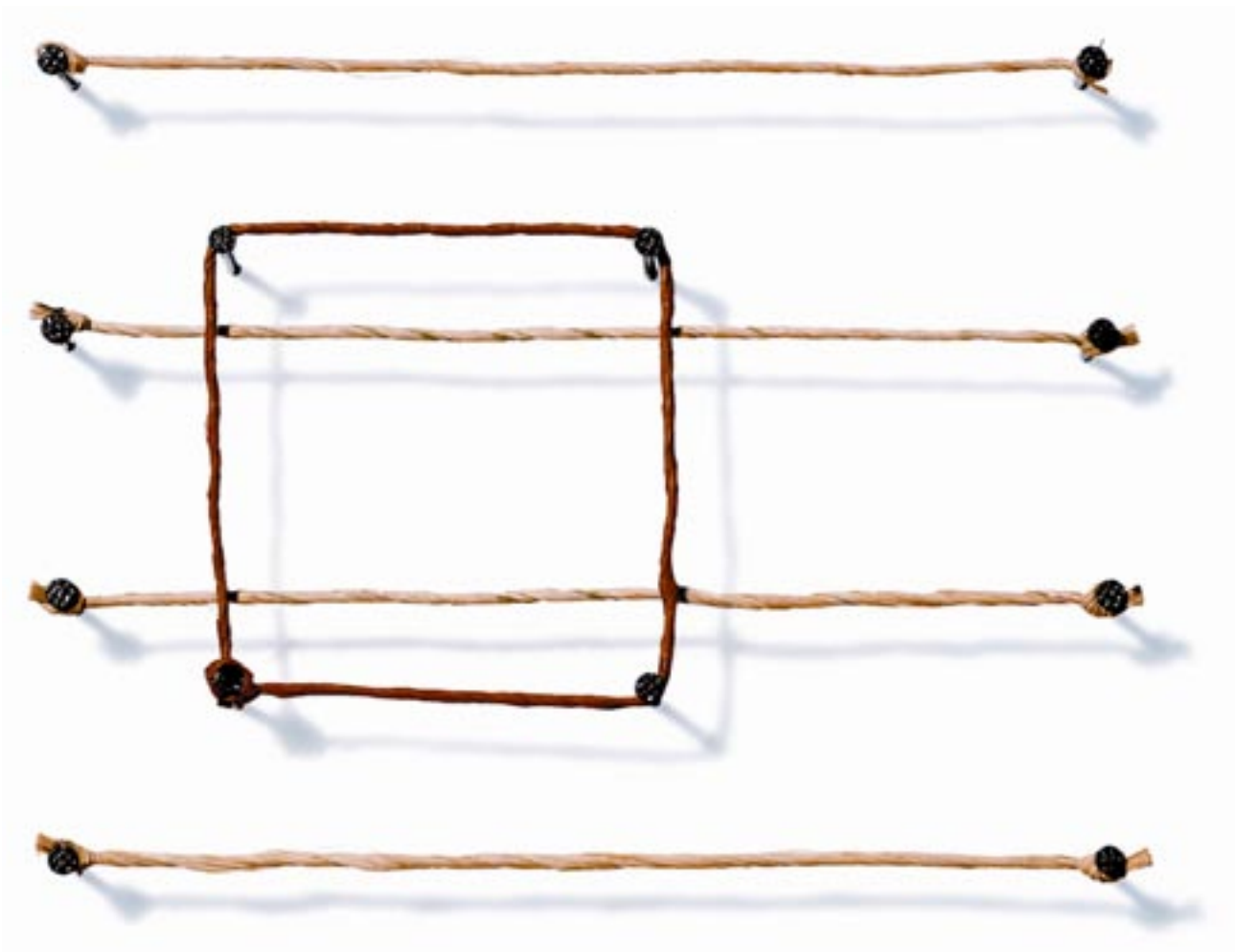




# General Insurance

## Proposed Changes to General Insurance Reporting Framework to be Effective from 1 January 2007

May 2006



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# Introduction

This document lists the changes proposed by the Australian Prudential Regulation Authority (APRA) to the reporting forms and accompanying instructions for general insurers (GIs). These changes result from:

- the adoption of International Financial Reporting Standards (IFRS);
- APRA's GI Stage II reforms; and
- feedback from industry about these forms since their introduction in 2002.

The implementation of GI Stage II reforms includes the revision of *GPS 110 Capital Adequacy for General Insurers* and *GPS 120 Assets in Australia*. Drafts of these revised standards were released for public consultation on 27 October 2005, with the consultation period finishing on 28 November 2005. These revised standards will be finalised in June 2006. These reporting forms and instructions reflect the expected content of those revised standards.

Similarly, the reporting forms and instructions for Medical Defence Organisations (MDOs) will be changed to reflect the changes determined for general insurers, to the extent that these are appropriate with the reporting requirements for MDOs.

General insurers who have commenced IFRS based reporting to APRA under specific IFRS transitional reporting arrangements must continue to report on the same basis till 1 January 2007.

On 5 January 2006, 10 February 2006 and 31 March 2006 APRA issued letters to general insurers on the issue of prospective accounting. The letters outlined proposed changes to the reporting forms and instructions which include improvements in the clarity of instructions on prospective accounting.

These changes are expected to become effective from 1 January 2007. The first GI returns due after 1 January 2007 must be submitted under the revised framework and must utilise the revised reporting forms.

The shaded boxes (in grey) on the reporting forms indicate values in these fields which are derived from other imported data.

Appendix A\* lists the forms and instructions that have been changed.

Changes have also been made to the person(s) who can lodge data on behalf of a GI under the GI reporting standards. The changes will permit a GI to appoint an agent to lodge data on its behalf. Appendix B details the proposed changes to the reporting standards relating to lodgement of data.

APRA invites written submissions on the accompanying draft reporting forms and instructions. These draft reporting forms and instructions are located on the APRA website at [www.apra.gov.au/Statistics/GI-reporting-consultation-May-06.cfm](http://www.apra.gov.au/Statistics/GI-reporting-consultation-May-06.cfm). All comments should be submitted no later than 30 June 2006 to:

Mr Peter Macris  
Statistics Manager, Insurance Collections  
Australian Prudential Regulation Authority  
GPO Box 9836  
SYDNEY NSW 2001  
Email: [insurance@apra.gov.au](mailto:insurance@apra.gov.au)

\* **Note:** Changes to the reporting form instruction guide which have not resulted in a change to the form itself are not detailed below. Please see the instruction guide and form template for each form listed in Appendix A for full details of the changes.

# Proposed changes to GI reporting forms

## GRF 110.0 Minimum Capital Requirement (Licensed Insurer)

## GRF 110.0 Minimum Capital Requirement (Branch Insurer)

Forms are to be completed for the following reporting entities where appropriate:

1. Authorised insurance entities including a mutual (refer to form for 'Licensed insurer'); and
2. Authorised reinsurance entities (refer to form for 'Licensed insurer')

**Replacement:** 'GRF 130.0: Off Balance Sheet Risk Charge – Credit Substitutes Provided and Risk Charge' with 'GRF 130.0: Off Balance Sheet Business – Credit Substitutes Provided and Risk Charge'.

**Reason:** Label change, to provide clarity in label.

**Replacement:** 'GRF 130.2: Off Balance Sheet Risk Charge – Charges Granted and Risk Charge' with 'GRF 130.2: Off Balance Sheet Business – Charges Granted and Risk Charge'.

**Reason:** Label change, to provide clarity in label.

### Addition:

Variation in capital charges as approved by APRA		
	Description	Amount
10.	Total variation in capital charges as approved by APRA	

**Reason:** To capture any variation in capital charges as approved by APRA so that an accurate MCR (Minimum Capital Requirement) and Solvency Coverage are calculated on the form.

**Replacement:** 'Net Assets in Australia determined from the following:' with 'Adjusted Net Assets in Australia determined from the following:'.

**Reason:** Label change, to provide clarity in label.

**Replacement:** Branch Insurer only. 'Net Assets' – Item 35 on form 'GRF 300.0: Statement of Financial Position' with 'Net Assets on form GRF 300.0: Statement of Financial Position'.

**Reason:** Label change, to remove reference to specific item number in another form as these can change.

**Replacement:** Branch insurer only. 'Technical insurance liability provisions in excess of liability valuation required by Prudential Standard GPS 210' – Item 39.1. on form 'GRF 300.0: Statement of Financial Position' with 'Technical insurance liability provisions in excess of liability valuation on form GRF 300.0: Statement of Financial Position'.

**Reason:** Label change, to remove reference to specific item number in another form as these can change.

**Replacement:** Branch insurer only. 'Tax effect of technical insurance liability provisions in excess of liability valuation required by Prudential Standard GPS 210' – Item 39.2 .on form 'GRF 300.0: Statement of Financial Position' with 'Tax effect of technical insurance liability provisions in excess of liability valuation on form GRF 300.0: Statement of Financial Position'.

**Reason:** Label change, to remove reference to specific item number in another form as these can change.

**Replacement:** Licensed insurer only. 'Capital deductions per form GRF 120.0: Determination of Capital Base:' with 'Deductions for assets specifically excluded from being considered inside Australia'.

**Reason:** Label change, to provide clarity in label.

**Replacement:** Branch insurer only. Assets specifically excluding from being considered inside Australia by Prudential Standard GPS 120 'Assets In Australia for General Insurers': with 'Deductions for assets specifically excluded from being considered inside Australia:'.

**Reason:** Label change, to provide clarity in label.

**Replacement:** Under Deductions for assets specifically excluded from being considered inside Australia 'Identifiable Intangible Assets' with 'Other intangible assets'.

**Reason:** To reflect AASB 138 *Intangible Assets* requirements and to draw a distinction between goodwill and other intangible assets.

**Replacement:** 'Future income tax benefits/ Deferred Tax Assets (net of any Deferred Tax Liabilities)' with 'Deferred Tax Assets (net of any Deferred Tax Liabilities)'.

**Reason:** To reflect IFRS requirements in *AASB 112 Income Taxes*.

**Addition:** 'Defined benefit assets'.

**Reason:** To reflect IFRS requirements in *AASB 119 Employee Benefits* that brings the surplus of a defined benefit asset on the balance sheet. As with all deductions from capital there needs to be a similar exclusion from assets inside Australia.

