

The Society of Actuaries in Ireland

News Release

Actuaries Call for Greater Protection for Policyholders

The Society of Actuaries in Ireland has called for greater protection for the policyholders of general insurance companies. The collapse of Independent Insurance in the UK has highlighted the need for such protection.

While UK policyholders enjoy statutory protection in the event of the collapse of a UK insurer, no such protection is available to Irish policyholders were an Irish company to fail. The UK Policyholder Protection Scheme provides full protection to both individual and corporate policyholders where insurance is compulsory. Where insurance is not compulsory, protection is extended to individual policyholders only and restricted to 90% of the liability. While this still left some gaps for policyholders, it represents a major advance on the Irish position, the Society said.

Introducing mandatory actuarial certification of the reserves held by general insurance companies would also enhance policyholder protection. The World Bank review of the Irish financial system recommended this as part of a recent review. The Irish Government accepted this recommendation and the Society is assisting the government in developing the framework for actuarial certification of reserves as a matter of urgency.

Commenting on the issue, the President of the Society of Actuaries, Eamonn Heffernan, said the protection of the interest of consumers was a priority in any industry. Where an Irish general insurance company had failed in the past, the government had acted as the ultimate guarantor, but was under no obligation to do so.

"Formal protection for policyholders under an appropriate scheme would be a more desirable system," Mr. Heffernan said.

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Further Information

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Society of Actuaries in Ireland

The Society of Actuaries in Ireland is the professional body for actuaries practising in Ireland, many of whom work in the pensions and life assurance industries. The Society aims to develop the role and understanding of the actuarial profession and to enhance its reputation, in particular for serving the public interest.