) and *Credit for Reinsurance Model Regulation* (#786) (collectively, the “Credit for Reinsurance Models”) require an assuming insurer to be licensed and domiciled in a “Qualified Jurisdiction” in order to be eligible for certification by a state as a certified reinsurer for reinsurance collateral reduction purposes. The purpose of the Qualified Jurisdiction Process is to provide a documented evaluation process for creating and maintaining an NAIC list of jurisdictions recommended for recognition by the states as Qualified Jurisdictions. Toward this end, the Qualified Jurisdiction Process designates key elements believed to be basic building blocks for sound (re)insurance regulation. Each jurisdiction under consideration to be included on the *NAIC List of Qualified Jurisdictions* is requested to submit detailed information in support of these criteria. In addition, the NAIC review will also rely on publicly available reports evaluating the reinsurance regulatory practices of each jurisdiction.

The Central Bank submitted an application to the Delaware Department of Insurance on September 19, 2013, to be considered a Conditional Qualified Jurisdiction pursuant to the expedited review procedure under the Qualified Jurisdiction Process. The Department recognized the Central Bank as a qualified jurisdiction under Delaware law on December 4, 2013. The NAIC formally invited the Central Bank to participate in a review under the Qualified Jurisdiction Process by letter dated March 14, 2014, which was accepted by the Central Bank on April 9, 2014. Notice of the Central Bank’s agreement to participate in the review procedure was sent to the Federal Insurance Office (FIO) and the United States Trade Representative (USTR) on April 10, 2014. The NAIC issued public notice on its website of the Central Bank’s participation in the evaluation process, and requested interested parties to submit public comments with respect to the Central Bank by the close of business May 12, 2014. The Working Group received one comment letter by the close of the comment period, which was supportive of designating the Central Bank as a Qualified Jurisdiction.

The Working Group met in regulator-to-regulator session on September 4, 2014, to review initial findings prepared by NAIC staff to determine whether the Central Bank should be approved as a Qualified Jurisdiction for a 5-year period. The Working Group requested additional supplementary

information from the Central Bank with respect to specific questions raised during this meeting, which the Central Bank provided to the Working Group on September 22, 2014. The Working Group provided the Central Bank with the Preliminary Evaluation Report on October 10, 2014, and the Central Bank provided a response to the initial findings and determination on October 15, 2014. This response was considered by the Working Group in the preparation of the Final Evaluation Report, which the Working Group approved on November 7, 2014.

III. Review of Evaluation Materials

Under the requirements of the Qualified Jurisdiction Process, the Working Group performed an initial evaluation of the Central Bank's regulatory system by using the information identified in Section A through Section G of the Evaluation Methodology (Evaluation Materials). The Working Group began by undertaking a review of the most recent Report on Observance for Standards and Codes (ROSC), and any other publicly available information regarding the laws, regulations, practices and procedures applicable to the reinsurance supervisory system, but did not rely on the most recent Detailed Assessment of Observance on Insurance Core Principles under the International Monetary Fund (IMF)/World Bank Financial Sector Assessment Program (FSAP Report), which was issued in 2006 and is no longer considered reflective of the current regulatory regime.

The Working Group also reviewed information the Central Bank provided to the Delaware Department of Insurance relative to Section A through Section G of the Evaluation Methodology in order to update, complete or supplement publicly available information. The Working Group's review was focused on how the Central Bank's laws, regulations, administrative practices and procedures, and regulatory authorities regulate the financial solvency of its domestic reinsurers in comparison to key principles underlying the U.S. financial solvency framework and other factors set forth in the Evaluation Methodology.

The Working Group considered the following information with respect to the preliminary evaluation of the Central Bank:

1. *International Monetary Fund (IMF), Ireland, Detailed Assessment of Observance: IOSCO Objectives and Principles of Security Regulation, April 2014.*
2. *International Monetary Fund (IMF), Ireland, Detailed Assessment of Observance of Basel Core Principles for Effective Banking Supervision, May 2014 (IMF Country Report No. 14/135).*
3. *International Monetary Fund (IMF), Ireland, Observance of Standards and Codes (ROSC), May 2014 (IMF Country Report No. 14/137).*
4. *Enforcement of Foreign (Non-EU) Judgments in Ireland—Current State of Play? (Arthur Cox March 2012).*
5. *Comment letters received from interested parties pursuant to notice (Confidential).*

6. *Central Bank of Ireland Submission to the Delaware Department of Insurance, Part IV of the Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions, September 13, 2013 (Confidential).*
7. *Delaware Department of Insurance Qualified Jurisdiction Review - Central Bank of Ireland, October 29, 2013 (Confidential).*
8. *NAIC Staff Workpapers on Initial Review and Findings dated July 25, 2014 (Confidential).*
9. *Central Bank of Ireland Outstanding Queries from NAIC Qualified Jurisdiction Assessment, September 22, 2014 (Confidential).*
10. *Central Bank's response to Preliminary Evaluation Report, October 15, 2014 (Confidential).*

IV. Standard of Review

The evaluation is intended as an outcomes-based comparison to financial solvency regulation under the NAIC Accreditation Program, adherence to international supervisory standards and relevant international guidance for recognition of reinsurance supervision. The standard for qualification of a jurisdiction is that the NAIC must reasonably conclude that the jurisdiction's reinsurance supervisory system achieves a level of effectiveness in financial solvency regulation that is deemed acceptable for purposes of reinsurance collateral reduction, that the jurisdiction's demonstrated practices and procedures with respect to reinsurance supervision are consistent with its reinsurance supervisory system, and that the jurisdiction's laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models.

V. Summary of Findings and Recommendation

The Working Group finds that it has performed the required review of the Evaluation Materials, including review of the publicly available information, and that the Central Bank provided the Working Group with information relative to Section A through Section G of the Evaluation Methodology to update and supplement the identified public information. The Working Group further finds that interested parties were given an opportunity to comment on the Central Bank's application and that no objections to granting the Central Bank Qualified Jurisdiction status were received from interested parties. Further, appropriate notice was provided to the FIO and the USTR. Based on the information provided by the Central Bank and the review of the Evaluation Materials, the Working Group has determined that there is no indication that Ireland fails to adequately and promptly enforce final U.S. judgments and arbitration awards.

Finally, the Working Group notes that the Delaware Department of Insurance has entered into a Memorandum of Understanding (MOU) with the Central Bank, and has consented to act as the Lead State for purposes of regulatory cooperation and information sharing under the Qualified Jurisdiction Process, and further that the Central Bank has consented to the designation of Delaware as the Lead State. This Lead State designation for purposes of regulatory cooperation and information sharing

should not be confused with the Lead State designation by the Reinsurance Financial Analysis (E) Working Group for individual certified reinsurers for passporting purposes.

The Working Group has reached the conclusion that the Central Bank's reinsurance supervisory system achieves a level of effectiveness in financial solvency regulation that is acceptable for purposes of reinsurance collateral reduction, that the Central Bank's demonstrated practices and procedures with respect to reinsurance supervision are consistent with its reinsurance supervisory system, and that its laws and practices satisfy the criteria required of Qualified Jurisdictions as set forth in the Credit for Reinsurance Models. Therefore, it is the recommendation of the Working Group that the NAIC recognize the Central Bank as a Qualified Jurisdiction and place it on the *NAIC List of Qualified Jurisdictions*, to be effective as of January 1, 2015. This designation as a Qualified Jurisdiction shall be valid for five years (absent a material change in circumstances), after which the Central Bank will be re-evaluated under the provisions of the Qualified Jurisdiction Process.