



Aon Benfield  
Level 29, 201 Kent Street, Sydney

4 April 2013  
Australian Prudential Regulation Authority  
GPO Box 9836, Sydney  
Attn: Manager, General Insurance Statistics

Dear Mr Campbell,

**RE: Confidentiality of general insurance data and changes to general insurance statistical publications**

We are pleased to learn that APRA has proposed that all data<sup>1</sup> submitted by general insurers are non-confidential. We would like to express our support for this proposal.

We also note that APRA has proposed some changes to the general insurance publications and is seeking comments and suggestions. In response to this, we suggest the release of class of business statistics at company level. Our proposed statistics include gross earned premium, net earned premium, gross incurred claims and net incurred claims at individual insurer's line of business level. Such information is routinely made available in other countries and supports many types of important analysis.

For example, these statistics will be very useful for the Aon Benfield Insurance Risk Study. The purpose of this study is to provide insurers and reinsurers with an objective and data-driven set of underwriting volatility benchmarks by line of business and country as well as correlations by line and country. These benchmarks are a valuable resource to CROs, actuaries, and other economic capital modelling professionals who seek reliable parameters for their models. Aon Benfield has made these reports publicly available on our website.<sup>2</sup> Data required by line and company is solely for the purposes of data processing and metrics computing. We never release information that could be used to identify an individual insurer.

Currently, data provided by APRA is released either at company level for all lines of business combined or at industry level for individual lines of business. Aggregated industry data at class of business level tends to underestimate the level of risk individual insurers face. Also, the number of data points based on industry data is limited when compared to company data. Consequently, results of this kind become more volatile and less reliable, which undermines the goal of any robust capital analysis for insurers or reinsurers with Australian exposures.

The Aon Benfield Insurance Risk Study is based on statistics provided by regulators and organisations globally. To date, the study has covered 44 countries and used data from 23,627 individual groups and companies. Other countries provide statistics at both company and line of business level; it is not clear why Australia could not do the same.

<sup>1</sup> Where data are provided under the Financial Sector (Collection of Data) Act 2001.

<sup>2</sup> <http://kethoughtleadership.aon.com/Pages/Home.aspx?ReportCategory=Insurance Risk Study>



If no changes are made, we will be forced to drop Australia from the Aon Benfield Insurance Risk Study. As this publication is used by global reinsurers and others providing capital to the local market, we think this would be a significant backwards step for the local insurance industry and reflect negatively on APRA. If APRA is interested in the types of data other countries make available, we are happy to provide examples upon request.

If these statistics were to remain confidential, we would be happy to discuss the possibility of arranging any kind of agreement to obtain the use of these statistics on a completely confidential basis, noting that our reports never release any individual insurer information or any information that could be used to identify individual insurers.

Andrew Hulme  
Aon Benfield Analytics