Dear Richard

Munich Reinsurance Group IPSA Review Submission

On behalf of the Munich Reinsurance Group, we would like to submit the following two comments with regards to the review of the Insurance (Prudential Supervision) Act.

Munich Reinsurance Group has three licensed entities in New Zealand being:

- Munich Reinsurance Company, a non-life reinsurer;
- Munich Reinsurance Company of Australasia Limited, a life reinsurer; and
- Great Lakes Insurance SE, a non-life primary insurer.

Our submission is made on behalf of Munich Reinsurance Company and Great Lakes Insurance SE.

1. Overseas insurers and statutory funds

We do not see statutory funds as being the most appropriate response to enhancing the soundness of the non-life sector. The costs of establishing, administering, funding and maintaining a statutory fund would need to be passed on to New Zealand primary insurers and ultimately New Zealand policy holders.

Adding to the cost of insurance inevitably leads to lower uptake of insurance, an outcome we presume the RBNZ would not intend.

2. Appointed Actuary review of parent financial statements

We do not support that local appointed actuaries be required to review the parent company accounts. As well as difficulties for the local appointed actuary to be fully conversant with overseas accounting standards, they may not be in a position to have full knowledge of the totality of parent company operations. This
is particularly relevant to such a large organisation as Munich Reinsurance Company.

Please contact me if you wish to discuss any matter raised in this submission.

Yours faithfully,

Keith Redpath
Munich Holdings of Australasia Pty Limited