**Addition:** 'Net unrealised fair value gains (losses) from changes in the GI's own credit worthiness'.

**Reason:** Under IFRS, liabilities must be reported at fair value. If a change in the GI's own credit worthiness results in a change in the value of liabilities then the amount of the change in value attributable to the change in credit worthiness must be entered at this item. Increases in liability value must be entered as a negative amount and decreases in liability value must be entered as a positive amount.

**Addition:** 'Reinsurance recoveries related to reinsurance contracts that do not meet the reinsurance documentation test'.

**Reason:** The revised *GPS 110 Capital Adequacy* will incorporate a deduction from capital for reinsurance recoveries derived from reinsurance contracts that do not meet the reinsurance document test set out in *GPS 110 Capital Adequacy*. As with all deductions from capital there needs to be a similar exclusion from assets inside Australia.

**Comment:** Transition arrangements apply for this deduction which are detailed in the instructions.

**Addition:** 'Profits on proportional reinsurance treaties for which the underlying risks have not been accepted by the direct insurer and the treaties are subject to the premium receivable deduction'.

**Reason:** For inwards reinsurance business only, the revised *GPS 110 Capital Adequacy* will incorporate a deduction from capital relating to profits on proportional reinsurance treaties where the profit on business which has not yet been written by the direct insurer exceeds the additional capital requirement from recognising that estimated business.

**Replacement:** Licensed insurer only. 'Net Assets in Australia' with 'Adjusted Net Assets in Australia'.

**Reason:** Label change, to provide clarity in label.

## **GRF 120.0 Determination of Capital Base**

This form is not applicable to licensed branch insurers.

Forms are to be completed for the following reporting entities where appropriate:

1. Authorised insurance entities including a mutual (refer to form 'Licensed Insurer'); and
2. Authorised reinsurance entities (refer to form 'Licensed Insurer').

### **Tier 1 capital – Fundamental Tier 1 capital**

**Addition:** Heading 'Fundamental Tier 1 capital'.

**Reason:** Under APRA's proposed approach, Tier 1 Capital will have two components:

- Fundamental Tier 1, which includes paid-up ordinary shares, retained earnings, general reserves, capital profits reserve, foreign currency translation reserve, technical provisions in excess of liability valuation and current year's earnings net of expected dividends and tax expenses; and
- Residual Tier 1, which includes all other items qualifying for Tier 1 status, including pure preference shares (non-innovative residual Tier 1 capital instruments) and Innovative Tier 1 capital instruments.

**Replacement:** 'Tax effect of excess technical provision (do not deduct tax effect if a FITB/Deferred tax asset has been recognised in relation to the excess technical provision' with 'Tax effect of excess technical provision (do not deduct tax effect if a Deferred tax asset has been recognised in relation to the excess technical provision)'.

**Reason:** To reflect IFRS requirements in *AASB 112 Income Taxes*.

**Replacement:** 'Sub total of items 4–8' with 'Total Fundamental Tier 1 capital'.

**Reason:** Subtotal to reflect new component under Tier 1 capital.

### **Tier 1 capital – Residual Tier 1 capital**

**Addition:** Heading ‘Residual Tier 1 capital’.

**Reason:** Under APRA’s proposed approach, Tier 1 capital will have two components:

- Fundamental Tier 1, which includes paid-up ordinary shares, retained earnings, general reserves, capital profits reserve, foreign currency translation reserve, technical provisions in excess of liability valuation and current year’s earnings net of expected dividends and tax expenses; and
- Residual Tier 1, which includes all other items qualifying for tier 1 status, including pure preference shares (non-innovative residual Tier 1 capital instruments) and Innovative Tier 1 capital instruments.

**Replacement:** ‘Non-cumulative irredeemable preference shares’ with ‘Non-innovative residual Tier 1 capital instruments’.

**Reason:** To line up with new terminology used in the revised prudential standards.

**Replacement:** ‘Other Tier 1 capital instruments’ with ‘Innovative Tier 1 capital instruments’.

**Reason:** Label change, to provide clarity in label.

**Replacement:** ‘Sub total of items 10 and 11 (Total of Items 10 and 11 can not exceed 20 per cent of Total Tier 1 capital before deductions. Excess will be automatically included in Tier 2 capital)’ with ‘Total Residual Tier 1 capital’.

**Reason:** Subtotal to reflect new component under Tier 1 capital.

### **Tier 1 capital – Tier 1 capital (before deductions)**

**Replacement:** ‘Total Tier 1 capital’ with ‘Tier 1 capital (before deductions)’.

**Reason:** To line up with new terminology used in the revised prudential standards.

**Replacement:** ‘FITB (net of any deferred tax liabilities)’ with ‘Deferred tax assets (net of any deferred tax liabilities)’.

**Reason:** To reflect IFRS requirements in *AASB 112 Income Taxes*.

**Addition:** ‘Defined benefit assets’.

**Reason:** To reflect IFRS requirements in *AASB 119 Employee Benefits* that brings defined benefit surpluses on balance sheet.

**Addition:** ‘Net unrealised fair value gains (losses) from changes in the GI’s own credit worthiness’.

**Reason:** Liabilities must be reported at fair value. If a change in the GI’s own credit worthiness results in a change in the value of liabilities then the amount of the change in value attributable to the change in credit worthiness must be entered at this item. Increases in liability value must be entered as a negative amount and decreases in liability value must be entered as a positive amount.

**Addition:** ‘Reinsurance recoveries related to reinsurance contracts that do not meet the reinsurance documentation test’.

**Reason:** The revised *GPS 110 Capital Adequacy* will incorporate a deduction from capital for reinsurance recoveries derived from reinsurance contracts that do not meet the reinsurance documentation test set out in *GPS 110 Capital Adequacy*.

**Addition:** ‘Profits on proportional reinsurance treaties for which the underlying risks have not been accepted by the direct insurer and the treaties are subject to the premium receivable deduction’.

**Reason:** For inwards reinsurance business only, the revised *GPS 110 Capital Adequacy* will incorporate a deduction from capital relating to profits on proportional reinsurance treaties where the profit on business which has not yet been written by the direct insurer exceeds the additional capital requirement from recognising that estimated business.

**Replacement:** ‘Other deductions required by APRA’ with ‘Variation in deduction by other adjustments approved by APRA’.

**Reason:** To allow for IFRS transition and any future adjustments to Tier 1 capital that may be agreed by APRA.

**Replacement:** ‘Adjusted Total Tier 1 capital’ with ‘Tier 1 capital (net of deductions)’.

**Reason:** To line up with new terminology used in the revised prudential standards.

## Tier 2 capital – Upper Tier 2 capital

**Replacement:** 'Ineligible Tier 1 capital (refers to excess of items 10 and 11 due to 20 per cent cap on inclusion in Tier 1)' with 'Ineligible Tier 1 capital'.

**Reason:** Label change, to provide clarity in label.

**Addition:** 'Asset revaluation reserve'.

**Reason:** To align with the requirements in the revised *GPS 110 Capital Adequacy*.

**Replacement:** 'Cumulative irredeemable preference shares' with 'Perpetual cumulative preference shares'.

**Reason:** To line up with new terminology used in the revised prudential standards.

## GRF 130.2 Off-balance Sheet Business – Charges Granted and Risk Charge

This form is to be completed by:

1. Branch insurers of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations);
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity); and
3. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity).

**Replacement:** Table column name 'Market Value of assets subject to the charge' with 'Fair Value of assets subject to the charge'.

**Reason:** To reflect IFRS terminology in *AASB 139 Financial Instruments: Recognition and Measurement* and other IFRS standards that replaces market value with fair value.

**Replacement:** In the note, replaced 'Market Value' with 'Fair Value'.

**Reason:** To reflect IFRS terminology in *AASB 139 Financial Instruments: Recognition and Measurement* and other IFRS standards that replaces market value with fair value.

## GRF 130.3 Off-balance Sheet Business – Credit Support Received

This form is to be completed by:

1. Branch insurers of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations);
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity); and
3. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity).

### Part A – Eligible collateral provided to reporting insurer

**Replacement:** 'Market Value of Eligible Collateral Items Provided as Credit Support for Assets' with 'Fair Value of Eligible Collateral Items Provided as Credit Support for Assets'.

**Reason:** To reflect IFRS terminology in *AASB 139 Financial Instruments: Recognition and Measurement* and other IFRS standards that replace market value with fair value.

**Replacement:** 'Market Value of Assets Subject to Credit Support' with 'Fair Value of Assets Subject to Credit Support'.

**Reason:** To reflect IFRS terminology in *AASB 139 Financial Instruments: Recognition and Measurement* and other IFRS standards that replace market value with fair value.

### Part B – Guarantees provided to reporting insurer

**Replacement:** 'Market Value of Assets Subject to Credit Support' with 'Fair Value of Assets Subject to Credit Support'.

**Reason:** To reflect IFRS terminology in *AASB 139 Financial Instruments: Recognition and Measurement* and other IFRS standards that replace market value with fair value.

## GRF 140.0 Investments – Direct Interest Rate Holdings and Risk Charge

This form is to be completed for the following reporting entities:

1. Branch insurers of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations);
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity); and
3. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity).

### Short term and long term securities

**Replacement:** 'FCA corporations' with 'Registered Financial Corporations'.

**Reason:** Label change. 'FCA Corporations' previously registered under the *Financial Corporations Act* are now known collectively as 'Registered Financial Corporations' under the *Financial Sector (Collection of Data) Act 2001*.

Total direct interest rate investments classified into the following:

**Replacement:** 'Investments denominated in a currency other than the Australian currency' with 'of which: Investments that are denominated in a currency other than the Australian currency'.

**Reason:** Label change due to position of item on the form changing.

## GRF 140.1 Investments – Direct Equity Holdings and Risk Charge

This form is to be completed for the following reporting entities:

1. Branch insurers of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations);
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity); and

3. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity).

**Replacement:** Under **Equity securities listed on primary board of the Australian Stock Exchange**, 'FCA corporations' with 'Registered Financial Corporations'.

**Reason:** Label change. 'FCA Corporations' previously registered under the *Financial Corporations Act* are now known collectively as 'Registered Financial Corporations' under the *Financial Sector (Collection of Data) Act 2001*.

**Replacement:** Under **Equity securities not listed on primary board of the Australian Stock Exchange, or are unlisted**, 'FCA corporations' with 'Registered Financial Corporations'.

