



International
Forum of Insurance
Guarantee Schemes

IFIGS

IFIGS ANNUAL SURVEY

< As of end 2023 >

PURPOSE

The purpose of this survey is to share IGS related information from different jurisdictions among the IFIGS members. It aims to enhance the understanding of one another, creating opportunities to learn from each other and to cooperate in the area of one's interest.

The results of the survey will be provided to all members of IFIGS and parts of the information may be shared with other interested parties under review of the IFIGS Management Committee.

SURVEY INSTRUCTIONS

1) This survey is composed of **five sections**.

- I. General
- II. Protection (Life Insurance)
- III. Protection (Non-life Insurance)
- IV. Resolution
- V. Fund Management

2) To complete the survey, please fill in those sections applicable to your IGS and **select all answers** that apply.

- If any portion of the survey is not applicable in your jurisdiction, please mark this section with a dash (-) or leave it blank.

3) **[For 'Protection (Life Insurance)' section]** If your IGS adds together similar benefits by person to determine protection, please use the table at the end of the Life Insurance portion of the survey to identify these categories. Then, use your answers to complete the "Category" section in each table.

For example, a jurisdiction may determine protection for each person by adding together similar benefits into few main categories, such as 'Death Benefits', 'Health Expenses', 'Monthly Income', 'Cash Value', 'Accumulated Value', etc.

I. GENERAL

GENERAL INFORMATION

1. Insurance Guarantee Scheme

Name of institution	Australian Prudential Regulation Authority (APRA)
Year of establishment	1998 (APRA establishment); 2008 (IGS establishment)
Address	Level 12, 1 Martin Place, Sydney NSW 2000, Australia

2. Contact Person Details

IFIGS representative	Ryan Christy
Title	Advisor, Resolution
Contact Person	Ryan Christy
Title	Advisor, Resolution
Email address	Ryan.christy@apra.gov.au
Telephone	

3. Legal Structure of IGS

Government legislated and administered	☒
Government legislated and privately administered	☐
Privately established and administered	☐
Other	☐

Notes: *Please add any additional information that will assist in understanding your IGS*

Australia has legislated protection schemes for depositors and policyholders (of general insurers, but not life or health insurance), which may be activated if an authorised deposit-taking institution or general insurer fails.

A federal government minister decides whether to activate the scheme, on advice from APRA.

APRA, as the federal prudential supervisor and resolution authority, is also responsible for administering the scheme.

Established under law? Yes ☒ No ☐

Notes: *Please add any relevant law or other information that will assist in understanding*

Australia's insurance guarantee scheme is called the Financial Claims Scheme (FCS).

The FCS legislative framework for insurers is set out in Part VC of the Insurance Act 1973 (Commonwealth law) and related legislative instruments.

4. Additional Key Powers

Resolution	☒
Supervision	☒
Risk Management	☒
Other	☒

Notes :

APRA is responsible for:

- **licensing** banking, insurance and superannuation businesses to operate.
- **prudential supervision** of deposit-takers such as banks, credit unions and building societies; life, general and private health insurers; superannuation entities (i.e. pension funds other than self-managed superannuation funds); and certain other participants in the financial system.
- **resolution** of failed entities and resolution planning for large and complex institutions.
- **administering the FCS**, Australia's deposit insurance and insurance guarantee scheme.

Resilience / supervision - APRA has lead responsibility for assessing and advising on the nature and extent of financial distress in a supervised institution, including liquidity and

solvency, and for evaluating and implementing supervisory responses to any affected institutions.

Resolution - APRA is also responsible for decisions relating to the investigation of a supervised institution; giving directions to such an institution; appointing a statutory manager; giving directions to a statutory manager; and recommending to the court that a judicial manager be appointed to a general insurer or life insurer.

5. Insured Institutions

Number of covered institutions

Life **N/A**

Non-life **77 + 13 in run-off**

Other (please specify)

Mandatory membership Yes ☒ No ☐

Notes :

'Membership' is not a relevant concept in Australia - all general insurers authorised to operate by APRA are automatically covered by the FCS.

6. Number of Employees

Full-time	26	Part-time	0
Temporary	0	Others	0

Notes :

There are currently 26 full-time staff in the Resolution team at APRA who work on a range of activities for the industries that APRA supervises including resolution planning, crisis management policy and implementation, and operational matters (which includes the FCS insurance guarantee scheme administration).

Resources, including legal and specialist technical advice, are drawn from other areas in APRA when needed. If the FCS were activated, additional resources would be deployed.

7. Protection by person, policy, benefit and/or claim

All policies or benefits held by a person	☐
On each policy	☒
On benefits of the same type	☐
On each claim	☒
Unlimited coverage	☐
Other (please specify)	☒

Notes:

- If the Australian Government activates the FCS, most claims made against the declared general insurer by the policyholders, or other people with valid claims against the insurer, are covered up to \$5,000.
- The FCS extends insurance cover for a period of 28 days after declaration. After this time, policyholders will be expected to get alternative insurance cover.
- The FCS does not apply to life insurance companies or to private health insurers and does not return premiums.
- Claims above \$5,000 are also covered under the FCS for eligible policyholders and certain third parties, up to the limit offered by the relevant policy.
- In most cases, a claim can only be made against a failed insurer under the FCS if the insurance policy was issued by that insurer.

II. PROTECTION (LIFE INSURANCE)

(i) Individual Life Insurance

Definition: Life insurance pays a benefit on the death of the insured life.

PROTECTION METHOD

Please indicate the method or methods of protecting individual life insurance.

- Continuation of policy ☐
- Cash Compensation ☐
- Payment of claims ☐
- Other (please specify) ☐ []
- ☐ []

PROTECTION OF PRODUCT, BENEFIT OR CLAIMS

How do you protect individual life insurance?

