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27 January 2021

Submission on RBNZ's cyber resilience consultation paper

Dear Sir or Madam

Thank you for providing Swiss Re Life & Health Australia Limited (Swiss Re) with the opportunity to comment on the Reserve Bank of New Zealand's (Reserve Bank) consultation document, dated 29 October 2020, titled: "Risk management guidance on cyber resilience and views on information gathering and sharing".

The Swiss Re Group provides reinsurance, insurance and other forms of insurance-based risk transfer on a global basis. The Group offers Life & Health reinsurance in both Australia and New Zealand.

As a reinsurer, Swiss Re maintains a unique position of support for clients and the industry through provision of capital, whilst sharing insights and expertise to help improve industry sustainability and credibility. Swiss Re also works collaboratively with corporate, academic and public sector stakeholders to make insurance more accessible and affordable and reduce the level of uninsured loss.

Swiss Re supports the Reserve Bank's comments in the consultation document that:

- cyber risk continues to rise alongside an increasingly digital economy
- there is growing awareness that cyber incidents could present risks to the stability of the financial system as a whole;
- a commonly agreed 'best practice' framework to address cyber risk has yet to emerge but common elements can be found in the range of observed international practices; and
- there is a need for a high degree of coordination among various public and private sector bodies.

The following submission responds to the specific questions raised in the consultation document.

Q1 In light of the nature of cyber risk and the range of observed international practices, do you support the Reserve Bank's policy stance of being 'moderately active' in promoting cyber resilience within the financial sector?

- ⇒ Swiss Re supports the Reserve Bank's proposal of a moderately active approach. As a global reinsurer, with requirements to adhere to multiple regulatory environments, following international practices enables the Group and its entities and branches to establish a consistent approach in all markets.

Q2 Do you agree with the Reserve Bank's general approach of sticking closely to international practice? Do you have any specific feedback on the draft guidance on cyber resilience?

- ⇒ Swiss Re supports the Reserve Bank's approach of aligning with international practice for the reason included above. Swiss Re also follows the ISO and NIST cybersecurity framework.

Q3 Do you agree that the guidance should be a set of high-level principle-based recommendations?

- ⇒ Swiss Re supports the high-level principle-based approach, especially with the pace of technology changes.

Q4 What's your view on the principle of proportionality and a risk-based approach adopted by the Guidance?

- ⇒ Swiss Re supports the principle of proportionality and a risk-based approach. This enables entities to tailor their frameworks, controls and responses according to the complexity, size and structure of their operations. This is consistent with many of the better prudential compliance regimes across the world.

Q5 Do you agree that the guidance should apply to all regulated entities of the Reserve Bank?

- ⇒ While Swiss Re agrees that the principle based guidance should apply to all regulated entities of the Reserve Bank, we would encourage the Reserve Bank to consider how the guidance may apply to organisations that also need to comply with other regulatory regimes. The compliance expense and distraction of tailoring approaches and reporting to local requirements can distract resources from the task of managing the risks the frameworks are designed for. Swiss Re suggests the Reserve Bank consider an exemption or ability for the regulated entity to scale back the set of requirements where the entity is already required to meet similar or more onerous requirements by other regulators (for example the Australian Prudential Regulation Authority).

Q6 What's your view on the Reserve Bank's collaborative and coordinated approach to information gathering and sharing?

- ⇒ Swiss Re supports the approach of collecting aggregated and desensitised data because certain cyber related information can be highly sensitive and storing them in common platforms will increase the risk of exposure for such data. Further, Swiss Re would support the Reserve Bank collaborating with other regulators such as APRA to both enhance international insights and increase the efficiency of compliance for regulated entities.

Q7 Do you support the Reserve Bank's intention to broadly follow the international practices and establish a cyber data collection for all prudentially regulated entities? Do you have any particular concerns or issues that you would like the Reserve Bank to take into account when further developing its plan?

- ⇒ Swiss Re does not have any particular concerns regarding this proposal.

Please feel free to contact me if you would like to discuss any of the comments made in this submission.

Yours faithfully,



Richard Foda
Chief Risk Officer
Swiss Re Life & Health Australia Limited