

Executive Board Minutes Meeting 14<sup>th</sup> March 2016

Attendance: Derek Moran (Chair), Gary Tobin, Nicholas O'Brien, Aidan Carrigan, John McCarthy, Neil Ryan, Niall O'Ceallaigh, Des Carville, John Hogan, David Byrne, Derek Tierney (Secretary)

**Apologies:** Ann Nolan, Paul Ryan

**1. Minutes of previous meeting and matters arising**

The Communications diary was discussed. In addition to a number of meetings to be attended by officials, it was noted that the ESRI planned to release their Quarterly Economic Commentary this Thursday. In relation to the ongoing State Aid Investigation into tax arrangements, members noted that Apple and other multinational corporations will attend at a hearing of the European Parliament's Special Committee on Tax Rulings this week.

The minutes of the previous Executive Board 07<sup>th</sup> March were agreed. Progress on action points was noted.

**2. Dashboard Summary including discussion on:**

**2.1 Formation of Government**

The first meeting of the Dáil occurred on the 10th March with the election of the Mr. Seán O'Feargháil as Ceann Comhairle. This was followed by the Taoiseach travelling to Áras an Uachtaráin to officially tender his resignation to President Higgins as was required given the Dáil failed to nominate any candidate for appointment by the President as Taoiseach. The Taoiseach and the Government will continue in office until their successors have been appointed. The Dáil will meet again on March 22<sup>nd</sup> (it is envisaged that agenda will only include routine or non-routine items) and April 06<sup>th</sup> (where the business to be transacted is Statements on Dáil Reform).

**Action:**

- Identify likely issues to arise between Easter and Dáil Summer recess - All Members

**2.2 Insurance Compensation Update**

Members were updated on developments in the Law Society of Ireland v the Motor Insurers' Bureau of Ireland (The MIBI) court case in relation to Setanta Insurance Company Limited (in liquidation). On 2nd March 2016, the Court of Appeal upheld the decision of the High Court that the MIBI is potentially liable for the cost of claims resulting from Setanta's insolvency with industry saying these costs are likely to be passed through as an increase to premiums. Industry has met both M/Finance and M/TTS calling for a change to current insurance compensation arrangements in the event of another insurer failure going forward.

Both Departments are conducting a joint review of the framework for motor insurance compensation in Ireland. This will take into the outcome of the MIBI Appeal while also engaging with stakeholders, assessing the current ICF and MIBI frameworks and examining insurance compensation arrangements abroad. This work is close to concluding and will be presented to the Policy Committee and Executive Board with recommendations to M/Finance and M/TTS by the end of March 2016.

**Action:**

- Bring outcome of joint review of the framework for motor insurance compensation to the Policy Committee in the coming weeks – Mr Carrigan

### 2.3 Shareholdings

Permanent TSB reported that its underlying profit before tax and exceptional items came to €26m last year compared to a €39m loss in 2014. It also reported €519 million of new lending in 2015, an increase of 6% and a Net Interest Margin (NIM) increase of 22bps to 112bps, a Cost Income Ratio reduced to 84% from 126% in 2014 with an Impairment Charge of €35m. Even with the results posted, challenges remain in the form of the increasing cost of regulation both in terms of cost and capital requirements, resolving legacy issues, constrained growth of the mortgage market and deteriorating market dynamics in the UK mortgage loan book market which impact its ability to deleverage CHL.

### 2.4 Risk Register

The Executive Board considered the 'Top Risks' as proposed by the Risk Committee on the 9th February 2016. Those risks were discussed in some detail and the following points were raised – long term versus short term risks, capturing the quantum of the risks in order to benchmark or prioritize and the link into the policy options as mitigants to those risks. In the latter case, a number of papers that were recently prepared or are being prepared feed into identifying those policy options to best address the risk mitigants. The Executive Board approved the 'Top Risks' paper and it was agreed that the next step in the evolution of this process would try to capture quantum of risk and better align to the options that the Department develop for, or contribute to, Government policy.

#### Action:

- Work with Sections to update format and content of the 'Top Risks' paper for the next Risk Committee (mid-May) – Mr N Ryan

### 3. Key Milestones Look-Ahead

Upcoming key milestones were noted.

### 4. AOB

PMDS compliance for 2015 was noted and all members were encourage to progress 2016 arrangements with staff.

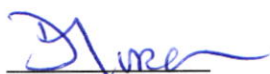
### 5. Corporate

#### 5.1 Facility Security Update

Members discussed several enhanced security features that are being installed in South Block Building, as part of the Fire and Electrical Upgrade Programme. Members also noted that discussions are also underway with the Office of Public Works regarding medium term proposals to the security around the entrance to the Department of Finance and the Department of Public Expenditure and Reform on Merrion Street.

#### 5.2 Accommodation (OPW)

Members discussed proposals received from OPW, in the proximity of Merrion Street, to match the accommodation needs of the Department. These will be progressed by FMU over the coming weeks.



Derek Moran  
Secretary General