

Mr Pat Brennan
General Manager, Policy Development
Policy, Statistics and International
Australian Prudential Regulation Authority
GPO BOX 9836
SYDNEY NSW 2001

10 October 2014

Mr Jan Willing
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Dear Mr Brennan,

Munich Re would like to thank APRA for inviting submissions on the changes to a number of prudential standards as a consequence of the issuance of CPS 220 Risk Management and revised CPS 510 Governance. We generally support these changes which are not substantive in nature and clarify linkages between the prudential standards.

Munich Re, on behalf of Great Lakes Reinsurance PLC – Australia Branch (GLA) and Munich Reinsurance Company – Australia Branch (MRAU), would like to make the following submission in relation to one aspect of the consequential changes where there is an opportunity to improve clarity of the intent of the prudential standard.

We were pleased to note that as part of the changes from GPS 220 Risk Management to CPS 220 Risk Management, APRA has heeded industry submissions in relation to materiality and the risk management declaration.

As a consequence of the implementation of CPS 220 Risk Management, the financial information declaration will be moved from GPS 220 Risk Management to GPS 310 Audit and Related Matters. In reviewing this change, we noted that similar to the risk management declaration, the financial information declaration does not contain any reference to materiality. Munich Re asserts that the concept of materiality is also appropriate for the financial information declaration. We agree that information must be accurate and complete however there should be an allowance for materiality, particularly in relation to paragraphs (b) and (c) to allow for rounding and insignificant amounts as appropriate under accounting standards and reporting requirements.

Munich Re propose that similar to the risk management declaration that the words "in all material respects" be included at the commencement of the financial information declaration in GPS 310 Audit and Related Matters.

Thank you for consideration of this submission.

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Yours faithfully,



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