

22 April 2022

Redacted

General Manager, Policy  
Policy and Advice  
Australian Prudential Regulation Authority  
By email: Redacted

Dear Mr Redacted

### Strengthening crisis preparedness

ClearView appreciates the opportunity to provide feedback on APRA's proposed Prudential Standards: CPS 190 Financial Contingency Planning and CPS 900 Resolution Planning.

We support APRA's measures to strengthen the preparedness of banks, insurers and superannuation trustees to respond to financial crises. The Australian financial system has been resilient in the face of significant stress over the past two decades and it must remain strong in order to manage any potential future threats and challenges.

ClearView broadly supports the FSC's position in relation to CPS 190 Financial Contingency Planning and CPS 900 Resolution Planning.

That said, ClearView supports the differentiation between Significant Financial Institutions (SFI) and Non-Significant Financial Institutions (non-SFIs), as this distinguishes the entities that could be more readily managed through financial difficulties from those that could lead to larger, often unexpected systemic impacts.

We support pre-positioning larger, more complex entities to minimise the impact of entity failure on beneficiaries and improve financial stability via resolution planning (CPS 900).

To enable companies to incorporate the new Standards into the ICAAP framework through appropriate enhancements, ClearView asks APRA to consider either modifying the Standards or issuing guidance, as part of the regulator's planned guidance.

This would reduce complexity and minimise the risk of inconsistency and confusion, as APRA's Standards and the ICAAP framework partially run in parallel.



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A single, comprehensive framework to guide Boards and Management teams would enable more effective risk and capital management. Additional benefits would include greater clarity on how financial contingency planning links to the risk management framework, business continuity planning and other related Prudential Standards.

As an independent, ASX-listed life insurer, ClearView recognises the need for regulatory frameworks to be self-sufficient.

As part of an industry that is dominated by large global players, the majority of our competitors are local entities of global groups. They often choose to apply a global approach to some of their local governance and related frameworks.

We believe this poses additional risks, as Australian entities must be able to demonstrate that they can meet their local obligations through times of stress; one of APRA's key objectives.

Of particular concern is the potential for local entities to place too much reliance on global frameworks. Given the relative size of Australian entities in the context of global operations, during times of global financial stress, the Australian entity may not be prioritised and receive the support it needs. This could adversely impact the Australian financial system and Australian customers, and curb APRA's ability to provide effective oversight. We believe that APRA should make this clear as part of any guidance and the approach should be consistent with requirements under ICAAP.

Finally, ClearView believes that the requirements for superannuation funds should be considered holistically as part of APRA's consultation process regarding strengthening financial resilience as opposed to narrowly applying to Registrable Superannuation Entity Licensees (RSELs). Financial resilience should be considered across a superannuation fund and trustee, noting there is limited risk at the trustee level.

I would be happy to discuss any of the matters raised in this letter.

Yours sincerely,

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Simon Swanson  
Managing Director