



5 April 2013

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Dear Sir/Madam

**Submission on APRA Discussion Papers – Confidentiality of life/general insurance data and changes to life/general insurance statistical publications**

The Actuaries Institute is the sole professional body for actuaries in Australia. It represents the interests of over 4,000 members, including more than 2,000 actuaries. Our members have had significant involvement in the development of insurance regulation, financial reporting, risk management and related practices in Australia and Asia.

The attached brief note sets out the Actuaries Institute's submission in response to APRA's discussion papers on the confidentiality of insurance data and changes to insurance statistical publications released for consultation on 22 February 2013.

Please do not hesitate to contact Melinda Howes, Chief Executive Officer of the Actuaries Institute (phone \_\_\_\_\_ or email \_\_\_\_\_) to discuss any aspect of this paper.

Yours sincerely

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## 1. Summary

The Australian Prudential Regulation Authority (APRA) is a prudential regulator as well as being the national statistical agency for the Australian financial sector. APRA collects data on insurers and makes certain data publicly accessible, primarily through statistical publications. The benefit of publishing these statistics is the promotion of understanding of the insurance industry performance and improved transparency and accountability of insurers.

Following changes to the life and general insurance reporting frameworks after the release of new capital standards, APRA needs to consider which data collected under the new reporting framework is non-confidential and will be publicly accessible.

On 22 February 2013, APRA released twin discussion papers proposing that certain data submitted by life and general insurers be considered non-confidential.

The Actuaries Institute agrees that the publication of statistics on the insurance industry is beneficial, and supports the proposals. We recognise that individual insurers may wish to preserve the confidentiality of their data, however, we consider that both the industry as a whole and the community that the industry serves would benefit from the proposals.

## 2. Availability of industry-level statistics

The publication of industry-level statistics would enable insurers and other interested parties to form better views of industry-wide issues and trends. This should serve to support the prudential management of the industry (for example, a deterioration in claims experience at one insurer could be interpreted as a statistical fluctuation by that insurer, while an industry-wide deterioration may more quickly be identified as a change in underlying experience).

We would caution, however, that the greatly expanded volume of publicly available data proposed presents a greater risk of ill-informed debate arising from selective or inaccurate analysis of that data. It will be important for the industry and policyholders that APRA publishes comprehensive (and hopefully expanded) industry-level statistics that can serve as an authoritative reference point in any community debate regarding industry performance.

We support the publication of the industry-level statistics as proposed by APRA.

## 3. Availability of institution-level statistics

Some institution-level data is technically available to policyholders, but it is often difficult to access and relatively meaningless without comparative data.

By publishing institution-level statistics, consumers and others would be better placed to compare and contrast insurers. Disclosure forms one of the three pillars of APRA's regulatory approach, and the publication of institution-level statistics by APRA would make such disclosure more meaningful, as the data would be more accessible than other means of disclosure.



Company level statistics have been available for general insurers for many years under the current and preceding regulatory frameworks. The proposal to additionally include insurance group statistics is welcomed provided it delivers improved transparency in understanding insurance group performance. We note, however, that Lloyd's data (which will continue to be submitted on a completely different basis to all other insurers) will continue to be a significant source of inconsistency in the reporting standards.

We support the publication of the institution-level statistics as proposed by APRA.

#### **4. Data to remain confidential**

We understand that for both life and general insurers, all data collected under reporting standards made under the Financial Sector (Collection of Data) Act 2001 (FSCOD Act) are proposed to be deemed non-confidential by APRA.

For life insurers, this would include information collected in future under the series of Reporting Standards numbered LRS110.1 through to LRS430.0.

For general insurers, this would include information collected in future under the series of Reporting Standards numbered GRS 110.1 through to GRS 440.0.

In addition, for both life and general insurers, similar information collected in the past would also be deemed non-confidential.

We are not aware of any compelling arguments to treat any of the proposed information as confidential. However, similar to our comments in Section 2 above in respect of industry-level statistics, we note that the expanded range and finer levels of detail of data proposed to be made publicly available does create greater potential for misunderstanding and/or misinterpretation. Nevertheless, we support the publication of the range of statistics proposed by APRA.

We understand that any data submitted to APRA that is not collected under the FSCOD Act (which includes items such as Financial Condition Reports) will remain confidential.

#### **5. Changes to statistical publications**

We support the introduction of database versions of the statistical publications, as this will enhance the usability of the data.

We have no objection to the proposal to extend the existing quarterly statistics publications, and related to this to cease the "Half Yearly Life Insurance Bulletin".

We have no objection to the proposal to cease the "General Insurance Supplementary Statistical Tables" publication in view of the changes made to the quarterly statistics publication.

We support the introduction of a half-yearly life insurance institution-level statistics publication, and the revisions to the half-yearly general insurance institution-level statistics publication.