- Protection of product ☐ If selected, please fill in the **Product** Table
- Protection of benefit ☐ If selected, please fill in the **Benefits** Table
- Protection of claims ☐

Do you provide protection of policy riders and/or associated accounts?

- Protection of policy riders ☐
- Protection of associated accounts ☐

PROTECTION BY PRODUCT

How much protection do you provide?

PRODUCT	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Term					
Whole Life					
Universal Life					
Investment Linked					
Disability					
Other (please specify)					

Notes:

PROTECTION BY BENEFIT

How much protection do you provide?

BENEFIT	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Death Benefit					
Cash Surrender Value					
Investment Linked Value					
Endowment: Death or Maturity Value					
Value of investment in a life insurance wrapper					
Disability					
Other (please specify)					

Notes:

PROTECTION OF RIDERS AND ASSOCIATED ACCOUNTS

If you protect riders and associated accounts:

RIDERS & ACCOUNTS	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Accidental Death Rider					
Other Riders (please specify)					
Dividend Deposit Accounts					
Premium Deposit Accounts					
Other (please specify)					

Notes:

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

(ii) Individual Annuity

Definition: Annuities pay a series of payments over a fixed period or until the death of the annuitant (the insured life).

PROTECTION METHOD

Please indicate the method or methods of protecting individual annuities.

Continuation of policy ☐

Cash Compensation ☐

Payment of claims ☐

Other (please specify) ☐ []

☐ []

PROTECTION BY PRODUCT OR BENEFIT

How much protection do you provide?

PRODUCT/BENEFIT	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Retirement Annuity/Income					
Disability Annuity/Income					
Term Certain Annuity					
Indexed Annuities					
Structured Settlement Annuity					
Other (please specify)					

Notes:

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

(iii) Individual Savings

Definition: Savings accounts are those whose value is the amount deposited plus interest less withdrawals.

PROTECTION METHOD

Please indicate the method or methods of protecting individual savings.

Continuation of policy ☐

Cash Compensation ☐

Other (please specify) ☐ []

☐ []

PROTECTION BY PRODUCT OR BENEFIT

How much protection do you provide?

PRODUCT/BENEFIT	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Accumulation Annuity					
Term Deposit					
Short Term Savings					
Tax Sheltered Savings					
RRSP/401k/ISA					
Other (please specify)					

Notes:

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

(iv) Individual Investment Accounts

Definition: Investment accounts are those whose value varies with the value of a portfolio of assets or a market index.

PROTECTION METHOD

Please indicate the method or methods of protecting individual investment accounts.

Continuation of policy ☐

Cash Compensation ☐

Other (please specify) ☐ []

☐ []

PROTECTION BY PRODUCT OR BENEFIT

How much protection do you provide?

PRODUCT/BENEFIT	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Segregated Funds					
Variable Annuities					
Mutual Funds					
Other (please specify)					

Notes:

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

(v) Individual Health, Medical, Long Term Care Expenses

Definition: Health Insurance pays benefits when the insured life suffers illness or personal accident.

PROTECTION METHOD

Please indicate the method or methods of protecting individual health.

- Continuation of policy ☐
- Cash Compensation ☐
- Payment of claims ☐
- Other (please specify) ☐ []
- ☐ []

PROTECTION OF BENEFIT OR CLAIMS

How do you protect individual health?

- Protection of benefit ☐
- Protection of claims ☐

PROTECTION BY BENEFIT OR CLAIM

How much protection do you provide?

BENEFIT/CLAIM	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Hospital					
Prescription Drugs					
Operation					
Doctors' Fees					
Vision					
Dental					
Travel					
Long Term Care					
Critical Illness					
Other (please specify)					

Notes:

(vi) Group Life Insurance

Definition: Life insurance pays a benefit on the death of the insured life.

PROTECTION METHOD

Please indicate the method or methods of protecting group life insurance.

- Continuation of policy ☐
- Cash Compensation ☐
- Payment of claims ☐
- Other (please specify) ☐ []
- ☐ []

PROTECTION OF PRODUCT, BENEFIT OR CLAIMS

How do you protect group life insurance?

- Protection of product ☐ If selected, please fill in the **Product** Table
- Protection of benefit ☐ If selected, please fill in the **Benefit** Table
- Protection of claims ☐

Do you provide protection of policy riders and/or associated accounts?

- Protection of policy riders ☐
- Protection of associated accounts ☐

PROTECTION BY PRODUCT

How much protection do you provide?

PRODUCT	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Term					
Whole Life					
Universal Life					
Investment Linked					
Disability					
Other (please specify)					

Notes:

PROTECTION BY BENEFIT

How much protection do you provide?

BENEFIT	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Death Benefit					
Cash Surrender Value					
Investment Linked Value					
Endowment: Death or Maturity Value					
Value of investment in a life insurance wrapper					
Disability					
Other (please specify)					

Notes:

PROTECTION OF RIDERS AND ASSOCIATED ACCOUNTS

If you protect riders and associated accounts:

RIDERS & ACCOUNTS	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Accidental Death Rider					
Other Riders (please specify)					
Dividend Deposit Accounts					
Premium Deposit Accounts					
Other (please specify)					

Notes:

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

(vii) Group Annuity

Definition: Annuities pay a series of payments over a fixed period or until the death of the annuitant (the insured life).

PROTECTION METHOD

Please indicate the method or methods of protecting group annuities.

Continuation of policy ☐

Cash Compensation ☐

Payment of claims ☐

Other (please specify) ☐ []

☐ []

PROTECTION BY PRODUCT OR BENEFIT

How much protection do you provide?