**Reason:** Label change. 'FCA Corporations' previously registered under the *Financial Corporations Act* are now known collectively as 'Registered Financial Corporations' under the *Financial Sector (Collection of Data) Act 2001*.

**Addition:** 'Total equity securities'.

**Reason:** To display the total figure.

**Addition:** Under **Total equity securities listed on primary board of stock exchanges**, 'of which: represents the value of purchased goodwill (and other intangible assets) in relation to the acquisition of controlled entities (i.e. current value less value of identifiable net tangible assets)'.

**Reason:** The goodwill component of investments is required to be deducted from capital, therefore it should not have an additional risk charge on this form.

**Replacement:** 'Total not listed on primary board of stock exchanges' with 'Total equity securities not listed on primary board of stock exchanges or unlisted'.

**Reason:** Label change, to provide clarity in label.

**Addition:** Under **Total equity securities not listed on primary board of stock exchanges or unlisted**, 'of which: represents the value of purchased goodwill (and other intangible assets) in relation to the acquisition of controlled entities (i.e. current value less value of identifiable net tangible assets)'.

**Reason:** The goodwill component of investments is required to be deducted from capital, therefore it should not have an additional risk charge on this form.

### **GRF 150.0 Asset Exposure Concentrations and Risk Charge (Licensed insurer)**

### **GRF 150.0 Asset Exposure Concentrations and Risk Charge (Branch insurer)**

This form is to be completed for the following reporting entities:

1. Branch insurers of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations). For branch insurer 'Adjusted net assets in Australia' has been used in the calculation of the exposure threshold;
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity). For licensed entities, 'Capital Base' has been used in the calculation of the exposure threshold; and
3. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity). For licensed entities, 'Capital Base' has been used in the calculation of the exposure threshold.

**Replacement:** Branch insurer only. 'Net Assets of Insurer' with 'Adjusted net assets in Australia'.

**Reason:** To line up with the requirements in *GPS 110 Capital Adequacy* concerning what is the equivalent of 'Capital Base' for a foreign insurer.

**Replacement:** Branch insurer only. Under **Adjusted net assets in Australia** replaced 'Net assets for Branches calculated in form GRF 300.0 'Statement of Financial Position – Branch total operations.' with 'Adjusted net assets in Australia for Branches is calculated in form GRF 110.0 'Minimum Capital Requirement'.'

**Reason:** To line up with the requirements in *GPS 110 Capital Adequacy* concerning what is the equivalent of 'Capital Base' for a foreign insurer.

**Deletion:** Under heading **Counterparty/Asset rating band** deleted '(Refer GGN 110.4 for further detail)'

**Reason:** To remove notes from the form. All notes are only to be included in the instructions to the reporting forms.

**Replacement:** Under **Grade 1 counterparty/asset (Rating AAA)** replaced 'Name of obligator' with 'Name of counterparty'.

**Reason:** To line up with new terminology used in the revised prudential standards.

**Addition:** Under **Grade 1 counterparty/asset (Rating AAA)** added 'Counterparty group name'.

**Reason:** To enable counterparty groups to be identified.

**Deletion:** Under **Grade 1 counterparty/asset (Rating AAA)** deleted 'Disclosure type'.

**Reason:** To reduce the number of columns in this table due to space limitations.

**Replacement:** Under **Grade 2 counterparty/asset (Rating AA+ to AA-)** replaced 'Name of obligator' with 'Name of counterparty'.

**Reason:** To line up with new terminology used in the revised prudential standards.

**Addition:** Under **Grade 2 counterparty/asset (Rating AA+ to AA-)** added 'Counterparty group name'.

**Reason:** To enable counterparty groups to be identified.

**Deletion:** Under **Grade 2 counterparty/asset (Rating AA+ to AA-)** deleted 'Disclosure type'.

**Reason:** To reduce the number of columns in this table due to space limitations.

**Replacement:** Under **Grade 3 counterparty/asset (Rating A+ to A-)** replaced 'Name of obligator' with 'Name of counterparty'.

**Reason:** To line up with new terminology used in the revised prudential standards.

**Addition:** Under **Grade 3 counterparty/asset (Rating A+ to A-)** added 'Counterparty group name'.

**Reason:** To enable counterparty groups to be identified.

**Deletion:** Under **Grade 3 counterparty/asset (Rating A+ to A-)** deleted 'Disclosure type'.

**Reason:** To reduce the number of columns in this table due to space limitations.

**Deletion:** Grade 4 counterparty/asset (BBB+ to BBB-) (1) table.

**Reason:** Grade 4 exposures now represented in the new Grade 4 and 5 counterparty/asset table.

**Deletion:** Grade 5 counterparty/asset (BB+ or below) table.

**Reason:** Grade 5 exposures now represented in the new Grade 4 and 5 counterparty/asset table.

**Addition:** Grade 4 and 5 counterparty/asset (BBB+ or below) (1) table. Columns in table as per Grade 1–3 counterparty/asset tables with the addition of the following columns:

- 'Grade' ;
- 'Gross concentration risk charge' ; and
- 'Inv. risk charge on assets subject to conc. risk charge'

**Reason:** The revised *GPS 110 Capital Adequacy* will incorporate an aggregation of exposures such that Grade 5 exposures, excluding any exposures which are already subject to a 100 per cent capital factor, within the Grade 5 limit for a particular counterparty group are added to Grade 4 exposures for that counterparty group.

**Replacement:** 'Total adjusted concentration risk charge' with 'net concentration risk charge'.

**Reason:** Label change, to provide clarity in label.

**Replacement:** 'Investment risk charge on exposure concentration risk charge (@100 per cent)' with 'Gross concentration risk charge'.

**Reason:** Label change, to provide clarity in label.

**Replacement:** 'Charge on exposure in excess of threshold' with 'Investment risk charge on assets subject to concentration risk charge'.

**Reason:** Label change, to correct an error.

**Deletion:**

'Note:

Refer to GGN 110.4, Attachment 1 for details of assets included in asset rating grades and Attachment 2 for counterparty rating grades.

1. Unrated assets or exposures should be classified as Grade 4.

2. Investments in equity or subordinated debt should be regarded as having the same rating as unsecured debt obligations of the insurer.

3. Exposure threshold as a percentage of Capital Base:

- (ii) Grade 4 counterparty/asset – 50 per cent;
- (iii) Grade 5 counterparty/asset – 25 per cent.'

**Reason:** To remove notes from the form. All notes are only to be included in the instructions to the reporting forms.

### **GRF 160.0.1 Derivatives Activity and Risk Charge – Interest Rate Contracts**

### **GRF 160.0.2 Derivatives Activity and Risk Charge – Foreign Exchange Contracts**

### **GRF 160.0.3 Derivatives Activity and Risk Charge – Equity Contracts**

### **GRF 160.0.4 Derivatives Activity and Risk Charge – Precious Metal Contracts**

### **GRF 160.0.5 Derivatives Activity and Risk Charge – Other Market-Related Contracts**

These forms are to be completed for the following reporting entities:

1. Branch insurers of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations);
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity); and
3. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity).

**Replacement:** Table column name 'Market Value' with 'Fair Value'.

**Reason:** To reflect IFRS terminology in *AASB 139 Financial Instruments: Recognition and Measurement* and other IFRS standards that replaces market value with fair value.

**Addition:** Table column 'Investment Capital Factor per cent'.

**Reason:** To provide visibility of the capital factors being applied to these investments.

### **GRF 210.0 Outstanding Claims Provision – Insurance Risk Charge**

Forms are to be completed for the following reporting entities where appropriate:

1. Branch insurers of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations);
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity); and
3. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity).

**Replacement:** Replaced table column name 'Central Estimate' with 'Gross OCP – Central Estimate'.

**Reason:** Label change, to provide clarity in label, due to the requirements of *GPS 310 Audit and Actuarial Reporting and Valuation*, requiring calculation of both gross and net central estimate.

**Replacement:** Replaced table column name 'Risk Margin' with 'Gross OCP – Risk Margin'.

**Reason:** Label change, to provide clarity in label, due to the requirements of *GPS 310 Audit and Actuarial Reporting and Valuation*, requiring calculation of both gross and net risk margins.

**Replacement:** Replaced table column name 'Total OCP – Gross' with 'Gross OCP – Total'.

**Reason:** Label change, to provide clarity in label.

**Addition:** Table column 'Net OCP – Central Estimate'.

**Reason:** To reflect the requirements of *GPS 310 Audit and Actuarial Reporting and Valuation*, requiring calculation of both gross and net central estimate.

**Addition:** Table column 'Net OCP – Risk Margin'.

**Reason:** To reflect the requirements of *GPS 310 Audit and Actuarial Reporting and Valuation*, requiring calculation of both gross and net risk margins.

**Reposition:** Table column 'Total OCP Gross of Reinsurance and Non-reinsurance Recoveries Classified as' and sub-columns 'Current Liabilities' and 'Non – Current Liabilities' repositioned under Total Direct Business, Total Reinsurance Business, and TOTAL as:

'of which: Current liabilities' ; and

'of which: Non-current liabilities'

**Reason:** Positioning change due to space limitations.

### **GRF 210.1 Premium Liabilities – Insurance Risk Charge**

This form is to be completed by:

1. Branch insurers of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations);
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity); and
3. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity).

#### **Direct business and reinsurance business tables**

**Replacement:** Replaced table column name 'Total Gross Premium Liabilities' with 'Gross PL – Total'.

**Reason:** Label change, to shorten label in table heading.

**Replacement:** Replaced table column name 'Reinsurance Recoveries' with 'Expected Reinsurance Recoveries'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** Replaced table column name 'Premium Liabilities Net of Expected RI and Non RI Recoveries' with 'PL net of Expected RI and Non RI Recoveries'.

**Reason:** Label change, to shorten label in table heading.

**Replacement:** Replaced table column name 'Premium Liabilities Risk Capital Factor' with 'PL Capital factor per cent'.

**Reason:** Label change, to shorten label in table heading.

**Replacement:** Replaced table column name 'Premium Liabilities Insurance Capital Charge' with 'PL Insurance risk charge'.

**Reason:** Label change, to shorten label in table heading.

**Addition:** Table column 'Net PL – Central Estimate'.

**Reason:** To reflect the requirements of *GPS 310 Audit and Actuarial Reporting and Valuation*, requiring calculation of both gross and net central estimate.

