

Parliamentary Joint Committee on Corporations and Financial Services

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Corporate Insolvency in Australia

Wednesday, 14 December 2022

Division/Agency: Australian Prudential Regulation Authority

Question No: APRA01QW

Topic: **APRA Powers – Prevention of GI judicial management**

Reference: Written - 23 December 2022

Senator: Deborah O'Neill

Question:

Could you summarise APRA's power to deal with financial distress of a general insurer before the stage of judicial management?

Answer:

APRA's powers to deal with financial distress of a general insurer before the stage of judicial management include:

- investigating a general insurer, authorised NOHC or subsidiary;
- requiring an actuarial investigation or special purpose audit;
- requiring a general insurer to hold additional capital, by way of a supervisory adjustment determined under the capital prudential standards;
- imposing a condition, relating to prudential matters, on a general insurer's authorisation;
- giving a direction to a general insurer to do or not to do something for a prudential outcome (for example to remove a director, to not pay dividends on shares, to not issue new policies) where the related direction trigger exists; and
- giving a recapitalisation direction requiring the insurer to increase its level of capital.