PRODUCT/BENEFIT	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Retirement Annuity/Income					
Disability Annuity/Income					
Term Certain Annuity					
Indexed Annuities					
Structured Settlement Annuity					
Other (please specify)					

Notes:

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

(viii) Group Savings

Definition: Savings accounts are those whose value is the amount deposited plus interest less withdrawals.

PROTECTION METHOD

Please indicate the method or methods of protecting group savings.

Continuation of policy ☐

Cash Compensation ☐

Other (please specify) ☐ []

☐ []

PROTECTION BY PRODUCT OR BENEFIT

How much protection do you provide?

PRODUCT/BENEFIT	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Accumulation Annuity					
Term Deposit					
Short Term Savings					
Tax Sheltered Savings					
RRSP/401k/ISA					
Other (please specify)					

Notes:

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

(ix) Group Investment Accounts

Definition: Investment accounts are those whose value varies with the value of a portfolio of assets or a market index.

PROTECTION METHOD

Please indicate the method or methods of protecting group investment accounts.

Continuation of policy ☐

Cash Compensation ☐

Other (please specify) ☐ []

☐ []

PROTECTION BY PRODUCT OR BENEFIT

How much protection do you provide?

PRODUCT/BENEFIT	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Segregated Funds					
Variable Annuities					
Mutual Funds					
Other (please specify)					

Notes:

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

(x) Group Health, Medical, Long Term Care Expenses

Definition: Health Insurance pays benefits when the insured life suffers illness or personal accident.

PROTECTION METHOD

Please indicate the method or methods of protecting group health.

Continuation of policy ☐

Cash Compensation ☐

Payment of claims ☐

Other (please specify) ☐ []

PROTECTION OF BENEFIT OR CLAIMS

How do you protect group health?

Protection of benefit ☐Protection of claims ☐

PROTECTION BY BENEFIT OR CLAIM

How much protection do you provide?

BENEFIT/CLAIM	AMOUNT	%	UNLIMITED	OTHER	CATEGORY
Hospital					
Prescription Drugs					
Operations					
Doctors' Fees					
Vision					
Dental					
Travel					
Long Term Care					
Critical Illness					
Accident					
Other (please specify)					

Notes:

WHERE PROTECTION IS APPLIED BY PERSON – GROUPING & CATEGORIZING BENEFITS, PRODUCTS, OR CLAIMS

If coverage is grouped and applied by person, please indicate in the table below the type(s) of benefits, policies or claims that are added together (categories). Categorize these groups by name/type, and then create a notation for these categories.

Please use your own terminology and categorizing pattern.

Name of Category	Benefit/Product/Claim Category Reference	Limit/Maximum Protection

III. PROTECTION (NON-LIFE INSURANCE)

(i) Property Damage

Definition: Property damage insurance is the payment of a benefit in compensation for the damage to property.

[a] Motor Vehicle Collision

PROTECTION METHOD

Please indicate the method or methods of protecting motor vehicle collisions.

- | | | |
|----------------------------|-------------------------------------|-----|
| Continuation of policy | ☒ | |
| Return of Unearned Premium | ☐ | |
| Payment of claims | ☒ | |
| Other (please specify) | ☐ | [] |
| | ☐ | [] |

PROTECTION BY PRODUCT OR CLAIM

How much protection do you provide?

PRODUCT	AMOUNT	PERCENTAGE	UNLIMITED	OTHER
Land Vehicles				
Cars and motorbikes				
Commercial Vehicles				
Unearned Premium				
Other (please specify)				

Notes:

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

The FCS only applies to insurance policies issued by a general insurer that is authorised by APRA; it does not apply to life insurance companies or private health insurance companies.

Under the FCS, most policyholders of an affected general insurer are covered for valid claims up to \$5,000. This also includes other persons or third parties who may be able to claim under eligible insurance policies with the affected insurer.

Certain policyholders with the failed general insurer will be covered under the FCS for claims of \$5,000 and above (up to the limit provided for by the policy). They include:

- a) individuals who are Australian citizens or permanent residents;
- b) non-resident individuals who have insured against risks located in Australia;
- c) Australian-based small businesses;
- d) Australian-based not-for-profit organisations (e.g. charities); and
- e) trustees of Australian-based family trusts.

Other policyholders (such as medium and large businesses) are covered for claims up to \$5,000.

The FCS extends insurance cover for a period of 28 days after declaration. After this time, policyholders will be expected to arrange alternative insurance cover.

The FCS does not provide return of premiums.

Insurance policies that are required to be held under State or Territory law and are protected separately by arrangements administered by the State or Territory do not fall under the scope of the FCS.

Additionally, certain policies that relate to liabilities that arose before 1 July 2002; reinsurance and retrocession arrangements; and a policy that indemnifies (insures) another insurance policy are not within the scope of the FCS.

[b] House

PROTECTION METHOD

Please indicate the method or methods of protecting houses.

- Continuation of policy ☒
- Return of Unearned Premium ☐
- Payment of claims ☒
- Other (please specify) ☐ []
- ☐ []

PROTECTION BY PRODUCT OR CLAIM

How much protection do you provide?

PRODUCT	AMOUNT	PERCENTAGE	UNLIMITED	OTHER
Fire				
Flood/Water Damage				
Natural Disaster				
Burglary				
Theft				
Glass				
Earthquake				
Other (please specify)				

Notes:

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

Please see the notes under “Motor vehicle collision” for further information.

[c] Commercial Property

PROTECTION METHOD

Please indicate the method or methods of protecting commercial property.

- Continuation of policy ☒
- Return of Unearned Premium ☐
- Payment of claims ☒
- Other (please specify) ☐ []
- ☐ []

PROTECTION BY PRODUCT OR CLAIM

How much protection do you provide?