**Addition:** Table column 'Net PL – Risk Margin'.

**Reason:** To reflect the requirements of *GPS 310 Audit and Actuarial Reporting and Valuation*, requiring calculation of both gross and net risk margins.

### Direct business table

**Replacement:** Replaced table column name 'Central Estimate – Gross' with 'Gross PL – Central Estimate'.

**Reason:** Label change, to provide clarity in label.

**Replacement:** Replaced table column name 'Risk Margin – Gross' with 'Gross PL – Risk Margin'.

**Reason:** Label change, to provide clarity in label, due to the requirements of *GPS 310 Audit and Actuarial Reporting and Valuation*, which requiring calculation of both gross and net risk margins.

### Reinsurance business table

**Replacement:** Replaced table column name 'Central Estimate' with 'Gross PL – Central Estimate'.

**Reason:** Label change, to provide clarity in label, due to the requirements of *GPS 310 Audit and Actuarial Reporting and Valuation*, requiring calculation of both gross and net central estimate.

**Replacement:** Replaced table column name 'Risk Margin' with 'Gross PL – Risk Margin'.

**Reason:** Label change, to provide clarity in label, due to the requirements of *GPS 310 Audit and Actuarial Reporting and Valuation*, requiring calculation of both gross and net risk margins.

### Totals section

**Reposition:** Table column 'Premium Liabilities Gross of Expected Reinsurance Recoveries and Non-reinsurance Recoveries' sub-columns 'Classified into Current Liabilities' and 'Classified into Non-Current Liabilities' repositioned under 'Total Direct Business, Total Reinsurance Business', and 'Total' as:

'of which: Current liabilities' ; and

'of which: Non-current liabilities'

**Reason:** Positioning change due to space limitations.

**Replacement:** Replaced table column name 'Premium Liabilities Insurance Capital Charge' with 'Premium Liabilities Insurance risk charge'.

**Reason:** Label change, to provide consistency and clarity in labelling.

### GRF 300.0 Statement of Financial Position (Licensed)

### GRF 300.0 Statement of Financial Position (Branch)

### GRF 300.0 Statement of Financial Position (Licensed Inside Australia)

### GRF 300.0 Statement of Financial Position (Branch Inside Australia)

A Statement of Financial Position is required for two reporting units, for each licensed insurance entity (direct insurer or reinsurer as applicable).

The scope of the reporting units are outlined below:

#### 1. Statement of financial position – Inside Australia

This has the following scope:

- It is an unconsolidated report of the Australian licensed insurer's/reinsurer's operations that are booked 'Inside Australia'. Do not consolidate Australian and offshore controlled entities (i.e. subsidiaries) for the purposes of completing the 'Inside Australia' section of the form.; and

- If all the business of the insurer is inside Australia i.e. the insurer has no assets, liabilities or equity items outside of Australia, then the insurer does not need to complete *GRF 300.0 Statement of Financial Position – Inside Australia*, but must complete the *GRF 300.0 Statement of Financial Position – Licensed Insurer*.

## 2. Statement of financial position – Licensed/branch insurer.

This form relates to assets, liabilities and equity items of the Australian licensed insurance entity, and has the following scope:

- Includes transactions of the authorised Australian Insurance entity regardless of the residency status of the customer or the asset or liability;
- Includes any offshore operations or business of the authorised insurance entity (e.g. branches but not controlled entities), and will reflect investments in associated entities and joint ventures; and
- Does not include controlled entities of the Australian authorised insurance entity, unless prior approval is obtained from APRA.

### Current assets – Cash and liquid assets

**Replacement:** Under **Total cash and liquid assets** which represent replaced 'Cash' with 'Notes and coins'.

**Reason:** Label change, to provide clarity in label and for consistency with the proposed revisions in *GPS 110 Capital Adequacy*.

### Current Assets – Recoveries other than reinsurance

**Replacement:** 'Total net recoveries receivable' with 'Total net recoveries other than reinsurance receivable'.

**Reason:** Label change, to provide clarity in label.

**Addition:** Heading 'Total net amounts recoverable other than reinsurance recoveries receivable that is reported in item 2.2.2, that relate to claims recognised in the calculation of insurance liabilities (i.e. other than recoveries relating to claims that have been paid)'.

**Reason:** Label change, to shorten the labels of the sub-items for clarity.

**Replacement:** 'Total net amounts recoverable other than reinsurance recoveries receivable that is reported in item 2.2.2, that relate to claims recognised in the calculation of the Outstanding Claim Provision (i.e. other than recoveries relating to claims that have been paid).' with 'Outstanding Claims Provision (OCP)'.

**Reason:** Label change, additional description now in the heading.

**Addition:** 'Input Tax Credits on OCP included in item 2.2.2.1'.

**Reason:** To provide information on this component of 'Total net recoveries other than reinsurance receivable' relating to OCP for validation purposes.

**Addition:** 'Premium liabilities (PL)'.

**Reason:** To provide information on this component of 'Total net recoveries other than reinsurance receivable' relating to PL for validation purposes.

**Addition:** 'Input Tax Credits on PL included in item 2.2.2.2'.

**Reason:** To provide information on this component of 'Total net recoveries other than reinsurance receivable' relating to PL for validation purposes.

**Addition:** 'Commonwealth, State and Territory governments'.

**Reason:** To enable these amounts to be risk charged in accordance with the capital factor detailed in *GPS 110 Capital Adequacy*.

### Current assets – Premium receivables

**Replacement:** 'Premium receivables due in six months or less' with 'Due in six months or less'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** 'Provision for doubtful debts - Premium receivables due in six months or less' with 'Provision for doubtful debts'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** 'Net premium receivables due in six months or less' with 'Net amount receivable'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** 'Premium receivables due in more than six months – less than or equal to 12 months' with 'Due in more than six months – less than or equal to 12 months'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** 'Provision for doubtful debts – Premium receivables due in more than six months – less than or equal to 12 months' with 'Provision for doubtful debts'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** 'Net premium receivables due in more than six months – less than or equal to 12 months' with 'Net amount receivable'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** 'Premium receivables on unclosed business' with 'On unclosed business'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** 'Provision for doubtful debts - Premium receivables on unclosed business' with 'Provision for doubtful debts'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** 'Provision for doubtful debts - Premium receivables on unclosed business' with 'Provision for doubtful debts'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** 'Net premium receivables on unclosed business receivable' with 'Net amount receivable'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Addition:** 'Related to proportional reinsurance treaties for which the underlying risks have not been accepted by the direct insurer and the treaties are subject to the premium receivable deduction'.

**Reason:** For inwards reinsurance business only – The revised *GPS 110 Capital Adequacy* will incorporate a deduction from capital relating to profits on proportional reinsurance treaties where the profit on business not yet written by the direct insurer exceeds the additional capital requirement from recognising that estimated business. An amount of premium receivable limited to the amount of the deduction will not attract an investment risk capital charge and therefore the form has to enable this amount of premium receivable to be captured so that a 0 per cent investment risk capital factor can be applied. This item is the gross amount pre provision for doubtful debts. This amount is the current portion of premium receivables related to proportional reinsurance treaties for which the underlying risks have not been accepted by the direct insurer and the treaties are subject to the premium receivable deduction.

**Addition:** 'Provision for doubtful debts'.

**Reason:** Relates to additional premium receivable amount outlined above.

**Addition:** 'Net amount receivable'.

**Reason:** Current net amount of premium receivables relating to proportional reinsurance treaties for which the underlying risks have not been accepted by the direct insurer and the treaties are subject to the premium receivable deduction. A 0 per cent investment risk capital factor is applied to this amount.

### **Current assets – Amounts recoverable on reinsurance contracts and outstanding claims**

**Addition:** 'Related to reinsurance contracts that do not meet the reinsurance documentation test'.

**Reason:** The revised *GPS 110 Capital Adequacy* will incorporate a deduction from capital for reinsurance recoveries derived from reinsurance contracts that do not meet the reinsurance documentation test set out in *GPS 110 Capital Adequacy*. As this amount is deducted from capital, it will not attract an investment risk capital charge and therefore the form has to enable the reporting of reinsurance recoveries on which a 0 per cent investment risk capital factor is applied. This item is the gross amount pre provision for doubtful debts that is related to amount recoverable on reinsurance contracts and outstanding

claims. This amount is the current portion of reinsurance recoveries related to reinsurance contracts that do not meet the reinsurance documentation test.

**Comment:** As mentioned in relation to the changes to GRF 110.0, a transition arrangement will apply to the deduction of reinsurance recoveries related to reinsurance contracts that do not meet the reinsurance documentation test. The application of the threshold during transition will result in either no amount being recorded at this item or all current amounts recoverable on reinsurance contracts relating to outstanding claims being recorded at this item.

**Addition:** 'Provision for doubtful debts'.

**Reason:** Relates to the additional reinsurance recoveries amount outlined above.

**Addition:** 'Net amount receivable'.

**Reason:** Net amount of current reinsurance recoveries related to reinsurance contracts that do not meet the reinsurance documentation test. A 0 per cent investment risk capital factor is applied to this amount.

**Replacement:** 'Amounts recoverable on reinsurance contracts that are outside Australia, but have been approved by APRA as Inside Australia for the purposes of determining the minimum capital requirement.' with 'Amounts recoverable on reinsurance contracts that are outside Australia but are included as being Inside Australia.'.

**Reason:** Label change, to provide consistency and clarity in labelling.

### **Current assets – Expected reinsurance recoveries on premium liabilities**

**Addition:** 'Related to reinsurance contracts that do not meet the reinsurance documentation test'.

**Reason:** The revised *GPS 110 Capital Adequacy* will incorporate a deduction from capital for expected reinsurance recoveries relating to premium liabilities from reinsurance contracts that do not meet the reinsurance documentation test set out in *GPS 110 Capital Adequacy*. As this amount is deducted from capital, it will not attract an investment risk capital charge and therefore the form has to enable the reporting of expected reinsurance recoveries on which a 0 per cent investment risk capital factor is applied. This amount is the current portion of the expected

reinsurance recoveries related to reinsurance contracts that do not meet the reinsurance documentation test.

**Comment:** As mentioned in relation to the changes to GRF 110.0, a transition arrangement will apply to the deduction of reinsurance recoveries related to reinsurance contracts that do not meet the reinsurance documentation test. The application of the threshold during transition will result in either no amount being recorded at this item or all current amounts recoverable on reinsurance contracts relating to premium liabilities being recorded at this item.

