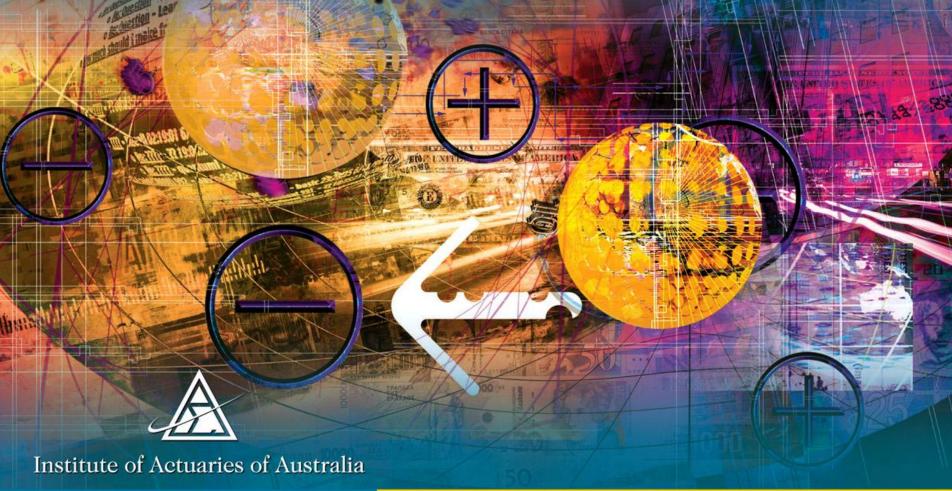
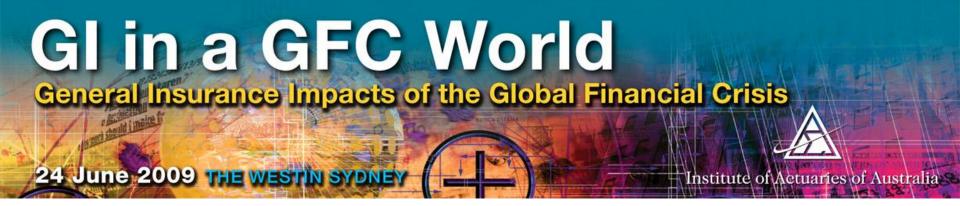
# GI in a GFC World

General Insurance Impacts of the Global Financial Crisis



Wednesday, 24 June 2009

THE WESTIN SYDNEY 1 MARTIN PLACE, SYDNEY



## Perspectives from the Regulator

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### What have we seen?

- Australian GI industry has come through reasonably well (to date)
- Remains well capitalised MCR coverage
   1.86x at Mar 2009 (was 2x at Dec 2007)
- Underwriting results and profits under increasing pressure
- Material impact of movements in interest rates; significant claim events
- Lower equity market exposure & impacts



### What have we learnt?

- Need to be better prepared for speed of change – APRA and entities
- Having the right information to assess and an efficient decision process is key
- Need for regular and effective communication with entities and other regulators
- Weakness in risk identification & management
- Stress testing not stressful enough



### What have we done?

- For GIs, mostly focused on solvency
- Additional focus on stress testing better understand impact of different drivers
- Heightened and proactive supervision
- Increased liaison with other regulators



#### What next?

- More of the same proactive paranoia!
- Identification of top industry risks and action plans to address
- Review of risk and capital management processes
- No material regulatory changes in GI but some policy projects in train

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### **Questions?**

