



Varying conditions on an authorisation to carry on insurance business in Australia

Insurance Act 1973

To: Commonwealth Steamship Insurance Company Proprietary Limited ABN 86 004 127 431 (the body corporate)

SINCE:

- A. APRA issued to the body corporate an Authorisation to carry on insurance business in Australia under subsection 12(1) of the *Insurance Act 1973* (the Act) on 26 June 2002 (the Authorisation); and
- B. the Authorisation is subject to conditions,

I, Brandon Kong Leong Khoo, a delegate of APRA, under paragraph 13(1)(b) of the Act, VARY the conditions imposed on the Authorisation in the manner specified in the attached Schedule.

Dated: 23 December 2020

Brandon Kong Leong Khoo¹
Executive Director
Insurance Division

Interpretation

Act means the *Insurance Act 1973*.

APRA means the Australian Prudential Regulation Authority.

insurance business has the meaning given in subsection 3(1) of the Act.

¹ A delegate of APRA.



Note 1 Under subsection 13(1) of the Act, APRA may, at any time, by written notice to a general insurer, impose conditions or additional conditions or vary or revoke conditions imposed on the insurer's authorisation.

Note 2 Under subsection 13(2) of the Act, APRA may impose conditions or additional conditions on a general insurer's authorisation provided the conditions relate to prudential matters.

Note 3 Under subsection 13(4) of the Act, if APRA imposes, varies or revokes the conditions on a general insurer's authorisation, APRA must give written notice to the Applicant and ensure that notice of the action is published in the *Gazette*.

Note 4 Under subsection 13(6) of the Act, a decision to impose conditions, or additional conditions, or to vary the conditions on the Authorisation are reviewable decisions to which Part VI of the Act applies. If you are dissatisfied with a reviewable decision, you may seek reconsideration of the decision by APRA in accordance with subsection 63(2) of the Act. The request for reconsideration must be in writing, must state the reasons for the request and must be given to APRA within 21 days after the decision first comes to your notice or within such further period as APRA allows. If dissatisfied with APRA's reconsidered decision confirming or varying the first decision, you may, subject to the Administrative Appeals Act 1975, apply to the Administrative Appeals Tribunal for review of the reconsidered decision.

The address where written notice may be given to APRA is Level 24, 535 Bourke Street Melbourne VIC 3000 and by email to the relevant APRA Supervisor.



Schedule – the condition(s) on Authorisation which are to be varied

The existing condition(s) which are to be varied:

2) The body corporate shall:

a) maintain minimum capital as calculated under *Prudential Standard GPS 110 Capital Adequacy (GPS110)* of two times MCR, where MCR is calculated as the greater of:

- (i) the amount determined in accordance with paragraph 15 of GPS 110;
or
- (ii) \$2,000,000; or

b) have in place a bank guarantee, the structure of which is to be approved by APRA, that would provide the same level of capital cover,

and in this regard the body corporate shall not be obliged to comply with paragraph 16 of GPS 110.

The condition(s) as varied

2) The body corporate shall:

a) maintain a PCR as calculated under *Prudential Standard GPS 110 Capital Adequacy (GPS110)* where PCR is calculated as the greater of:

- (i) the amount determined in accordance with paragraph 22 of GPS 110;
or
- (ii) \$2,000,000;

and in this regard the body corporate shall not be required to comply with paragraph 23(a) of GPS 110.

Interpretation

In this schedule:

body corporate means the general insurer

PCR means Prudential Capital Requirement as defined in paragraph 20 of GPS 110.



Schedule of consolidated conditions

The conditions that apply to the body corporate's authorisation:

- 1) The body corporate may only conduct insurance business in Australia for the sole purpose of discharging liabilities that arose under policies entered into prior to 20 February 1992.
- 2) The body corporate shall:
 - a) maintain a PCR as calculated under *Prudential Standard GPS 110 Capital Adequacy (GPS110)* where PCR is calculated as the greater of:
 - (i) the amount determined in accordance with paragraph 22 of GPS 110;
or
 - (ii) \$2,000,000;

and in this regard the body corporate shall not be required to comply with paragraph 23(a) of GPS 110.

Interpretation

In this schedule:

body corporate means the general insurer

PCR means Prudential Capital Requirement as defined in paragraph 20 of GPS 110.