### **Current assets – Investments**

**Replacement:** 'Investments integral to insurance operations' with 'Investments (related to GRF 140 series of forms)'.

**Reason:** Label change, to provide clarity in label.

### **Current assets – Other assets**

**Addition:** 'Derivative financial instruments'.

**Reason:** To reflect IFRS requirements. *AASB 139 Financial Instruments: Recognition and Measurement* significantly alters the treatment of derivative financial instruments and records them in the balance sheet.

**Addition:** 'Derivatives at fair values'.

**Reason:** To reflect IFRS requirements. *AASB 139 Financial Instruments: Recognition and Measurement* significantly alters the treatment of derivative financial instruments and records them in the balance sheet.

**Addition:** 'Derivatives at cost'.

**Reason:** To reflect IFRS requirements. *AASB 139 Financial Instruments: Recognition and Measurement* significantly alters the treatment of derivative financial instruments and records them in the balance sheet.

**Deletion:** 'Unrealised gain on derivatives'.

**Reason:** To reflect IFRS requirements. *AASB 139 Financial Instruments: Recognition and Measurement* significantly alters the treatment of derivative financial instruments and records them in the balance sheet.

**Addition:** 'Total derivative financial instruments'.

**Reason:** To reflect IFRS requirements. *AASB 139 Financial Instruments: Recognition and Measurement* significantly alters the treatment of derivative financial instruments and records them in the balance sheet.

**Addition:** 'Defined benefit assets'.

**Reason:** To reflect IFRS requirements in *AASB 119 Employee Benefits* that brings defined benefit surpluses on balance sheet.

**Addition:** 'Non-current assets and disposal groups classified as held for sale'.

**Reason:** To reflect IFRS requirements in *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*.

### **Current assets – Total other assets**

**Replacement:** 'Total other assets excluding unrealised gain on derivatives, with a counterparty/asset rating of:' with 'Total other assets excluding derivative financial instruments and defined benefit assets, with a counterparty/asset rating of:'

**Reason:** To reflect IFRS requirements in *AASB 119 Employee Benefits* and *AASB 139 Financial Instruments: Recognition and Measurement* defined benefit surpluses and derivative financial instruments are recorded in the balance sheet.

### **Non current assets – Recoveries other than reinsurance**

**Addition:** Heading 'Total net amounts recoverable other than reinsurance recoveries receivable that is reported in item 7.1.2, that relate to claims recognised in the calculation of insurance liabilities (i.e. other than recoveries relating to claims that have been paid)'.

**Reason:** Label change, to shorten the labels of the sub-items for clarity.

**Replacement:** 'Total net amounts recoverable other than reinsurance recoveries receivable that is reported in item 7.1.2, that relate to claims recognised in the calculation of the Outstanding Claim Provision (i.e. other than recoveries relating to claims that have been paid)' with 'Outstanding Claims Provision (OCP)'.

**Reason:** Label change, additional description now in the heading.

**Addition:** 'Input Tax Credits on OCP included in item 7.1.2.1'.

**Reason:** To provide information on this component of 'Total net recoveries other than reinsurance receivable' relating to OCP for validation purposes.

**Addition:** 'Premium Liabilities (PL)'.

**Reason:** To provide information on this component of 'Total net recoveries other than reinsurance receivable' relating to PL for validation purposes.

**Addition:** 'Input Tax Credits on PL included in item 7.1.2.2'.

**Reason:** To provide information on this component of 'Total net recoveries other than reinsurance receivable' relating to PL for validation purposes.

**Addition:** 'Commonwealth, State and Territory governments'.

**Reason:** To enable these amounts to be risk charged in accordance with the capital factor detailed in *GPS 110 Capital Adequacy*.

### **Non current assets – Premium receivables**

**Replacement:** Replaced sub-heading 'Premium receivables due in greater than or equal to 12 months' with 'Premium receivables'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Addition:** 'Due in greater than or equal to 12 months'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** Replaced sub-heading 'Provision for doubtful debts – Premium receivables due in greater than or equal to 12 months' with 'Provision for doubtful debts'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Addition:** 'Net amount receivable'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Addition:** 'Related to proportional reinsurance treaties for which the underlying risks have not been accepted by the direct insurer and the treaties are subject to the premium receivable deduction'.

**Reason:** For inwards reinsurance business only – The revised *GPS 110 Capital Adequacy* will incorporate a deduction from capital relating to profits on proportional reinsurance treaties where the profit on

business not yet written by the direct insurer exceeds the additional capital requirement from recognising that estimated business. An amount of premium receivable limited to the amount of the deduction will not attract an investment risk capital charge and therefore the form has to enable this amount of premium receivable to be captured so that a 0 per cent investment risk capital factor can be applied. This item is the gross amount pre provision for doubtful debts. This amount is the non-current portion of premium receivables related to proportional reinsurance treaties for which the underlying risks have not been accepted by the direct insurer and the treaties are subject to the premium receivable deduction.

**Addition:** 'Provision for doubtful debts'.

**Reason:** Relates to additional premium receivable amount outlined above.

**Addition:** 'Net amount receivable'.

**Reason:** Non-current net amount of premium receivables relating to proportional reinsurance treaties for which the underlying risks have not been accepted by the direct insurer and the treaties are subject to the premium receivable deduction. A 0 per cent investment risk capital factor is applied to this amount.

### **Non current assets – Amounts recoverable on reinsurance contracts and outstanding claims**

**Addition:** 'Related to reinsurance contracts that do not meet the reinsurance documentation test'.

**Reason:** The revised *GPS 110 Capital Adequacy* will incorporate a deduction from capital for reinsurance recoveries derived from reinsurance contracts that do not meet the reinsurance documentation test set out in *GPS 110 Capital Adequacy*. As this amount is deducted from capital, it will not attract an investment risk capital charge and therefore the form has to enable the reporting of reinsurance recoveries on which a 0 per cent investment risk capital factor is applied. This item is the gross amount pre provision for doubtful debts that is related to amount recoverable on reinsurance contracts and outstanding claims. This amount is the non-current portion of reinsurance recoveries related to reinsurance contracts that do not meet the reinsurance documentation test.

**Comment:** As mentioned in relation to the changes to GRF 110.0, a transition arrangement will apply to the deduction of reinsurance recoveries related to reinsurance contracts that do not meet the reinsurance documentation test. The result of that transition arrangement where a threshold test applies is that during transition either no amount will be recorded at this item or all non-current reinsurance recoveries will be recorded at this item.

**Addition:** 'Provision for doubtful debts'.

**Reason:** Relates to the additional reinsurance recoveries amount outlined above.

**Addition:** 'Net amount receivable'.

**Reason:** Net amount of non-current reinsurance recoveries related to reinsurance contracts that do not meet the reinsurance documentation test. A 0 per cent investment risk capital factor is applied to this amount.

**Replacement:** 'Amounts recoverable on reinsurance contracts that are outside Australia, but have been approved by APRA as Inside Australia for the purposes of determining the minimum capital requirement.' with 'Amounts recoverable on reinsurance contracts that are outside Australia but are included as being Inside Australia'.

**Reason:** Label change, to provide consistency and clarity in labelling.

### **Non current assets – Expected reinsurance recoveries on 'Premium Liabilities'**

**Addition:** 'Related to reinsurance contracts that do not meet the reinsurance documentation test'.

**Reason:** The revised *GPS 110 Capital Adequacy* will incorporate a deduction from capital for expected reinsurance recoveries relating to premium liabilities from reinsurance contracts that do not meet the reinsurance documentation test set out in *GPS 110 Capital Adequacy*. As this amount is deducted from capital, it will not attract an investment risk capital charge and therefore the form has to enable the reporting of expected reinsurance recoveries on which a 0 per cent investment risk capital factor is applied. This item is the gross amount pre provision for doubtful debts that is related to premium liabilities. This amount is the non-current portion of reinsurance recoveries related to reinsurance contracts that do not meet the reinsurance documentation test.

**Comment:** As mentioned in relation to the changes to GRF 110.0, a transition arrangement will apply to the deduction of reinsurance recoveries related to reinsurance contracts that do not meet the reinsurance documentation test. The result of that transition arrangement where a threshold test applies is that during transition either no amount will be recorded at this item or all reinsurance recoveries will be recorded at this item.

### **Non current assets – Investments**

**Replacement:** Replaced sub-heading 'Investments integral to insurance operations' with 'Investments (related to GRF 140 series of forms)'.

**Reason:** Label change, to provide clarity in label.

### **Non current assets – Total other investments**

**Replacement:** Licensed and licensed inside Australia insurers only. 'The component of the value of investments in listed equity instruments or units in listed trusts, which represents net tangible assets in relation to the acquisition of controlled entities (i.e. current value less amortised value of purchased goodwill and other intangible assets).' with 'The component of the value of investments in listed equity instruments or units in listed trusts, which represents net tangible assets in relation to the acquisition of controlled entities (i.e. current value less value of purchased goodwill net of impairment losses and other intangible assets).'

**Reason:** To reflect IFRS requirements in AASB 136 *Impairment of Assets* and AASB 138 *Intangible Assets*.

**Replacement:** Licensed and Licensed Inside Australia Insurers only. 'The component of the value of unlisted equity instruments or units in unlisted trusts, which represents net tangible assets in relation to the acquisition of controlled entities (i.e. current value less the amortised value of purchased goodwill and other intangible assets).' with 'The component of the value of unlisted equity instruments or units in unlisted trusts, which represents net tangible assets in relation to the acquisition of controlled entities (i.e. current value less the value of purchased goodwill net of impairment losses and other intangible assets).'

**Reason:** To reflect IFRS requirements in AASB 136 *Impairment of Assets* and AASB 138 *Intangible Assets*.

### **Non current assets – Plant and equipment**

**Replacement:** 'Accumulated depreciation / amortisation' with 'Accumulated depreciation / impairment'.

**Reason:** To reflect the IFRS requirements in AASB 116 *Property, Plant and Equipment* and AASB 136 *Impairment of Assets*.

**Replacement:** 'Total plant and equipment net of depreciation/amortisation' with 'Total plant and equipment net of depreciation/impairment'.

**Reason:** To reflect the IFRS requirements in AASB 116 *Property, Plant and Equipment* and AASB 136 *Impairment of Assets*.

### **Non current assets – Intangible assets**

**Replacement:** 'Accumulated amortisation – Goodwill' with 'Accumulated impairment – Goodwill'.

**Reason:** To reflect IFRS requirements in AASB 138 *Intangible Assets* and AASB 136 *Impairment of Assets*. *Goodwill* is no longer amortised but subject to an impairment test.

