

2 April 2007

APRA Key General Insurance Refinements

The Insurance Council of Australia welcomes the revisions made by APRA to its proposals on foreign reinsurance recoverables and investment capital factors for property and equities.

Executive Director and CEO of the Insurance Council, Kerrie Kelly, said "APRA's changes recognise the matters of principle and practical issues which have been raised in submissions from the Insurance Council and its members. The Insurance Council is now working with its members to assess the consequences of the revised proposals and will await the detailed draft standards before making specific comments as the devil is often in the detail."

The Insurance Council notes in particular the statement by APRA Member, Mr John Trowbridge, that APRA is not expecting insurers to respond to the changes with increases in their capital. It is also important to note that Mr Trowbridge said that the general insurance industry is already well capitalised with aggregate industry capital already exceeding twice APRA's current minimum requirements.

The Insurance Council looks forward to continuing its ongoing dialogue on prudential issues with APRA.

Media Contact: Sean Sampson 02 9253 5161 or 0421 482 884