

Mr Pat Brennan
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Dear Mr Brennan

CONSULTATION ON EXTERNAL PEER REVIEW REQUIREMENTS FOR GENERAL INSURERS

The Insurance Council of Australia (Insurance Council) appreciates the opportunity to comment on APRA's proposal to amend the requirements in Prudential Standard GPS 320 Actuarial and Related Matters (GPS 320) that relate to the external peer review (peer review) of the Appointed Actuary's Insurance Liability Valuation Report.

From consultation with its members, the Insurance Council can confirm that, as APRA suggested in its letter to industry of 16 April 2015, the peer review process can impose a significant cost on general insurers. The Insurance Council also agrees that the compliance cost of requiring an annual peer review is greater than any benefits identified. The Insurance Council therefore strongly supports APRA's proposal to amend GPS to remove the annual peer review requirements currently specified in paragraphs 70 and 78.

As outlined in the Insurance Council's submission of 18 June 2014, we estimate that a more flexible approach to requiring peer review of actuarial reports will deliver \$3.54 million in savings across the general insurance industry (see table below). We consider that the removal of the annual peer review requirements, as specified in APRA's proposal, will have no adverse impact on prudential outcomes for the general insurance industry.

Activity	Estimated ongoing cost impact per year (\$)
Reporting	- 3,383,070
Purchasing	- 130,814
Record keeping	- 12,096
Publication & documentation	- 12,226
Total	- 3,538,205

If you have any questions or comments in relation to our submission, please contact John Anning, the Insurance Council's General Manager Policy, Regulation Directorate, on tel: (02) 9253 5121 or email: janning@insurancecouncil.com.au.

Yours sincerely



Robert Whelan
Executive Director & CEO