

**Australian Prudential and Regulation Authority**

Attn: [REDACTED]  
12/1 Martin Pl,  
Sydney 2000

25 June 2021

[REDACTED]  
CFO  
Tel.: [REDACTED]  
[REDACTED]

**Prudential Standard LPS 117  
Capital Adequacy: Asset Concentration Risk Charge**

To whom it may concern,

Munich Re welcomes the clarity concerning offshore reinsurance support provided by APRA's proposed revisions to LPS 117: Capital Adequacy, Asset Concentration Risk Charge.

Munich Re supports the introduction of aggregate limits on exposures to offshore reinsurers and restrictions on the recognition of risk mitigants. The limits outlined offer a sensible balance between ensuring that the use of offshore reinsurance remains at prudent levels, whilst also allowing sufficient scope for offshore reinsurers to participate in the Australian Life Insurance Market thereby enhancing competition and allow new innovations from overseas markets.

Munich Re understands that the changes outlined are not expected to have any effect on the regulatory capital requirements upon our life insurance entity, Munich Reinsurance Company of Australasia.

Yours faithfully

[REDACTED]

[REDACTED]  
Chief Financial Officer  
Munich Re Australasia

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