PRODUCT	AMOUNT	PERCENTAGE	UNLIMITED	OTHER
Fire				
Flood/Water Damage				
Natural Disaster				
Burglary				
Theft				
Glass				
Boiler and machinery				
Earthquake				
Other (please specify)				

Notes:

Please see the notes under “Motor vehicle collision” for further information.

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

[d] Commercial Transportation

PROTECTION METHOD

Please indicate the method or methods of protecting commercial transportation.

- Continuation of policy ☒
- Return of Unearned Premium ☐
- Payment of claims ☒
- Other (please specify) ☐ []
- ☐ []

PROTECTION OF PRODUCT OR CLAIM

How much protection do you provide?

PRODUCT	AMOUNT	PERCENTAGE	UNLIMITED	OTHER
Railway Rolling Stock				
Aircraft				
Ships/Marine				
Goods in transit				
Cargo				
Inland Marine				
Other (please specify)				

Notes:

Please see the notes under “Motor vehicle collision” for further information.

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

(ii) Liability

Definition: Liability insurance pays a benefit if the insured incurs a liability to another person by action or inaction.

[a] General Liability

PROTECTION METHOD

Please indicate the method or methods of protecting general liability.

- Continuation of policy ☒
- Return of Unearned Premium ☐
- Payment of claims ☒
- Other (please specify) ☐ []
- ☐ []

PROTECTION OF PRODUCT OR CLAIM

How much protection do you provide?

PRODUCT	AMOUNT	PERCENTAGE	UNLIMITED	OTHER
Motor Vehicle Liability				
Aircraft Liability				
Ship Liability				
Product				
Public				
Other (please specify)				

Notes:

Please see the notes under “Motor vehicle collision” for further information.

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

[b] Professional Liability

PROTECTION METHOD

Please indicate the method or methods of protecting professional liability.

- Continuation of policy ☒
- Return of Unearned Premium ☐
- Payment of claims ☒
- Other (please specify) ☐ []
- ☐ []

PROTECTION OF PRODUCT OR CLAIM

How much protection do you provide?

PRODUCT	AMOUNT	PERCENTAGE	UNLIMITED	OTHER
Medical Malpractice				
Legal Malpractice				
Errors & Omissions				
Director & Officer				
Professional Indemnity				
Other (please specify)				

Notes:

Please see the notes under “Motor vehicle collision” for further information.

Professional indemnity insurance is compulsory for certain professions (e.g. providers of financial services to retail clients must have arrangements for compensating those clients for breaches of Ch 7 of the *Corporations Act 2001* (Cth)).

In addition to the FCS, a separate *Indemnity Insurance Fund* provides Government support for medical indemnity for eligible private medical practitioners and eligible privately practicing midwives.

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

[c] Accident Commercial

PROTECTION METHOD

Please indicate the method or methods of protecting commercial accidents.

- Continuation of policy ☐
- Return of Unearned Premium ☐
- Payment of claims ☐
- Other (please specify) ☐ []
- ☐ []

PROTECTION OF PRODUCT OR CLAIM

How much protection do you provide?

PRODUCT	AMOUNT	PERCENTAGE	UNLIMITED	OTHER
Workers Compensation				
Employers Liability				
Other (please specify)				

Notes:

Compulsory workers compensation insurance schemes are governed by State and Territory law and are outside the scope of the FCS. For example: Division 6A (Defaulting Insurers etc) and Division 7 (Insurers' Guarantee Fund) of the *Workers Compensation Act 1987* (NSW).

"Employers' liability" is not offered as a policy class in Australia as the workers compensation framework covers incidents of work-related accidents and illness.

A separate "Employment practices liability" insurance product covers damages and costs resulting from, for example, anti-discrimination, unfair dismissal, and harassment which would fall inside the scope of the FCS as a general insurance product.

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

(iii) Miscellaneous

Definition: Miscellaneous non-life insurance is the payment of a benefit by a non-life insurer for an event other than property damage or incurring liability.

[a] Financial Loss

PROTECTION METHOD

Please indicate the method or methods of protecting financial loss.

- Continuation of policy ☒
- Return of Unearned Premium ☐
- Payment of claims ☒
- Other (please specify) ☐ []
- ☐ []

PROTECTION OF PRODUCT OR CLAIM

How much protection do you provide?

PRODUCT	AMOUNT	PERCENTAGE	UNLIMITED	OTHER
Credit				
Surety (bond insurance)				
Business Interruption				
Mortgage Insurance				
Mortgage Guarantee				
Other (please specify)				

Notes:

Please see the notes under “Motor vehicle collision” for further information.

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

[b] Personal Accident

Definition: Personal Accident insurance is a policy which provides compensation in the event of injuries, disability or death caused solely by accidental, external and visible events.

PROTECTION METHOD

Please indicate the method or methods of protecting personal accident.

- Continuation of policy ☒
- Return of Unearned Premium ☐
- Payment of claims ☒
- Other (please specify) ☐ []
- ☐ []

PROTECTION OF PRODUCT OR CLAIM

How much protection do you provide?

PRODUCT	AMOUNT	PERCENTAGE	UNLIMITED	OTHER
Accidental Death				
Accidental Disability				
Other (please specify)				

Notes:

Please see the notes under “Motor vehicle collision” for further information.

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

[c] Other

PROTECTION METHOD

Please indicate the method or methods of protecting any other miscellaneous non-life insurance.

- Continuation of policy ☒
- Return of Unearned Premium ☐
- Payment of claims ☒
- Other (please specify) ☐ []
- ☐ []

PROTECTION OF PRODUCT OR CLAIM

How much protection do you provide?

