



---

**AN BILLE ÁRACHAIS (SRIAN LE PRAGHSÁIL DHIFREÁLACH  
AGUS PRÓIFÍLIÚ), 2021  
INSURANCE (RESTRICTION ON DIFFERENTIAL PRICING  
AND PROFILING) BILL 2021**

---

**EXPLANATORY MEMORANDUM**

---

**Introduction**

The purpose of this Bill is to prohibit the discriminatory practice of certain insurance providers pricing certain insurance premiums payable by certain persons to the extent that such pricing is on the basis that any such person is a pre-existing or loyal customer of an insurance provider, to prohibit the use of profiling techniques in the calculation of insurance premiums to determine their likelihood to renew, and to provide for related matters.

**Section 1 – Definitions**

*Section 1* provides definitions and key terms in the Bill.

**Section 2 – Scope of the Act**

*Section 2* provides for the scope of the Act, which applies to contracts of motor insurance and home insurance entered into on or after the commencement of this Section.

**Section 3 – Restriction on differential pricing and profiling by insurance providers**

*Section 3* requires that, for the purpose of contracts of motor insurance and home insurance, an insurer provider shall not use differential pricing in calculating the premium.

Subsection 1 provides that, for the purpose of restricting differential pricing, an insurer:

- (i) Shall only apply rating factors directly linked to the risk to be insured,
- (ii) Shall not adjust the calculation of a premium using factors unrelated to risk other than for the addition of business expenses,
- (iii) Shall not use different rating factors to calculate new or renewal premiums.

Subsection 2 provides that, where an insurance provider outsources the performance of any process, service or activity to which this Act applies to a service provider, the insurance provider shall ensure that this Act is complied with by each service provider concerned.

Subsection 3 provides that any fee or monetary consideration payable by a consumer or insurance provider to a third party for assisting with or facilitating a contract of insurance shall be deemed to be part of the premium payable.

#### **Section 4 – Provision of Information**

*Section 4* provides that after concluding a contract of insurance or when inviting a renewal of a contract of insurance, the insurance provider shall provide any rating factor(s) applicable to the calculation of the premium and any additional amount payable by reason of it.

#### **Section 5 – Regulations and Codes of Practice**

*Section 5* provides that the Central Bank may make regulations for the obligations set out in sections 3 and 4, issue a code of practice concerning any requirements provided for by the Act, where that code of practice would be admissible for the purpose of assisting a court or other adjudicatory body in determining any issue before it in connection with a contract of insurance to which this Act applies.

#### **Section 6 – Annual Report by the Central Bank**

*Section 6* provides that the Central Bank shall present an Annual Report to the Minister for Finance, to be laid before each House of the Oireachtas, with advice and recommendations or the consideration of the Minister.

Subsection 1 provides that, at least once a year, present a report to the Minister for Finance assessing the compliance by insurance providers with the provisions of the this Act and the Code of Practice referred to in Section 5, with a copy of that Report laid before each House of the Oireachtas as soon as is practicably possible.

Subsection 2 provides that the Annual Report shall contain advice or recommendations to ensure compliance with the provisions of the Act.

Subsection 3 provides that where the Minister does not accept any recommendations in the Annual Report, the Minister shall within one month prepare and lay before each House of the Oireachtas a statement of the reasons for not accepting it.

#### **Section 7 – Amendment of Schedule 2 to Central Bank Act 1942**

*Section 7* amends Part 1 of Schedule 2 to the Central Bank Act so that the Central Bank can sanction an insurance provider for non-compliance with Section 3 or Section 4 of the Act.

#### **Section 8 – Short Title and Commencement**

*Section 8* notes the short title of the Act and provides for its commencement no later than 4 months after the date of its passing.

*Pearse Doherty TD,  
Eanair, 2021.*