



Consultation Feedback Statement

1. Introduction

Draft Regulations setting the Professional Indemnity cover requirements for liquidators were published by IAASA on 25 January 2016 with a request for responses by 8 February 2016. The Companies Act 2014 gives IAASA the power to make Regulations setting the amount and terms of professional indemnity cover for all liquidators. Liquidators are required to have cover in place as specified in the Regulations on the date of coming into effect of the Statutory Instrument which is proposed to be 1 June 2016.

2. Consultation Responses and IAASA action

Six responses were received to the consultation from;

- Chartered Accountants Regulatory Board (CARB);
- The Consultative Committee of Accounting Bodies – Ireland (CCAB-I);
- Irish Society of Insolvency Practitioners (ISIP);
- Barry Donoghue;
- Law Society of Ireland (LawSoc); and
- BDO.

Key issues raised by respondents included:

1. Variable level of cover: Article 4.2 proposed that the level of cover required should increase from the minimum level of €1.5m up to the value of the assets of the company being wound up. Respondents indicated that this could have unintended consequences for members voluntary winding up, particularly in the area of funds, where asset values are high but risk is low.

IAASA response:

IAASA sought to protect the public by increasing the level of cover required in line with the value of the assets. IAASA thanks respondents for bringing to its attention the issues raised in respect of members voluntary liquidations and has decided to place an onus on the liquidator to obtain cover at a level which is commensurate with the value and nature of the work undertaken by the liquidator.

2. Self-insured excess: Respondents indicated that the requirement for the insurance company to pay out the self-insured excess if not paid by the liquidator within 30 days would be unusual.

IAASA's response:

IAASA is advised that this policy term is not unusual. It seeks to not put the claimant at a disadvantage by ensuring that they are paid the self-insured excess amount if the insured has failed to pay this within 30 days. IAASA has kept this requirement. Insurers will retain the right to pursue the insured for this excess.

3. Date of implementation: A respondent asked for additional time to implement the new indemnity arrangements.

IAASA's response:

IAASA has extended the date of implementation to 1 June 2016.

4. Time to arrange a new insurer: A respondent asked for additional time to arrange a new insurer in the event of the insolvency of their insurer.

IAASA's response:

IAASA has extended the period from 10 working days to 30 days.

For any questions, please contact Sinead Boyle, telephone: 045 983600

Email: sinead_boyle@iaasa.ie