PRODUCT	AMOUNT	PERCENTAGE	UNLIMITED	OTHER
Legal Expenses				
Prepaid Legal				
Health & Sickness				
Title Insurance				
Other (please specify)				

Notes:

Please see the notes under “Motor vehicle collision” for further information.

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

[d] Compulsory Insurance

Definition: Some IGSs provide different protection for insurance which they must have by law.

Please indicate in this table any different protection you provide for compulsory insurance.

PROTECTION METHOD

Please indicate the method or methods of protecting compulsory insurance.

- Continuation of policy ☐
- Return of Unearned Premium ☐
- Payment of claims ☐
- Other (please specify) ☐ []
- ☐ []

PROTECTION OF PRODUCT OR CLAIM

How much protection do you provide?

PRODUCT	AMOUNT	PERCENTAGE	UNLIMITED	OTHER
Employers' Liability				
Third Party Motor				
Other (please specify)				

Notes:

Please see the notes under "Motor vehicle collision" for further, and the notes under "Accident commercial" for details regarding employers' liability insurance.

Compulsory Third Party Motor insurance schemes are outside the scope of the FCS, governed by State and Territory law e.g. Division 9.4 (Insolvent Insurers) of the *Motor Accident Injuries Act 2017* (NSW).

Note: Please add any additional information that will assist in understanding the protection provided by your IGS.

IV. RESOLUTION

(i) Pre-insolvency Cooperation/Coordination with Insurance Supervisor

1. Do you monitor the solvency of the companies independently of the work done by the solvency supervisor?

Yes ☐

No ☒

Notes: *If yes, please describe the type of monitoring that you perform*

APRA is the supervisor of insurers, the resolution authority, and the administrator of the FCS. Solvency monitoring is conducted within APRA.

2. Do you have a cooperation agreement with the solvency supervisor so that you are informed of solvency concerns?

Yes ☐

No ☒

Notes:

Not applicable. Please see notes in response to Q1.

3. If you have this cooperation agreement is it:

An informal understanding ☐

A formal agreement ☐

A statutory obligation ☐

Not applicable ☒

Other (please specify) ☐ []

Notes:

Not applicable. Please see notes in response to Q1.

4. Are the IGS and the solvency supervisor in the same organization?

Yes ☒

No ☐

Notes:

APRA is both the supervisor of insurers and the administrator of the FCS.

5. If the IGS and the solvency supervisor are in the same organisation is there a cooperation agreement between the departments and is it:

An informal understanding ☐

A formal agreement ☐

A statutory obligation ☐

Other (please specify) ☒ []

Notes:

- APRA's supervisory approach involves an ongoing cycle where supervisors identify prudential risks, assess their potential impact, and determine an appropriate risk response, including escalating risks where necessary. Much of this information and assessment is covered by the Supervision Risk and Intensity (SRI) Model. More information on these frameworks is available at www.apra.gov.au/supervision-risk-and-intensity-sri-model
- APRA's internal processes ensure effective information-sharing and collaboration between its core supervision and resolution functions, including dealing with higher risk/problematic entities, the assessment of recovery plans and consideration of resolution options.
- APRA has a Resolution and Enforcement Committee (REC), which is the oversight body for entities in heightened stress and potentially subject to enforcement action. The REC comprises members of APRA's supervision, resolution, and legal functions, and facilitates a coordinated and timely approach to determining strategies that may involve APRA using its powers in respect of an entity. The REC meets on a regular basis and maintains a watchlist of problem entities. Escalation to the REC will be the first step in cases where there is a reasonable prospect of APRA exercising powers in respect of an entity. This committee, although not a decision-making body, is a key advisory body in circumstances where APRA is considering enforcement or resolution action.
- The final decision rests with the 'delegate', who is a member of APRA's senior management at a specified level of seniority. The delegate is usually from APRA's frontline supervision divisions, and makes the decision in consultation with the relevant

frontline supervisors, the General Manager Resolution and the General Counsel, taking into account any recommendations made by the REC.

- In more severe circumstances (e.g. the imminent failure of a regulated entity), the REC is likely to recommend to the APRA executive board that a special executive crisis committee be convened to oversee the resolution of the entity. The committee would comprise senior staff from APRA's executive and the relevant supervisory, resolution, enforcement, and legal teams. It would provide strategic direction, take urgent critical decisions, and coordinate APRA's engagement with other CFR agencies and the public, in respect of the resolution of the relevant bank.
- APRA's processes for handling distressed banks and insurers will also involve appropriate cooperation with other domestic agencies through the Council of Financial Regulators (CFR), which is the primary forum to support prompt identification of threats to the financial system and assist in facilitating coordinated responses to those threats among the agencies. The CFR members are heads of APRA, Reserve Bank of Australia (RBA), Australian Securities and Investments Commission (ASIC), and the Department of the Treasury. A MoU on Financial Distress Management among the CFR agencies sets out the principles for dealing with stresses in the financial system.

The consent of the Treasurer would be required if APRA were to use certain resolution powers. For example, if APRA intended to direct a compulsory transfer of business from an insurer / holding company / subsidiary, APRA would need the consent of the Treasurer to do so. Further, the declaration of the FCS must also be approved by the Treasurer rather than APRA.

6. Is the information shared (only applicable for those whose IGS and supervisor are part of the same organization):

In writing	☒	
In formal meetings	☒	
In informal meetings	☒	
Other (please specify)	☒	[]

Notes:

Information sharing is performed between APRA divisions based on the framework noted in Q5.

7. Please indicate the type of information shared:

Relating to risk assessment(s)	☒	
Solvency concerns	☒	
Other (please specify)	☒	[]
	☐	[]

Notes:

Please see the notes to Q5 for further information.