**Addition:** 'Identifiable intangible assets'.

**Reason:** To reflect the IFRS requirements in AASB 138 *Intangible Assets* and AASB 136 *Impairment of Assets*.

**Addition:** 'Intangible assets with a finite life'.

**Reason:** To reflect the IFRS requirements in AASB 138 *Intangible Assets* and AASB 136 *Impairment of Assets*.

**Addition:** 'Intangible assets with an infinite life'.

**Reason:** To reflect the IFRS requirements in AASB 138 *Intangible Assets* and AASB 136 *Impairment of Assets*.

**Replacement:** 'Identifiable intangible assets' with 'Total identifiable intangible assets'.

**Reason:** To reflect the IFRS requirements in AASB 138 *Intangible Assets* and AASB 136 *Impairment of Assets*.

**Addition:** 'Accumulated amortisation and impairment – Identifiable intangible assets'.

**Reason:** To reflect IFRS requirements in AASB 138 *Intangible Assets* and AASB 136 *Impairment of Assets*.

**Addition:** 'Accumulated amortisation – Intangible assets with a finite life'.

**Reason:** To reflect IFRS requirements in *AASB 138 Intangible Assets* and *AASB 136 Impairment of Assets*.

**Addition:** 'Accumulated impairment – Intangible assets with an infinite life'.

**Reason:** To reflect IFRS requirements in *AASB 138 Intangible Assets* and *AASB 136 Impairment of Assets*.

**Replacement:** 'Accumulated amortisation – Identifiable intangible assets' with 'Total accumulated amortisation and impairment – Identifiable intangible assets'.

**Reason:** To reflect IFRS requirements in *AASB 138 Intangible Assets* and *AASB 136 Impairment of Assets*.

**Replacement:** 'Intangible assets after amortisation' with 'Intangible assets after amortisation and impairment'.

**Reason:** To reflect IFRS requirements in *AASB 138 Intangible Assets* and *AASB 136 Impairment of Assets*.

#### **Non current assets – Other assets**

**Addition:** 'Derivative financial instruments'.

**Reason:** To reflect IFRS requirements. *AASB 139 Financial Instruments: Recognition and Measurement* significantly alters the treatment of derivative financial instruments and records them in the balance sheet.

**Addition:** 'Derivatives at fair value'.

**Reason:** To reflect IFRS requirements. *AASB 139 Financial Instruments: Recognition and Measurement* significantly alters the treatment of derivative financial instruments and records them in the balance sheet.

**Addition:** 'Derivatives at cost'.

**Reason:** To reflect IFRS requirements. *AASB 139 Financial Instruments: Recognition and Measurement* significantly alters the treatment of derivative financial instruments and records them in the balance sheet.

**Delete:** 'Unrealised gain on derivatives'.

**Reason:** To reflect IFRS requirements. *AASB 139 Financial Instruments: Recognition and Measurement* significantly alters the treatment of derivative financial instruments and records them in the balance sheet.

**Addition:** 'Total derivative financial instruments'.

**Reason:** To reflect IFRS requirements. *AASB 139 Financial Instruments: Recognition and Measurement* significantly alters the treatment of derivative financial instruments and records them in the balance sheet.

**Addition:** 'Defined benefit assets'.

**Reason:** To reflect IFRS requirements in *AASB 119 Employee Benefits* that brings defined benefit surpluses on balance sheet.

**Replacement:** 'Total other asset excluding unrealised gain on derivatives with a counterparty/asset rating of:' with 'Total other assets excluding derivative financial instruments and defined benefit assets with a counterparty/asset rating of:'.

**Reason:** To reflect IFRS requirements in *AASB 119 Employee Benefits* and *AASB 139 Financial Instruments: Recognition and Measurement* which bring defined benefit surpluses and derivative financial instruments on balance sheet.

#### **Current liabilities – Income tax liability**

**Replacement:** 'Provision for income tax' with 'Current tax liability'.

**Reason:** To reflect the requirements in *AASB 112 Income Taxes*.

**Delete:** 'Provision for deferred income tax'.

**Reason:** To reflect the requirements in *AASB 112 Income Taxes*.

#### **Current liabilities – Other liabilities**

**Addition:** 'Derivative financial instruments'.

**Reason:** This change follows the IFRS requirements in *AASB 139 Financial Instruments: Recognition and Measurement*. 'Derivative financial instruments' are recorded in the balance sheet.

**Addition:** 'Derivatives at fair value'.

**Reason:** This change follows the IFRS requirements in *AASB 139 Financial Instruments: Recognition and Measurement*.

**Addition:** 'Derivatives at cost'.

**Reason:** This change follows the IFRS requirements in *AASB 139 Financial Instruments: Recognition and Measurement* when the derivatives fair value is not reliable.

**Delete:** 'Unrealised loss on derivatives'.

**Reason:** This change follows the IFRS requirements in *AASB 139 Financial Instruments: Recognition and Measurement*. Under IFRS, 'Unrealised losses on derivatives' will not exist. All fair value gains/losses will flow through the Profit and Loss account.

**Addition:** 'Total derivative financial instruments'.

**Reason:** This change follows the IFRS requirements in *AASB 139 Financial Instruments: Recognition and Measurement*. 'Derivative financial instruments' are recorded in the balance sheet.

**Addition:** 'Defined benefit liability'.

**Reason:** *AASB 119 Employee Benefits* brings defined benefit liabilities on Balance sheet. These changes reflect the IFRS requirements.

**Addition:** 'Liabilities included in disposal groups classified as held for sale'.

**Reason:** To reflect the requirements in *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*.

### **Non current liabilities – Income tax liability**

**Replacement:** 'Provision for deferred income tax' with 'Deferred tax liability'.

**Reason:** To reflect the requirements in *AASB 112 Income Taxes*.

### **Non current liabilities – Other liabilities**

**Addition:**

#### **33. Other liabilities**

##### **33.1 Derivative financial instruments**

- 33.1.1 Derivatives at fair value
- 33.1.2 Derivatives at cost
- 33.1.3 Total derivative financial instruments

##### **33.2 Defined benefit liability**

- 33.3 Other liabilities

##### **33.4 Total other liabilities**

**Reason:** These changes follow the IFRS requirements in *AASB 119 Employee Benefits* and *AASB 139 Financial Instruments: Recognition and Measurement* and other IFRS standards relating to non financial liabilities.

### **Reserves**

**Addition:** 'Owner-occupied property, plant and equipment'.

**Reason:** To reflect the IFRS requirements in *AASB 116 Property, Plant and Equipment*.

**Replacement:** 'Intangibles' with 'Intangibles revaluation surplus'.

**Reason:** To reflect IFRS requirements in *AASB 138 Intangible Assets*.

**Addition:** 'Relating to non-current assets or disposal groups held for sale'.

**Reason:** To reflect the IFRS requirements in *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*.

**Addition:** 'Share-based payments reserve'.

**Reason:** To reflect IFRS requirements. *AASB 2 Share-based Payment* identifies Share based payments reserve separately on the balance sheet.

### **Additional disclosure required for minimum capital requirement calculation (Branch insurer only.)**

**Replacement:** Branch insurer only. 'Technical insurance liability provisions in excess of liability valuation required by Prudential Standard GPS 210' with 'Technical insurance liability provisions in excess of liability valuation'.

**Reason:** Label change, to remove reference to prudential standards from the form. All prudential standard references are only to be included in the instructions to the reporting forms.

**Replacement:** Branch insurer only. 'Tax effect of technical insurance liability provisions in excess of liability valuation required by Prudential Standard GPS 210' with 'Tax effect of technical insurance liability provisions in excess of liability valuation'.

**Reason:** Label change, to remove reference to prudential standards from the form. All prudential standard references are only to be included in the instructions to the reporting forms.

### **GRF 310.0 Statement of Financial Performance (Licensed insurer)**

### **GRF 310.0 Statement of Financial Performance (Branch insurer)**

This form is to be completed for the following reporting entities:

1. Branch insurers of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations);
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity); and
3. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity).

### **Adjustments related to IFRS transition**

The adjustments relating to the adoption of IFRS should be applied on a retrospective basis and reported in the line item – ‘Adjustments to retained profits due to change in accounting policies/standards’.

### **Net premium revenue**

**Replacement:** Under claims expense associated with direct and inwards reinsurance business, replace ‘Relating to future years (i.e. movement in premium liabilities)’ with ‘Relating to future years’.

**Reason:** Label change, to provide consistency and clarity in labelling.

### **Gross claims expense**

**Replacement:** ‘Relating to future years (i.e. movement in expected reinsurance recoveries)’ with ‘Relating to future years’.

**Reason:** Label change, to provide consistency and clarity in labelling.

### **Separate line items**

**Addition:** ‘Negative goodwill immediately recognised in profit or loss’.

**Reason:** This treatment is consistent with AASB 3 *Business Combinations*.

**Addition:** ‘Profit (loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations’.

**Reason:** AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* introduces the concept of a ‘disposal group’, being a group of assets to be disposed of, by sale or otherwise. This change reflects IFRS requirements.

**Deletion:** ‘Profit or loss from ordinary activities before goodwill amortisation and income tax’.

**Reason:** More clarity in the wording has been added to this line heading. Also income from ‘continuing operations’ and ‘discontinued operations’ has been separated.

**Deletion:** ‘Goodwill amortisation’.

**Reason:** To reflect IFRS requirements in AASB 138 *Intangible Assets* and AASB 136 *Impairment of Assets*. Goodwill is no longer amortised.

**Replacement:** ‘Profit or loss from ordinary activities before income tax expense (benefit)’ with ‘Profit (loss) from continuing operations before income tax expense (benefit)’.

**Reason:** To reflect IFRS requirements in AASB 101 *Presentation of Financial Statements* and AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* that draws a distinction between continuing operations and discontinued operations.

**Replacement:** ‘Income tax expense or benefit’ with ‘Income tax expense (benefit) from continuing operations’.

**Reason:** To reflect the IFRS requirements in AASB 101 *Presentation of Financial Statements* and AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* presentation and disclosure requirements. This change separates ‘income from continuing operations’ from discontinued operations.

**Replacement:** ‘Profit or loss from ordinary activities after income tax’ with ‘Profit (loss) from continuing operations after income tax’.

