

Date:	Thursday 12 December 2024
Time:	12:30 - 2:00pm AEDST
Location:	Microsoft Teams meeting
Committee members:	Adam Searle (AS), Brett Riley (BR), Brett Ward (BW), Christopher Armstrong (CA), David Jenkins (DJ), Francis Beens (FB), James Aclis (JA), John Jeaitani (JJ), Justin Portelli (JP), Mary Poon (MP), Matthew Webster (MW), Melissa Yan (MY), Mudit Gupta (MG), Scott Duncan (SD), Sting Fan (SF), Suzanne Patten (SP), Yongjie Qi (YQ)
By invitation:	Clare Marshall (CM), Dimity Gartzionis (DG), Jacqui Reid (JR), Michael Callan (MC), Andrew Gilbert (AG), Sarah Brodie (SB), Gokul Chandrasekaran (GC), Alison Drill (AD), Susan Ley (SL)

Item
<p><b>1. Welcome and apologies</b></p> <p>In attendance were: BR, BW, CA, DJ, JA, JJ, JP, MP, MW, MG, SD, SF, SP, YQ, CM, AG, SB, GC, AD and SL.</p> <p>Apologies were received from AS, FB, and MY.</p> <p>SP welcomed all of our guests, and a new GIPC member (YQ) to the meeting.</p> <p>SP reminded GIPC to be cognisant of competition law requirements in discussions and in its work.</p> <p>SP asked if anyone has a conflict of interest in relation to an agenda item to declare this. None were raised.</p>
<p><b>2. Minutes of previous meeting</b></p> <p>The minutes of the previous meeting held on 14 November were approved.</p>
<p><b>3. Actions from last meeting</b></p> <p>An update on outstanding actions was given, as set out in the table at the end of these minutes.</p>
<p><b>4. Agenda discussion</b></p> <p>(a) APRA reinsurance setting framework – SB and AG provided the background to APRA’s consultation on reinsurance setting framework and invited GIPC to provide feedback</p> <ul style="list-style-type: none"> <li>In 2023, APRA issued a letter to remind insurers that APRA was open to discussing alternative reinsurance options as traditional reinsurance markets hardened. APRA received feedback that the existing framework made it hard for insurers to consider this</li> <li>Last month, APRA issued a consultation (consultation will end on 17/2/25). After this, APRA is</li> </ul>

expecting to consult on proposed changes, followed by finalisation of new standards

- In addition, APRA is seeking feedback into the approval process for determining the capital treatment of such instruments; currently although the AA is involved, APRA is responsible for the approval. The proposed approach will align GI more closely with LI, allowing AA to determine the capital treatment, thereby speeding up the process
- APRA welcomes feedback and views on these areas
- GIPC members provided feedback, with a Q&A with SB and AG on specific areas. Questions / points raised by GIPC included:
  - Whether more guidance should be provided to AAs in light of additional responsibilities
  - Incorporating level 1 vs level 2 considerations in the framework
  - Residual risk when there is a mix of perils that are close to 1 in 200 event and whether buying reinsurance based on the 1 in 200 event could result in insufficient reinsurance
  - Horizontal ICRC requirement has not been addressed in the document
  - Usage of peril based reinsurance protection
  - Considerations around interaction with RBNZ's vertical requirement

(b) GIPC matters

- YQ was welcomed into GIPC as a new member
- SP noted several departures from GIPC. BR and MG will be leaving GIPC in December. SP thanked them for their contribution to GIPC, and specifically to BR for his work setting up the natural perils stream, and MG for his work on professional support in the GI pricing area. SP will advertise for a vacancy following MG's departure.

(c) Risk margins working group – GC provided background into this work and the group's planned activities

- There has been limited development in risk margins benchmarking and guidance over the last 10 years. This leaves a gap in looking at whether current practices are consistent with requirements, no review since the introduction of AASB17, and a long gap since the last benchmarking work done by APRA. This also provides an opportunity to do a deeper dive into the risk margin framework
- Consequently, a working group is being set up, and is likely get under way in 2025. A TOR is being drafted. Additional working group members are being sought
- For 2025, the group's planned activities include:
  - Supporting APRA on its risk margins benchmarking update
  - Surveying members on practices, including looking at the alignment between industry participants, making sure recommendations work for small and niche players
  - Considering the need for formalising guidance, as current material is piecemeal

- Supporting education via reviewing the syllabus and making suggestions on changes, as well as looking into potential Insights and professional guidance changes
- GIPC noted some areas of feedback/suggestions, including the consideration of GMM vs PAA, gross vs net risk margins, looking at extending to accident year risk margins to aid the understanding of volatility (and not just reporting), international vs Australian standards, reviewing the efficacy of past methods (e.g. Ave), incorporating forward looking indicators (as past methods are often based on past experience, the question is how to look into the future)

(d) APRA – DJ noted a number of APRA’s activities including:

- APRA’s release of the results from its second climate survey, noting most organisations have improved but some have gone backwards
- John Lonsdale’s opening speech to the Senate Economics Legislation Committee
- John Lonsdale’s speech to the European Australian Business Council, noting the focus on geopolitical risks, with APRA establishing a geopolitical risk unit and collaborating with other government bodies to look into geopolitical shocks
- APRA’s release of a letter on its observations of banks after the implementation of FAR

(e) Other matters

- GIPC meetings for 2025 – propose to meet with same frequency and timing as 2024. Feb 2025 meeting will be a strategy session
- Pricing colloquy – currently liaising with Institute to set a date (tentatively 17/3/25)
- LMS – platform is currently being discussed. Will be transitioning MG’s responsibilities as he steps off GIPC

The following action items were agreed:

- MW to follow up with Risk Margins Working Group to update the terms of reference
- SP to send a prompter to GIPC members ahead of Feb strategy session
- GIPC to find a lead for the reinsurance setting framework submission

#### 5. Any other business

N/A

The meeting closed at 1:38pm.

Signed as a true and correct record of the meeting:

Chair: Suzanne Patten

Dated: 13/2/25

**General Insurance Practice Committee meeting**  
Minutes

Committee outstanding actions					
Ref	Meeting (Item)	Who	Focus area	What	Done?
1	10.10.24 (4a)	SP, DJ	APRA	SP to collate ideas for the APRA/GIPC liaison meeting and discuss agenda/timing with DJ	
2	14.10.24 (4g)	SP, CA	Actuaries Summit	CM to canvas views on the Actuaries Summit, in particular on the impact of having a combined event vs having a separate GI event	
3	12.12.24 (4c)	MW	Reserving	MW to follow up with Risk Margins Working Group to update the terms of reference	
4	12.12.24 (4e)	SP	GIPC	SP to send a prompter to GIPC members ahead of Feb strategy session	
5	12.12.24 (4a)	GIPC	APRA	GIPC to find a lead for the reinsurance setting framework submission	
6	14.10.24 (4d)	SP	Natural perils	SP to proceed with formalising Yongjie Qi's nomination to GIPC via the Presidential Trio	Close
7	14.10.24 (4f)	SP, CA	AA forum	SP and CA to review JA's AA forum article and help identify any further materials that can be shared more widely (if appropriate)	Close
8	14.10.24 (4g)	SP, CA	Oher	GIPC to let SP know if they are able to help with the NSW Home Building Compensation Scheme submission	Close