



Mr Pat Brennan  
General Manager, Policy Development  
Policy, Statistics and International Division  
Australian Prudential Regulation Authority  
GPO BOX 9836  
SYDNEY NSW 2001

By email: PolicyDevelopment@apra.gov.au

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Dear Mr Brennan

### **IMPROVING APRA'S BOARD ENGAGEMENT**

The Insurance Council of Australia (Insurance Council) welcomes the opportunity to provide feedback on APRA's Aid for Directors of ADIs and Insurers (the Aid) and also to engage with APRA on the issues raised in its letter to industry of 7 October 2014 on improving APRA's Board engagement (the Letter).

We appreciate the initiative by APRA to make available material to help directors understand the additional responsibilities placed on them under APRA's prudential framework. While the Aid contains much that will be useful to new Directors, the Insurance Council considers that some practical improvements could strengthen its effectiveness.

Feedback from our members is that the Aid does not pull together directors' requirements which are set out in a number of prudential standards. The Aid would benefit from inclusion of a map of the expected cycle and links for key regulatory documents and requirements across strategic planning, capital management, risk management and other compliance and governance expectations over which APRA has authority. This would assist Directors in understanding the context of APRA's expectations for their role, and help clarify the delineation between strategic and operational matters.

The Insurance Council also appreciates APRA's statement in the Letter that it will review the clarity of board requirements in the prudential standards and other supporting guidance material. As you will be aware, the Insurance Council recommended several amendments to improve Prudential Practice Guide CPG 220 and Prudential Standard CPS 220 (Risk Management) in our submission of 7 November. The industry acknowledges APRA's willingness to include a definition of 'ensure' into the definitions standard for each industry and amend the risk management declaration wording to take account of materiality. We look forward to these changes being implemented.

There a number of other prudential standards where clarity could be enhanced and consistency of roles improved. In this regard, the Insurance Council recommends that APRA review the following prudential standards:

- CPS 231 – Outsourcing, paragraph 32;
- CPS 232 – Business Continuity Management, paragraph 19;
- CPS 510 – Corporate Governance, paragraph 10; and
- GPS 320 – Actuarial and Related Matters, Attachment A paragraph 40.

If you require further information in relation to this submission, please contact Mr John Anning, Insurance Council's General Manager Policy – Regulation Directorate by email: [janning@insurancecouncil.com.au](mailto:janning@insurancecouncil.com.au) or tel: 029253 5121.

Yours sincerely



Robert Whelan  
Executive Director & CEO