8. Are you informed:

Immediately before the supervisor takes steps to close the company ☒

As soon as the supervisor has solvency concerns ☒

About the financial condition and solvency status of all companies ☒

Notes:

Please describe the type of information that is shared:

Please see the notes to Q5 for further information.

Please describe the type of information that is shared:

There are no exclusions on the information shared.

(ii) Participation in the Supervision of the Distressed Insurer

9. Do you participate with the solvency supervisor in the supervision of a distressed insurer?

Yes ☒

No ☐

Notes:

APRA is both the supervisor of insurers and the administrator of the FCS.

10. Is this participation:

- An informal understanding ☒
A formal agreement ☐
A statutory obligation ☐
Other (please specify) ☐ []

Notes:

Please see the notes accompanying Q9.

Please describe the nature and form of the participation.

(iii) Participation in the Development or Assessment of Resolution Strategies or Plans

11. Are resolution strategies or plans prepared in your jurisdiction?

- Yes ☒
No ☐

Notes:

The Prudential Standards CPS190 Recovery and Exit Planning and CPS900 Resolution Planning came into effect on 1 January 2024.

All insurers fall into scope of the requirements under CPS190. Insurers that fall into scope of CPS900 are Significant Financial Institutions (SFI) and non-SFIs with Critical Functions.

Life and General insurers with total assets above AUD \$10bn, and Private Health insurers with total assets above AUD \$3bn, are determined to be SFIs by APRA. APRA may also determine an insurer as a SFI having regard to matters such as complexity in operations or group membership.

APRA started a pilot exercise for entity-specific resolution planning work with a small number of insurers (both life and non-life) in H2 2022. The pilot exercise has progressed materially.

APRA will commence resolution planning with more insurers from 2025. APRA expects this to be a multi-year process and will continue to develop its resolution planning capabilities in collaboration with insurers.

12. Are the resolution strategies or plans done for:

- Systemically important companies ☒
- All companies ☐
- Companies with solvency concerns ☐
- Other (please specify) ☒ []
- ☐ []

Notes:

All insurers fall into scope of the requirements under CPS190. Insurers that fall into scope of CPS900 are Significant Financial Institutions (SFI) and non-SFIs with Critical Functions.

Life and General insurers with total assets above AUD \$10bn, and Private Health insurers with total assets above AUD \$3bn, are determined to be SFIs by APRA. APRA may also determine an insurer as a SFI having regard to matters such as complexity in operations or group membership.

13. Are resolution strategies or plans prepared by:

- The solvency supervisor ☐
- You as the IGS ☐
- The company ☐
- Other (please specify) ☒ []
- ☐ []

Notes:

As part of the recovery and resolution prudential framework, entities will be responsible for developing and maintaining credible recovery plans which APRA will assess.

For resolution planning, APRA's Resolution Team, as the Resolution Authority, is responsible for setting the strategy and entities will be responsible for taking the actions needed to ensure compatibility with the preferred resolution strategy, including removing barriers to orderly resolution.

Entities will also need to develop and maintain capabilities required to support the preferred resolution strategy. Please also see the notes accompanying Q11.

14. Are resolution strategies or plans assessed by:

The solvency supervisor	☐	
You as the IGS	☐	
Other (please specify)	☒ [	]
	☐ [	]

Notes:

APRA, which is supervisor, resolution authority and IGS administrator.

Please see the notes accompanying Q13.

15. Is there a designated resolution authority in your jurisdiction?

Yes ☒

No ☐

Notes:

16. Are you as the IGS the resolution authority?

Yes ☒

No ☐

Notes: *If you are not the resolution authority, please describe the authority/organization*

(iv) Preparation for Transition of Claims Handling to IGS

17. Is there a process for ensuring that the IGS policyholder protection is applied immediately upon the solvency supervisor closing the company?

Yes ☐

No ☒

Declaration of the FCS is not automatic. If APRA determines the FCS is the most suitable resolution option for a general insurer, it would make a recommendation to the Treasurer to activate it.

The Treasurer may then declare the FCS in relation to that entity.

The Treasurer may only make this declaration if certain pre-conditions have been met: namely that a judicial manager, statutory manager or external administrator has been appointed *and* APRA believes that either:

- i) the general insurer is insolvent as defined in section 95A of the *Corporations Act 2001* (Cth), or
- ii) the general insurer is a foreign general insurer and is unable to pay, from its assets in Australia (other than any assets or amount excluded by the prudential standards for the purposes of paragraph 28(b)), all its debts that are liabilities in Australia other than pre-authorisation liabilities, as and when those debts become due and payable.

The declaration must specify the amount of funding to be made available for payment of claims under the scheme as well as the amount to be made available for costs and expenses of the administration.

Funding from the FCS can also be used to facilitate a transfer to a willing acquirer if the total cost of funding the transfer is equal to or less than the total cost of claims and expenses of the administration.

Note: If yes, please describe this process

(v) Pre-insolvency Resolution Powers

18. Do you have the power to participate in a resolution **without** formal declaration of insolvency or legal insolvency proceedings being commenced (i.e. liquidation, winding-up, or bankruptcy)?

Yes ☒

No ☐

Notes:

Yes. APRA has statutory powers to require a compulsory transfer of business and issue directions for an insurer to take, or not take, a specified action.

APRA can also appoint a judicial manager or statutory manager to take control of a general insurer.

If an external manager had already been appointed, the judicial or statutory manager appointment would terminate the external manager.

The judicial manager takes direction from the court, but APRA has the right to be heard.

The statutory manager takes direction from APRA. Please also see the note accompanying Q17 and Q19.

