

23 November 2018

Maryanne Hinwood  
Senior Manager, Group Strategy and Governance  
Australian Prudential Regulation Authority  
Level 12, 1 Martin Place  
SYDNEY NSW 2000

Dear Ms Hinwood

### **APRA REGULATOR PERFORMANCE FRAMEWORK – EXTERNAL VALIDATION**

The Insurance Council of Australia<sup>1</sup> (Insurance Council) appreciates the opportunity to provide feedback to the Australian Prudential Regulation Authority (APRA) on its self-assessment of performance in 2017-18 against the Commonwealth Government's Regulator Performance Framework (the Framework).

The Insurance Council broadly agrees with APRA's self-assessment and supports APRA's continual process of self-assessment as a key component of improving the general insurance industry's regulatory environment. Provided below are some specific observations about APRA's self-assessment against the key performance indicators (KPIs) underpinning the framework.

The Insurance Council considers that APRA has a sound understanding of the current and emerging prudential risks facing the general insurance industry and that its communication with industry has generally been clear, targeted and effective (KPI 1 and KPI 2). For example, the Insurance Council appreciates the level of engagement with APRA on its future data collection solution, which included cross-industry roundtables, sector-specific roundtables, technical sessions, and sector-specific webinars. Similarly, in its "Review of the Role of the Appointed Actuary and Actuarial Advice with Insurers", APRA provided regulated entities with sufficient time to carefully consider the commercial impact of the proposals and to respond with meaningful feedback.

With respect to KPI 3 and KPI 4, the Insurance Council considers that there are significant opportunities for APRA to work closely with the general insurance industry and other financial regulators to ensure consistency in compliance and monitoring approaches. The Insurance Council welcomes the appointment of new APRA Deputy Chair, John Lonsdale, who has been tasked with better coordinating work with the Australian Securities and Investments Commission (ASIC), the Australian Competition and Consumer Commission (ACCC), and AUSTRAC.

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<sup>1</sup> The Insurance Council of Australia is the representative body of the general insurance industry in Australia. Our members represent approximately 95 percent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system. June 2018 Australian Prudential Regulation Authority statistics show that the private sector insurance industry generates gross written premium of \$45.7 billion per annum and has total assets of \$121.4 billion. The industry employs approximately 60,000 people and on average pays out about \$120.8 million in claims each working day.

With respect to KPI 5 and KPI 6, we consider that APRA has maintained open and transparent supervisory processes and has been generally effective in actively contributing to the continuous improvement of prudential regulation frameworks. Looking forward, the Insurance Council encourages APRA to continue its transparent approach on initiatives such as the recently announced review of APRA's enforcement strategy.

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

Yours sincerely



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Executive Director & CEO