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Insurance Law E-alert

APRA releases prudential framework for supervision of general insurance groups

The Australian Prudential Regulation Authority (APRA) has now issued a package that will establish the prudential framework for the supervision of general insurance groups domiciled in Australia.

The package consists of one revised prudential standard and a response paper. They address submissions received from the general insurance industry in relation to a consultation package released in April 2008. The standards are a result of consultation with the industry, over a three-year period, on general insurance group supervision.

The requirements of these standards will apply to all general insurance groups that have either an APRA-authorized general insurer or an APRA-authorized non-operating holding company (NOHC) as the parent entity group.

APRA's approach to general insurance group supervision is to treat, in principle, the *group as one economic entity* and apply requirements to the *group* similar to those applying to individual APRA-authorized general insurers, in relation to:

- capital;
- risk management;
- audit, actuarial reporting and valuation;
- governance; and
- fitness and propriety of responsible persons.

The governance and the fitness and propriety requirements already apply to general insurance groups, and so precede these new standards.

The prudential standards will become effective on 31 March 2009.

For further information please view APRA's website at: www.apra.gov.au/Policy/Supervision-GI-Groups-December-2008.cfm or:

Contact us:

Linda Hamilton, Sydney	+61 2 9391 3112	lhamilton@hunthunt.com.au
Graeme Armstead, Melbourne	+61 3 8602 9249	garmstead@hunthunt.com.au
Tony Mylne, Brisbane	+61 7 3292 9715	amylne@macrossans.com.au
Peter Jones, Adelaide	+61 8 8414 3330	pjones@hunthunt.com.au
Darren Miller, Perth	+61 8 9488 1300	darren.miller@marksandsands.com.au
Peter Forbes-Smith, Hobart	+61 3 6231 0131	pforbessmith@hunthunt.com.au
Peggy Cheong, Darwin	+61 8 8924 2600	pcheong@huntnt.com.au
Justine Matthews, Newcastle	+61 2 4925 5500	jmatthews@hunthunt.com.au

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