

From: Richard Dean
Sent: Monday, 29 November 2010 2:13 p.m.
To: Richard Dean
Cc: David Williams; Peter Brady
Subject: Insurance (Prudential Supervision) Act 2010: Release of Solvency Standards

You will recall that the Reserve Bank has recently gone out to stakeholder consultation on various solvency standards (life insurance, non-life insurance and captive insurance) to be issued in accordance with Section 55 of the Act. Response to these consultations has been wide-ranging, and a number of issues have been raised for our further review. In some cases we will be seeking further information from stakeholders prior to finalizing our position.

Although it had originally been our target to release all solvency standards by the end of December 2010, the amount of additional policy consideration generated by the consultation responses means that solvency standards will not now be finalized for release before February 2011. Whilst this delay is regretted, the extended policy review will lead to more robust regulatory outcomes.

This deferred release should not necessarily delay your preparatory work towards the licensing process now underway. Consultation release of the solvency standards means that all stakeholders have had the opportunity to be aware of the majority of their content. In addition, licensing is not a legislative requirement before 7 March 2012 so there is still ample time for insurers to plan their way forward into the new environment.

Regards

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