**Reason:** To reflect the IFRS requirements in *AASB 101 Presentation of Financial Statements* and *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* presentation and disclosure requirements. Ordinary activities are not a valid category with IFRS standards.

**Deletion:** Licensed insurer only. Delete 'Profit or loss from ordinary activities after income tax attributable to members of the company'.

**Reason:** To reflect the IFRS requirements in *AASB 101 Presentation of Financial Statements* and *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* presentation and disclosure requirements. Ordinary activities are not a valid category with IFRS standards.

**Replacement:** 'Profit or loss on extraordinary items after income tax' with 'Profit (loss) from discontinued operations after income tax'.

**Reason:** To reflect the IFRS requirements in *AASB 101 Presentation of Financial Statements* and *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* presentation and disclosure requirements. Extraordinary activities are not a valid category with IFRS standards.

**Replacement:** Branch insurer only. Replace 'Retained profits or accumulated losses at end of reporting period' with 'Retained profits at the end of the reporting period'.

**Reason:** Label change, to provide consistency and clarity in labelling.

### **GRF 310.2 Claims Expense and Reinsurance Recoveries**

This form is to be completed for the following reporting entities:

1. Branch insurers of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations);
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity); and
3. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity).

Currently this form collects information on claims expense and reinsurance recoveries only in relation to claim payments made during the current year and claims recognised in the calculation of the Outstanding Claims Provision. To provide more useful information and to allow for data validation at the class of business level for claims and reserving information, the following changes have been made:

**Deletion:** Column 'Total Claims Expense'.

**Addition:** Column 'Claim payments made in the current year'.

**Addition:** Column 'OCP at beginning of financial year'.

**Addition:** Column 'OCP at end of period'.

**Addition:** Column 'PL at beginning of financial year'.

**Addition:** Column 'PL at end of period'.

**Addition:** Column 'Total gross claims expense'.

**Replacement:** Column 'Reinsurance Recoveries Received/Receivable' with 'Reinsurance recoveries revenue relating to current and prior years'.

**Addition:** Column 'Other recoveries revenue relating to current and prior years'.

**Addition:** Column 'Reinsurance recoveries revenue relating to future years'.

**Addition:** Column 'Other recoveries revenue relating to future years'.

**Comment:** This additional information will also enable publication and analysis of net loss ratios by class of business.

### **GRF 310.3 Investment and Operating Income and Expense**

Forms are to be completed for the following reporting entities where appropriate:

1. Branch insurers of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations);
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity); and

3. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity).

### Investment income

**Replacement:** 'Change in net market value of Investments:' with 'Change in fair value of Investments:'.

**Reason:** To reflect the use of fair value instead of market value in IFRS standards.

**Addition:** Heading 'Indirect Investments:'.

**Reason:** Label addition, to provide clarity in label.

### Other operating income

**Deletion:** 'Goodwill'.

**Reason:** To reflect IFRS requirements in AASB 138 *Intangible Assets* and AASB 136 *Impairment of Assets*.

### Operating expenses - Personnel expenses

**Addition:** 'Share-based payment expenses'.

**Reason:** To reflect the IFRS requirements in AASB 2 *Share-based Payment*.

### Operating expenses – Occupancy and equipment expenses

**Replacement:** 'Depreciation/amortisation of:' with 'Depreciation/impairment of:'.

**Reason:** To reflect IFRS requirements in AASB 116 *Property, Plant and Equipment* and AASB 136 *Impairment of Assets*.

### Operating expenses – Other operating expenses

**Addition:**

Impairment of:

Goodwill

Intangible assets with an infinite life

Other assets

**Reason:** To reflect IFRS requirements in AASB 138 *Intangible Assets* and AASB 136 *Impairment of Assets*.

**Deletion:** 'Amortisation of:'.

**Reason:** To reflect IFRS requirements in AASB 138 *Intangible Assets* and AASB 136 *Impairment of Assets*.

**Replacement:** 'Other intangible assets' with 'Amortisation of intangible assets with a finite life'.

**Reason:** To reflect IFRS requirements in AASB 138 *Intangible Assets* and AASB 136 *Impairment of Assets*.

**Deletion:** 'Other assets'.

**Reason:** To reflect IFRS requirements in AASB 136 *Impairment of Assets*.

## GRF 320.0 Reconciliation of Annual Disclosure

Forms are to be completed for the following:

1. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity); and
2. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity).

### Section A – Statement of financial position

**Replacement:** For adjustments to both AASB 1023 and APRA items. 'Deferred Income Tax Expense (or Deferred Tax Liabilities)' with 'Deferred Tax Liabilities'.

**Reason:** To reflect IFRS requirements in AASB 112 *Income Taxes*.

**Replacement:** For adjustments to both AASB 1023 and APRA items. 'Future Income Tax Benefits (Deferred Taxation Assets)' with 'Deferred Tax Assets'.

**Reason:** To reflect IFRS requirements in AASB 112 *Income Taxes*.

**Replacement:** 'Asset valuation differences (market value in APRA forms compared to net market value in AASB 1023)' with 'Asset valuation differences'.

**Reason:** To reflect IFRS valuation bases more concisely and accurately.

### Section B – Statement of financial performance

**Replacement:** Under Reinsurance recoveries revenue (per APRA returns): replace 'relating to future years (i.e. expected reinsurance recoveries)' with 'relating to future years'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** Under Claims expense (per APRA returns): replace 'relating to premium liabilities' with 'relating to future years'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** Under Claims expense (per APRA returns): replace 'relating to Outstanding Claims Provision' with 'relating to current and prior years'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** 'Asset valuation differences (market value in APRA forms compared to net market value in AASB 1023)' with 'Asset valuation differences'.

**Reason:** To reflect IFRS valuation bases more concisely and accurately.

**Replacement:** 'Adjusted net profit/loss after income tax attributable to members of the company (per APRA Forms)' with 'Net profit/loss after income tax attributable to members of the company (per APRA Forms)'.

**Reason:** Label change, to provide clarity in label.

### **GRF 400.0 Statement of Risk by Country (Licensed Insurer)**

### **GRF 400.0 Statement of Risk by Country (Branch Insurer)**

Forms are to be completed for the following reporting entities where appropriate:

1. Branch operations of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations);
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity); and
3. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity).

### **Premium revenue**

**Replacement:** 'Inward treaty' with 'Inwards reinsurance'.

**Reason:** Label change, to provide clarity in label.

### **Reinsurance expense**

**Replacement:** 'Inward treaty' with 'Inwards reinsurance'.

**Reason:** Label change, to provide clarity in label.

### **Claims expense**

**Replacement:** 'Relating to outstanding claims provision:' with 'Relating to current and prior years:'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** Under **Relating to current and prior years** replace 'Inward treaty' with 'Inwards reinsurance'.

**Reason:** Label change, to provide clarity in label.

**Replacement:** 'Relating to premium liabilities:' with 'Relating to future years:'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** Under **Relating to future years** replace 'Inward treaty' with 'Inwards reinsurance'.

**Reason:** Label change, to provide clarity in label.

### **Reinsurance recoveries revenue**

**Replacement:** 'Reinsurance recoveries' with 'Reinsurance recoveries revenue'.

**Reason:** Label change, to provide clarity in label.

**Replacement:** 'Relating to outstanding claims provision' with 'Relating to current and prior years'.

**Reason:** Label change, to provide consistency and clarity in labelling.

**Replacement:** 'Relating to premium liabilities' with 'Relating to future years'.

**Reason:** Label change, to provide consistency and clarity in labelling.

## Assets

**Replacement:** 'Other reinsurance recoveries' with 'Other reinsurance assets'.

**Reason:** Label change, to provide consistency and clarity in labelling.

### *GRF 420.0 Premium Revenue by State and Territory of Australia*

This form is to be completed by:

1. Branch operations of a foreign parent insurer/ reinsurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations); and
2. Authorised insurance (and reinsurance) entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity).

**Replacement:** 'Inwards Treaty' with 'Inwards reinsurance'.

**Reason:** Label change, to provide clarity in label.

### *GRF 430.0 Claims Expense by State and Territory of Australia*

This form is to be completed by:

1. Branch operations of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations); and
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity).

This form is not to be completed by authorised reinsurers.

**Replacement:** 'Inwards Treaty' with 'Inwards reinsurance'.

**Reason:** Label change, to provide clarity in label.

### *GRF 440.0 Claims Development Tables (Licensed Insurer)*

### *GRF 440.0 Claims Development Tables (Branch Insurer)*

Forms are to be completed for the following reporting entities where appropriate:

1. Branch operations of a foreign parent insurer (reference to licensed insurer in the form means total operations of the branch, excluding the parent operations);
2. Authorised insurance entities, including mutual entities (reference to licensed insurer in the form means total operations of the licensed entity); and
3. Authorised reinsurance entities (reference to licensed insurer in the form means total operations of the licensed entity).

**Replacement:** 'Case Estimate – Gross Outstanding Claims Liability' with 'Case Estimate'.

**Reason:** Label change, to provide clarity in label.

### *GRF 450.0 Interest in Controlled Entities and Joint Ventures*

Forms are to be completed for the following reporting entities where appropriate:

1. Authorised insurance entities (including mutuals); and
2. Authorised reinsurance entities.

#### **Part A – Interest in controlled entities**

**Replacement:** 'Market Value of Investment in Controlled Entity' with 'Fair Value of Investment in Controlled Entity'.

**Reason:** To reflect the use of fair value instead of market value in IFRS standards.

**Replacement:** 'Amortised Value of Goodwill or Intangible Component of Investment' with 'Goodwill net of impairment or Intangible Component of Investment'.

**Reason:** To reflect IFRS requirements in *AASB 138 Intangible Assets* and *AASB 136 Impairment of Assets*.

**Replacement:** 'Market Value of Controlled Entity' with 'Fair Value of Controlled Entity'.

**Reason:** To reflect the use of fair value instead of market value in IFRS standards.

### **Part B – Interest in joint venture operations/entities**

**Replacement:** 'Market Value of Investment/Interest in Joint Venture' with 'Fair Value of Investment / Interest in Joint Venture'.

**Reason:** To reflect the use of fair value instead of market value in IFRS standards.

**Replacement:** 'Amortised Value of Goodwill or Intangible Component of Investment' with 'Goodwill net of impairment or Intangible Component of Investment'.