19. If so, can you provide financial support to a distressed insurer (before insolvency)?

Yes ☒

No ☐

Notes:

APRA is yet to develop in detail the preferred entity-specific resolution strategies for insurers.

APRA does however have a range of powers available that help make various resolution strategies more feasible. These include:

- a) compulsory transfer powers (to another insurer or Government bridge insurer),
 - b) placing an insurer in run-off,
 - c) using the FCS to pay-out policyholders or to support a transfer to another insurer,
- or

- d) using the Financial System Stability Special Account (FSS Special Account) to support a Government-backed recapitalisation.

The FSS Special Account is a broad special appropriation that can be used for most resolution actions provided the relevant statutory pre-conditions are met.

The FSS Special Account provides for the making of contracts and arrangements by the Australian Government, of no more than \$10 billion, for the purpose of:

- protecting the interests of policyholders in ways that are consistent with the continued development of a viable, competitive and innovative insurance industry; or
- protecting financial system stability in Australia.

The FSS Special Account allows the Treasurer, with the Finance Minister's approval, immediate access to financial resources where there are concerns regarding financial stability, without the need to seek the approval of Parliament.

As background, a special account is a ledger entry which records the right to draw money from the Consolidated Revenue Fund up to the balance of the account. The balance of a special account is increased by specifying amounts that are credited to the account, and such amounts can only be debited for the prescribed purposes of the account.

19-1. What form could this take (before insolvency)?

- | | | |
|---------------------------|-------------------------------------|-----|
| Cash injections | ☐ | |
| Loans | ☐ | |
| Guarantees | ☐ | |
| Collateral | ☐ | |
| Asset or share purchases | ☐ | |
| Assumption of liabilities | ☐ | |
| All of the above | ☒ | |
| Other (please specify) | ☐ | [] |
| | ☐ | [] |

20. Can you provide financial support to another entity that intends to purchase the insurer or its insurance business prior to formal insolvency proceedings (before insolvency)?

Yes ☒

No ☐

Notes:

Please see the notes in response to Q19.

20-1. If yes, what form could this take?

Cash injections ☐

Loans ☐

Guarantees ☐

Collateral ☐

Asset or share purchases ☐

Assumption of liabilities ☐

All of the above ☒

Other (please specify) ☐ []

☐ []

Notes:

Please see the notes to Q19.

21. Can you continue coverage (before insolvency)?

Yes ☒

No ☐

Notes:

21-1. If yes, what form could this take?

Retention/runoff of covered policy obligations ☒

Issuance of alternative coverage ☐

Participation in portfolio transfers ☒

Other (please specify) ☐ []

☐ []

Notes:

Please see the notes to Q19.

APRA is allowed to use FCS funds to facilitate a compulsory transfer of business, provided the conditions to declare FCS have been met.

22. Can you restructure policies by changing the terms of policies (before insolvency)?

Yes ☐

No ☒

Notes:

22-1. If yes, please describe the manner:

Impose limits on benefits up to your protection amounts ☐

Change other non-substantive terms ☐

Change other substantive terms ☐

Delay payment of policy benefits and claims ☐

Other (please specify) ☐ []

☐ []

Notes:

23. Can you establish or act as a bridge institution when no immediate purchaser of an insolvent insurer (or its business) can be found (before insolvency)?

Yes ☐

No ☒

Notes: *If yes, please describe*

24. Can you restructure the business or take other measures on the distressed insurer before formal insolvency proceedings?

Yes ☐

No ☐

Notes:

24-1. If yes, what form could this take?

Restrict or require performance of an action	☒
Cease issuing/renewing policies or making payments	☒
Restructure whole or part of the business	☒
Acquire shares from the existing shareholders	☒
Assume control of assets, liabilities, business or affairs	☒
Appoint receiver and/or manager to manage assets, liabilities, business or affairs of the distressed insurer	☒
Transfer shares or capital instruments issued by the distressed insurer to any person	☒
Reduce/cancel share capital	☒
Transfer the assets to asset management company	☒
Other (please specify)	☒ []
	☐ []

APRA may take control of a general insurer's business or appoint an administrator to take control of the general insurer's business under s62ZOA of the *Insurance Act 1973* if, among other options, the general insurer's financial position is deteriorating rapidly, or is likely to deteriorate rapidly; and failure to respond quickly to the deterioration would be likely to prejudice the interests of policyholders of the insurer.

The powers that APRA may exercise in these circumstances are wide-ranging (please see the notes to Q19). Most powers are set out in Part VB Division 1A of the *Insurance Act 1973*.

(vi) Insolvency Resolution Powers

POST FORMAL INSOLVENCY PROCEEDINGS

25. If formal insolvency proceedings are commenced (i.e. liquidation, winding-up, issuance of non-viability notice by the supervisor, etc.) what powers do you have to protect policyholders - can you pay claims?

Yes ☒

No ☐

Notes:

26. If formal insolvency proceedings are commenced, can you continue coverage?

Yes ☒

No ☐

26-1. If yes, what form could this take?

Retention/runoff of covered policy obligations ☒

Issuance of alternative coverage ☒

Participation in portfolio transfers ☒

Other (please specify) ☐ []

☐ []

Notes:

The FCS covers insurance policies issued by the insurer for 28 days after the FCS is declared. If the FCS is declared, it allows for the payment of claims up to \$5,000 for most policies and up to the policy limit for certain other policyholders (please see the "Motor vehicle collision" section for more details).

27. Can you restructure policies by changing the terms of the policies?

Yes ☐

No ☒

27-1. If yes, please describe the manner:

Impose limits on benefits up to your protection amounts ☐

Change other non-substantive terms ☐

Change other substantive terms ☐

Delay payment of policy benefits and claims ☐

Other (please specify) ☐ []

☐ []

Notes:

28. Can you provide financial support to another entity that intends to purchase the insurer or its insurance business during formal insolvency proceedings?

