



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

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Mr Pearse Doherty T.D.
Constituency Office
Machaire Chlochair
Na Doirí Beaga
Leitir Ceannain
Dún na nGall

18 October 2019

Re: Request for investigation into pricing in the insurance market

Dear Deputy Doherty,

Thank you for your letter dated 25 September 2019 regarding pricing in the insurance market. Differential pricing is a complex issue and has been identified as a potential consumer risk by the Central Bank as part of its sectoral risk assessment for the insurance sector. I can therefore confirm that we are looking into this issue. However, before I set out our plans, let me first explain our role.

The Consumer Protection Code 2012 sets out general principles that regulated firms should act honestly, fairly and professionally in the best interests of their customers and the integrity of the market. It also requires full disclosure of all relevant material information (including all charges) in a way that seeks to inform the customer. Boards and senior management play a critical role in ensuring that firms' pricing practices are compliant with these principles and requirements. We expect boards to be aware of, and able to stand over, their firms' pricing



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policies. As you may know, we do not have a role in relation to the setting of prices of insurance policies or in the approval of premium rates.

Turning to our review, the first step will be a comprehensive data-gathering and analysis exercise to determine the scale and prevalence of differential pricing across the insurance sector and its precise effects on consumer groups. This exercise will develop our understanding of the scale and nature of the issue and inform our views of any relevant policy prescriptions, once we have sufficient evidence to hand. We also intend to engage with key stakeholders, including the Competition and Consumer Protection Commission, which has a competition mandate, on the terms of reference of such a review.

As mentioned in my letter of 23 September, I look forward to meeting you to discuss this, amongst other issues.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'John D. Callaghan', with a horizontal line underneath the name.