



**PIBA submission to the Investor Compensation Company Limited on the
“Consultation paper in relation to the funding of the scheme”**

Introduction

PIBA represent the interests of over 870 small to medium intermediaries in Ireland. PIBA members are the largest single group of contributors to Fund B. PIBA is disappointed the development of a risk-based funding model has not taken place since the last funding period we believe that proportionality should be the prevailing principle on laying down any policy on ICCL funding, in particular in relation to proposing new rates.

This submission outlines a response to relevant questions in respect of our members raised in the 2012 Funding Consultation paper.

(i) Do you agree with the target Fund Reserves for Fund A & B?

We note from the consultation paper that the ICCL has proposed to maintain it's previously identified target for Fund A of €30 million and has set a short term Fund B target of €24 with a long term target of €30 million. We feel it should be noted that Fund B has had negligible claims in comparison with Fund A.

Given this fact, PIBA believes that the current balance of €19,474,000 in Fund B is an adequate reserve balance and a cap should be placed on contributions to that particular Fund.

(ii) Do you support the continued placement of Excess of Loss Insurance for Fund A & B?

PIBA is in favour of the continued placement of Excess of Loss Insurance for Fund A & B.

(iii) Do you support the current borrowing arrangements?

Yes, PIBA agrees with the current borrowing arrangements and agrees with the principles in relation to inter-fund borrowing in the event of an exceptional default arising subject to the maximum amount of borrowing being one third of the funds and subject to repayment within 3 years.

(iv) Do you have any observations on the proposals to amend the ICSD as outlined above?

PIBA has no issue with the extension of the minimum compensation threshold to €30,000 provided that this does not mean a further increase in levies for contributors particularly for Fund B contributors where significant fund reserves exist.

(V) Do you support the implementation of E-invoicing?

PIBA is in favour of a move to E- Invoicing as a cost effective way of collection of levies.

(VI) Besides the current payment methods, are there other methods that you believe merit consideration?

Another option worth considering would be having a credit card payment facility.

Fund B - Funding criteria and levels

PIBA notes that there has been a fall in the number of contributor firms, particularly at levels 1 & 2. We feel that the assumptions made in paragraph 65 are correct.

PROPOSAL B:2

Proposal B:2 Revise the existing lower income bands and rates, increase the rates for income bands from €700,000 upwards and introduce a new top band and rate to achieve greater proportionality.

Table 13 - Fund B: Proposed contribution rates for the 3-year funding cycle commencing 1 August 2013/2014/2015 (Proposal B:2)

Band	Existing income band structure (€)	Existing Rate (€)	Proposed income band structure effective 01/08/2013 (€)	Proposed Rate - effective 01/08/2013 (€)	Proposed Rate - effective 01/08/2014 (€)	Proposed Rate - effective 01/08/2015 (€)
1	< 60,000	250	< 75,000	200	200	200
2	60,001 - 150,000	300	75,001 - 150,000	250	250	250
3	150,001 - 700,000	550	150,001 - 700,000	550	550	550
4	700,001 - 1.5m	950	700,001 - 1.5m	980	1,010	1,040
5	1,500,001 - 3m	1,650	1,500,001 - 3m	1,700	1,750	1,800
6	3,000,001 - 6m	3,000	3,000,001 - 6m	3,090	3,180	3,280
7	6,000,001 - 15m	11,550	6,000,001 - 15m	11,900	12,260	12,630
8	> 15m	18,900	15m – 25m	19,470	20,050	20,650
9			> 25m	23,500	24,210	24,940

PIBA supports Proposal B:2; however we suggest that another band should be created from 150,000 – 300, 000 with a suggested levy of €350 as we believe that there is too much of an income gap between the current band of 150,000 - 700,000.

