

# Risk Management Programme Material Change-Approval Request

Name of Licensed Insurer

Current Risk Management Programme Date

Version Number

Section 73 of the Insurance (Prudential Supervision) Act 2010 ('IPSA') states that a licensed insurer must be subject to and comply with a risk management programme.

The Reserve Bank issued a Risk Management Programme Guideline dated December 2012. The objective of the guideline is to clarify how the risk management requirements of IPSA should be interpreted and to provide examples of the issues licensed insurers should consider. The guideline is not intended to be a prescriptive list of all the requirements.

IPSA states that a licensed insurer must obtain the Reserve Bank's approval before the risk management programme is amended in a material way. In order for the Reserve Bank to be satisfied that a risk management programme remains appropriate, licensed insurers must obtain the Reserve Bank's approval for material changes. A licensed insurer's risk management programme would already have been assessed during licensing and considered to meet the requirements therefore changes that can reasonably be considered to strengthen the risk management programme will not usually be considered to be a material change for the purposes of section 73(4). Licensed insurers should consider materiality in context and the effect of individual and cumulative amendments.

To support a request for approval of material changes to a risk management programme, licensed insurers are requested to provide the following:-

1. Track change version of the policy.
2. Clean version of the policy.
3. Part A - Summary of Changes - outlining the changes, rationale, and comments.
4. Part B - Legislative Compliance - detailing how each of the prescribed compliance requirements will be met after the proposed changes.
5. Part C - Risk Management Programme Guideline - detailing how this is covered.

*For changes that are not considered to be material, the licensed insurer should provide the Reserve Bank with an updated copy of the Risk Management Programme.*

# Part A: Summary of changes

The following section requires the licensed insurer to provide a summary of the proposed changes.

Current page/section	New page/section
<b>Change summary and rationale</b>	
<hr/>	
<b>Materiality comment</b>	
<hr/>	
<b>Other comments</b>	
<hr/>	
<b>Any additional or overall comments</b>	
<hr/>	

Current page/section	New page/section
<b>Change summary and rationale</b>	
<hr/>	
<b>Materiality comment</b>	
<hr/>	
<b>Other comments</b>	
<hr/>	
<b>Any additional or overall comments</b>	
<hr/>	

Current page/section

New page/section

---

Change summary and rationale

---

Materiality comment

---

Other comments

---

Any additional or overall comments

---

Current page/section

New page/section

---

Change summary and rationale

---

Materiality comment

---

Other comments

---

Any additional or overall comments

---

## Part B: Legislative Compliance

The following section requires the licensed insurer to state how the legislative requirements will be met after the proposed changes.

Regulatory Reference	Requirement	Explain How This Requirement is Met
IPSA 73(1)	<b>Written Policy</b>	
IPSA 73(2)(a)	A licensed insurer must be subject to a risk management programme and take all practicable steps to comply with that programme. The risk management programme must be in writing. Provide a copy of the risk management programme and any referenced/related documents.	
IPSA 73(2)	The risk management programme must	
IPSA 73(2)(b)	Set out the procedures that the licensed insurer will use for the effective identification and management of the following risks:-	
IPSA 73(2)(b)(i)	<ul style="list-style-type: none"> <li>Insurance risk</li> </ul>	
IPSA 73(2)(b)(ii)	<ul style="list-style-type: none"> <li>Credit risk</li> </ul>	
IPSA 73(2)(b)(iii)	<ul style="list-style-type: none"> <li>Liquidity risk</li> </ul>	
IPSA 73(2)(b)(iv)	<ul style="list-style-type: none"> <li>Market risk</li> </ul>	
IPSA 73(2)(b)(v)	<ul style="list-style-type: none"> <li>Operational risk</li> </ul>	
IPSA 73(2)(b)(vi)	<ul style="list-style-type: none"> <li>A prescribed type of risk</li> </ul>	<i>Not applicable. The Reserve Bank has not specified other prescribed risks in regulations at this time.</i>

Regulatory Reference	Requirement	Explain How This Requirement is Met
IPSA 73(2)(c)	<p><b>Documentation/Record-keeping</b></p> <p>Explain how the appropriate documentation and record-keeping requirements are met.</p>	
IPSA 73(2)(d)	<p><b>Current</b></p> <p>Describe the steps that will be taken to ensure that the programme remains current.</p>	
IPSA 73(2)(d)	<p><b>Process for Review</b></p> <p>Describe how the steps, to ensure the programme remains current, includes procedures for regular review of the programme to systematically identify and address deficiencies in the effectiveness of the programme.</p>	
IPSA 73(2)(e)	<p><b>Appropriate/Relevant</b></p> <p>Outline how the risk management programme is appropriate to the operations of the licensed insurer, having regard to the factors relevant to the risks referred to in section 73(2)(b).</p> <p>(For example, the size of the licensed insurer, its corporate structure (including its relationship with associated persons), its funding structure, the market sector in which it operates, and its business strategy).</p>	

Regulatory Reference	Requirement	Explain How This Requirement is Met
<b>IPSA 74</b>	<b>Group Risk Management Programme</b>	
<b>IPSA 74(1)</b>	If a licensed insurer is part of a group of insurers, the risk management programme that the insurer is required to the subject to may be a risk management programme that applies to the insurer and one or more of the members of that group.	
<b>IPSA 74(2)</b>	If the group programme does not comply with the requirements of section 73(2) in any respect, the licensed insurer must prepare a supplementary document that, when taken together, ensures that the requirements are complied with	

## Part C: Risk Management Programme Guideline

The following section requires the licensed insurer to state how the suggested guidance is achieved.

Regulatory Reference	Requirement	Explain How This Requirement is Met
<p><b>Guideline 23(b)</b></p>	<p><b>Risk tolerance</b></p> <p>The responsibilities of the governing body should include:-                      establishing risk tolerances and defining and communicating risk tolerances in a meaningful way.                      monitoring the risk exposures to check that they are consistent with established risk tolerance.</p>	
<p><b>Guideline 9(h)</b></p>	<p><b>Capital management plan</b></p> <p>The risk management programme is linked to the licensed insurer's solvency policy which includes its policy on the amount of capital required to provide a buffer against losses arising from unanticipated events.</p>	

### Checklist

- Track change version of the risk management programme
- Clean copy version of the risk management programme