**Reason:** To reflect IFRS requirements in *AASB 138 Intangible Assets* and *AASB 136 Impairment of Assets*.

**Replacement:** 'Market Value of Joint Venture' with 'Fair Value of Joint Venture'.

**Reason:** To reflect the use of fair value instead of market value in IFRS standards.

## Appendix A

Form name		Form changed?	Instructions changed?
GRF 110.0	Minimum Capital Requirement	Yes	Yes
GRF 120.0	Determination of Capital Base	Yes	Yes
GRF 130.0	Off Balance Sheet Business – Credit Substitutes Provided and Risk Charge	No	Yes
GRF 130.1	Off Balance Sheet Business – Liquidity Support Facilities Obtained	No	Yes
GRF 130.2	Off Balance Sheet Business – Charges Granted and Risk Charge	Yes	Yes
GRF 130.3	Off Balance Sheet Business – Credit Support Received	Yes	Yes
GRF 140.0	Investments – Direct Interest Rate Holdings and Risk Charge	Yes	Yes
GRF 140.1	Investments – Direct Equity Holdings and Risk Charge	Yes	Yes
GRF 140.2	Investments – Direct Property Holdings and Risk Charge	No	Yes
GRF 140.3	Investments – Loans and Advances and Risk Charge	Yes	Yes
GRF 140.4	Investments – Assets Indirectly Held by Insurer and Risk Charge	No	Yes
GRF 150.0	Asset Concentration and Risk Charge	Yes	Yes
GRF 160.0	Derivative Activity and Risk Charge	Yes	Yes
GRF 170.0	Maximum Event Retention and risk charge	No	Yes
GRF 170.1	Maximum Event Retention and Risk Charge for LMIs	No	Yes <sup>1</sup>
GRF 210.0	Outstanding Claims Provision – Insurance Risk Charge	Yes	Yes
GRF 210.1	Premium Liabilities – Insurance Risk Charge	Yes	Yes
GRF 300.0	Statement of Financial Position	Yes	Yes
GRF 310.0	Statement of Financial Performance	Yes	Yes
GRF 310.1	Premium Revenue and Reinsurance Expense	No	Yes
GRF 310.2	Claims Expense and Reinsurance Recoveries	Yes	Yes
GRF 310.3	Investment and Operating Income and Expense	Yes	Yes
GRF 320.0	Reconciliation of Annual Disclosure	Yes	Yes
GRF 400.0	Statement of Risk by Country	Yes	Yes
GRF 410.0	Movement in Outstanding Claims Provision	No	Yes
GRF 420.0	Premium Revenue by State and Territory of Australia	Yes	Yes
GRF 430.0	Claims Expense by State and Territory of Australia	Yes	Yes
GRF 440.0	Claims Development Tables	Yes	Yes
GRF 450.0	Interest in Controlled Entities and Joint Ventures	Yes	Yes

<sup>1</sup> Changes are minor and relate to changes to accounting terminology to achieve alignment with IFRS and changed prudential standard references.

# Appendix B

## Proposed changes to GI reporting standards

### Problem

APRA has identified a compliance problem with the reporting standards for general insurers. This problem relates to the lodgement of data to APRA, either electronically or in paper form. Specifically, this problem relates to the persons permitted to lodge data to APRA under the current reporting standards. APRA has found that the restrictions inherent in the current reporting standards limit the ability of some insurers to comply with their data submission requirements. APRA proposes to amend the reporting standards to provide insurers with increased flexibility to comply with their data submission requirements.

### Background

The reporting standards currently permit only officers of an insurer to submit data to APRA either electronically or in paper form. This requirement does not allow insurers to appoint an agent to submit data to APRA on their behalf. APRA has subsequently found that this requirement does not reflect the administrative positions of some insurers, particularly captive insurers and insurers in run-off. APRA has found that this subsequently restricts the ability of some insurers to comply with their APRA reporting obligations. APRA has formed the view that insurers should be given increased flexibility to comply with their reporting requirements to APRA.

This proposal, however, should be viewed in conjunction with Prudential Standard *GPS 220 Risk Management* that comes into force on 1 October 2006. The requirement detailed in Attachment B of GPS 220; that the Chief Executive Officer or Chief Financial Officer of the insurer must sign-off on the accuracy of the data submitted to APRA remains unchanged.

### Proposed amendments

APRA proposes to amend the reporting standards for insurers to allow agents of an insurer to submit data to APRA. APRA believes this will give insurers increased flexibility to comply with their data reporting requirements.

Specifically, the changes will involve amendments to sections of the reporting standards called 'Forms and method of submission' and 'Authorisation'. As the reporting standards contain different requirements the paragraph numbering varies between different standards. The details of the relevant paragraphs to be replaced are shown in the table below.

### Forms and method of submission

The existing paragraphs under this heading will be replaced with a new paragraph. This new paragraph reflects both the existing requirements (in that insurers can lodge electronically, or via a paper return) and adds a new provision that permits insurers to outsource the lodgement of their data returns to an agent. This paragraph is modelled closely on the corresponding requirement inserted into the superannuation reporting standards in 2004.

### Authorisation

The existing paragraphs under this heading will be replaced with a new paragraph. This paragraph provides details of the procedures to be followed when authorising the data lodged with APRA. The procedure remains the same for those insurers that lodge and authorise their data returns without using an agent. New requirements, however, have been added to ensure that data returns lodged by an agent are appropriately authorised by the insurer.

Where an agent lodges a return with APRA on behalf of the insurer, the insurer must sign a paper copy of the return and forward it to APRA. The paragraph will also contain a provision for APRA to waive the lodgement requirement in certain circumstances, for example, where the insurer agrees to retain the copy for a certain period of time. It is anticipated that a waiver will be issued shortly after the determination of the new standards.

These requirements also reflect the procedures inserted into the superannuation reporting standards in 2004.

## Relevant paragraphs

Reporting standard series; section; paragraph number.

### Forms and method of submission

Reporting standard/series	Paragraph
110.0, 120.0, 130.0, 130.1, 130.2, 130.3, 140.0, 140.1, 140.2, 140.3, 140.4, 150.0, 160.0, 170.0, 170.1, 210.0, 210.1, 310.1, 310.2, 310.3, 320.0, 400.0, 410.0, 440.0	5
300.0 and 310.0	6
420.0, 430.0, 450.0	4

### Authorisation

Reporting standard/series	Paragraph
110.0, 120.0, 320.0	12, 13
130.0, 130.1, 130.2, 130.3, 140.0, 140.1, 140.2, 140.3, 140.4, 150.0, 160.0, 170.0, 170.1, 210.0, 210.1, 310.1, 310.2, 310.3	13, 14
300.0, 310.0	14, 15
400.0, 410.0, 440.0	11, 12
420.0, 430.0, 450.0	10, 11

## Current GRS paragraphs:

### Forms and method of submission

4/5/6. The information required by this reporting standard must be given to APRA either:

- (a) in electronic form, using one of the electronic submission mechanisms provided by the 'Direct to APRA' (also known as 'D2A') application; or
- (b) manually completed on paper, which must be faxed or mailed to APRA's head office.

**Note:** the Direct to APRA application software and paper forms may be obtained from APRA.

## To be replaced with:

### Forms and method of submission

4/5/6. The information required by this reporting standard must be given to APRA either:

- (a) where subparagraph (b) does not apply:
  - (i) in electronic form using the 'Direct to APRA' application, applying one of the electronic submission mechanisms under that application; or
  - (ii) by manually completing Form GRF XXX.X on paper and mailing the completed form to APRA's head office at Level 26, 400 George Street, Sydney, New South Wales; or
- (b) by means of an agent to whom the insurer has outsourced the function of providing the information on the insurer's behalf, in which case the agent must provide the information:
  - (iii) in electronic form using the 'Direct to APRA' application, applying one of the electronic submission mechanisms under that application: or
  - (iv) if the agent has contacted APRA and advised that the agent cannot submit the information in electronic form under sub-subparagraph (i), by manually completing Form GRF XXX.X on paper and mailing the completed form to APRA's head office at Level 26, 400 George Street, Sydney, New South Wales.

**Note:** the 'Direct to APRA' application software and paper forms may be obtained from APRA.

## Current GRS paragraphs:

### Authorisation

10/11/12/13/14. If an insurer submits information under this reporting standard using the 'Direct to APRA' software, it will be necessary for an officer of the insurer to digitally sign, authorise and encrypt the relevant data. For this purpose, APRA's certificate authority will issue 'digital certificates', for use with the software, to officers of the insurer who have authority from the insurer to transmit the data to APRA.

### To be replaced with:

**Note:** References to subparagraphs etc., in the following relate to the new paragraph to be inserted under Forms and method of submission. I.e. references to 'x' must be replaced with the appropriate paragraph number according to the standard.

### Authorisation

10/11/12/13/14. If the officer of a relevant insurer provides the information required by this reporting standard under subparagraph x(a), then:

- (a) if the officer uses the 'Direct to APRA' application under sub-subparagraph x(a)(i), an officer of the insurer must digitally sign, authorise and encrypt the information (for which purpose APRA's certificate authority will issue digital certificates, for use with the 'Direct to APRA' application, to officers of the insurer who have authority from the insurer to transmit data to APRA); and
- (b) if the insurer provides the information on paper under sub-subparagraph x(a)(ii), the completed form must be signed by an officer of the insurer who is authorised by the insurer to complete and lodge the form.

11/12/13/14/15. If an insurer provides the information required by this reporting standard through an agent under subparagraph x(b), then:

- (a) the agent will not be required to sign or authorise the information; but
- (b) the insurer must:
  - (i) obtain from the agent a paper copy of the completed form as provided to APRA (whether it was provided under sub-subparagraph x(b)(i) or (ii)); and
  - (ii) cause the paper copy to be signed by an officer of the insurer authorised by the insurer to sign the paper copy; and
  - (iii) lodge the signed paper copy with APRA by mailing the completed form to APRA's head office at Level 26, 400 George Street, Sydney, New South Wales, by the relevant due date (unless APRA, in writing, determines to waive the requirement under this sub-subparagraph, in relation to the insurer, or a class of insurers of which the insurer is a member, or all insurers).

**Note:** APRA may, for example, determine to waive the requirement under sub-subparagraph y(b)(iii) where a insurer has undertaken to retain the signed copy of the completed form for an agreed period of time.

**Note:** Subparagraph y(b)(iii) refers to the paragraph immediately above.



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