



FINANCIAL REGULATOR *Rialtóir Airgeadais*

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Settlement Agreement between the Financial Regulator and Culleton Insurances Limited

The Financial Regulator has entered into a Settlement Agreement with effect from 15 June 2010 with Culleton Insurances Limited (the 'firm') of Selskar Court, Wexford Town, Co. Wexford, a regulated financial service provider, in relation to suspected breaches of regulatory requirements.

The breaches are suspected to have occurred in relation to a failure by the firm to comply with certain provisions of the Consumer Protection Code (the Code), the Handbook for Restricted Activity Investment Product Intermediaries and the Handbook for Authorised Advisors (the Handbooks) namely in failing to:

- act professionally in the best interests of its customers during the period 1 August 2004 to 31 October 2007 by inadvertently applying broker fees to the policies of some customers which were in excess of the maximum fees advised on the firm's terms of business document resulting in those customers being overcharged; and
- have adequate systems and controls in place to ensure compliance with the requirements of the Code and the Handbooks.

The Financial Regulator does not believe the actions of the firm were deliberate and confirms that no customer has made a complaint directly to it in relation to the suspected breaches. The firm co-operated fully with the Financial Regulator's investigation.

The Financial Regulator has reprimanded the firm, agreed a schedule of repayments to affected customers or charity, where appropriate, and imposed a fine of €27,000.

These breaches were discovered during the course of the Financial Regulator's Themed Inspections into 'Charges and Premium Rebates in the Insurance Intermediary Sector'.

The firm acted promptly to rectify the issues that were identified on foot of the Financial Regulator's inspection, including the appointment of an independent third party auditor to identify the level of overcharging, the amounts of overcharge involved and the affected customers. The firm also engaged compliance consultants to assist in the implementation of new procedures and controls, including staff training, to prevent reoccurrence.

The Financial Regulator again reminds all regulated firms that the Financial Regulator will not accept a situation whereby any customer is charged any amount in excess of that stated in the firm's Terms of Business. The Terms of Business is an important document in which a firm is required to set out the basis upon which it will conduct its business with customers. Firms are advised to review their Terms of Business document on a regular basis to ensure that it accurately reflects the terms upon which services are provided to customers at that time.