Yes ☐

No ☒

Notes:

FCS funds may be used to facilitate a transfer to another entity, provided relevant criteria have been met.

If yes, what form could this take:

Cash injections ☐

Loans ☐

Guarantees ☐

Collateral ☐

Asset or share purchases ☐

- Assumption of liabilities ☐
- All of the above ☐
- Other (please specify) ☐ []
- ☐ []

Notes:

29. Can you establish or act as a bridge institution when no immediate purchaser of an insolvent insurer (or its business) can be found?

- Yes ☐
- No ☒

Notes:

If yes please describe:

30. Do you have early access to the assets of the insolvent insurer to assist with the payment of policyholder claims?

- Yes ☐
- No ☒

Notes:

If yes please describe:

31. If you advance funds to protect policyholders, do you receive priority of payment ahead of other non-policyholder creditors?

- Yes ☐
- No ☒

Notes:

32. If you pay a claim, do you have Subrogation Rights? (that is do you inherit the rights that the policyholder had claim on the assets of the insolvent insurer.)

Yes ☒

No ☐

Notes:

Under the s62ZZL of the *Insurance Act 1973*, where a claim falls under the FCS, the rights the person had against the general insurer in relation to the protected policy cease to be rights of the person and become rights of APRA.

APRA's right against the general insurer has the same priority in the winding up of the general insurer as it would have had if it had continued to be a right of the person.

If yes please describe the method of subrogation

APRA has a statutory right of subrogation.

If yes please describe the method of subrogation

(vii) Cross-border Coverage and Cooperation

33. Do you have formal or informal cooperation agreements with IGSs in other jurisdictions?

Yes ☒

No ☐

Notes:

Agreements exist with other prudential regulators and IGS administrators. A list is available at <https://www.apra.gov.au/memoranda-of-understanding-and-letters-of-arrangement>

If yes please list the jurisdictions and the nature of the cooperation agreement.

34. Do these agreements include:

Information sharing pre-insolvency ☒

Information sharing post-insolvency ☒

Mediation or arbitration of disputes ☐

Asset sharing or pooling ☐

Notes:

35. Do you provide coverage for policyholders resident in your jurisdiction who have purchased insurance from companies supervised in your jurisdiction?

Yes ☒

No ☐

Notes:

Please see the notes under "Motor vehicle collision". We provide 28 days of coverage, from declaration of the FCS.

36. Do you provide protection for policyholders who are citizens/resident in another jurisdiction who have purchased from insurance companies supervised in your jurisdiction?

Yes ☒

No ☐

Notes:

Please see the notes under "Motor vehicle collision".

37. Do you provide protection for policyholders resident in your jurisdiction that have purchased insurance from a company not supervised in your jurisdiction?

Yes ☐

No ☒

Notes:

No. Only policies issued by general insurers supervised by APRA are covered by the FCS.

V. FUND MANAGEMENT

1. Please indicate your insurance premium system and the rate.

Flat ☐

Risk-based ☐

Combination ☐

Other ☒ [*please provide additional information*]

Is it stated by law? Yes ☒ No ☐

Notes: *Please provide the rate and calculation method used*

Australia's FCS arrangements are ex-post funded and, as such, APRA does not impose a premium system on an ordinary basis.

However, in the event of an FCS declaration if there was a shortfall in the recovery of FCS payments and expenses via a priority claim against the assets of the GI, a special FCS levy may be imposed on the GI industry to recoup the shortfall.

The levy rate has a statutory ceiling of 5 per cent of the gross premiums for each general insurer under s5 of the *Financial Claims Scheme (General Insurers) Levy Act 2008* (Cth).

2. How often is the premium collected?

Monthly ☐

Quarterly ☐

Semi-annually ☐

Annually ☐

Other ☒ [*please provide additional information*]

Notes:

Please see notes accompanying Q1.

3. Please indicate the type of funding used by your IGS

- Ex-ante ☐
Ex-post ☒
Other ☐ [*please provide additional information*]

Is it stated by law? Yes ☒ No ☐

Notes:

4. Do you have a target fund size?

- Yes ☐ [*please provide the target fund size in the notes below*]
No ☒
Other ☐ [*please provide additional information*]

Is it stated by law? Yes ☐ No ☐

Notes: *For target fund size, please provide in local currency, USD and exchange rate used*

5. In the event of a failure, do you have any arrangements to finance for the additional needs?

- Yes ☒ [*please provide the details in the notes below*]
No ☐
Other ☐ [*please provide additional information*]

Is it a formal arrangement? Yes ☒ No ☐

Notes:

The FCS is initially financed by the Australian Government through a standing appropriation of up to AUD \$20 billion for payments and \$100 million for administrative expenses per declared insurer.

Further funding would require Parliamentary approval for which no formal arrangements currently exist.

Where there is a funding shortfall between available government funds and the required funding for the FCS up to the \$20 billion government appropriation, several steps would be required (involving various government agencies and departments) that have been agreed between the Council of Financial Regulators.

These steps have been set out in interagency guidance and includes the key decision-making considerations and templates for coordinating the provision of funding which would be drawn on in the event it was required.

6. What is the size of your accumulated fund? (As of end 2023)

Local currency (XXX)

In USD (USD)

Exchange rate used

Notes:

7. How much is collected as insurance premium in FY 2023?

Local currency (XXX)

In USD (USD)

Exchange rate used

Notes:

8. How much is your total operating expense in FY 2023?

Local currency (XXX)

In USD (USD)

Exchange rate used

Notes:

No data is available on the operating/administrative expenditure for the FCS.