



Response to Submissions

Review of capital standards for general insurers and life insurers – reporting requirements

29 October 2012

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Preamble

APRA has now completed a significant review of its capital standards for general insurers and life insurers.

Consultation on the capital framework commenced with the release of a discussion paper in May 2010 and three technical papers in the third quarter of 2010. There have been three subsequent rounds of consultation on the proposed policy position and prudential standards and two quantitative impact studies. On 10 October 2012, APRA released a response paper¹ setting out its final position on the revised capital framework. The response paper was accompanied by the final prudential standards that become effective on 1 January 2013.

In June 2012, APRA released a discussion paper² that outlined its proposals for revising the reporting requirements for general insurers and life insurers to reflect the revised capital framework. In that paper APRA also proposed other improvements to the reporting requirements for general insurers. In August 2012, APRA proposed amendments to the timing of submission of quarterly and annual returns and a small number of technical changes to the data submission process³.

This response paper sets out APRA's final position on the reporting framework for general insurers and life insurers following consideration of responses to the recent consultations. Accompanying this paper is the complete suite of reporting forms and instructions that will be effective for reporting periods ending on or after 1 January 2013.

This response paper and final reporting forms and instructions are available on APRA's website.

1 Available at <http://www.apra.gov.au/CrossIndustry/Consultations/Documents/LAGIC-response-to-submissions-October-2012.pdf>

2 Available at <http://www.apra.gov.au/CrossIndustry/Consultations/Documents/LAGIC-discussion-paper-proposed-revisions-to-reporting-requirements-June-2012.pdf>

3 Available at <http://www.apra.gov.au/CrossIndustry/Consultations/Documents/120806-letter-to-industry-LAGIC-proposed-changes-to-reporting-standards.pdf>

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Glossary

AASB	Australian Accounting Standards Board
ADI	An authorised deposit-taking institution under the <i>Banking Act 1959</i>
APRA	Australian Prudential Regulation Authority
Friendly society	A friendly society as defined in the <i>Life Insurance Act 1995</i> ⁴
Insurer	A Level 1 insurer, Level 2 group or a life insurer
Level 1 insurer	A general insurer authorised under the <i>Insurance Act 1973</i> .
Level 2 group	Defined in <i>Prudential Standard GPS 001 Definitions</i> as a 'Level 2 insurance group'. A Level 2 group is a consolidated general insurance group headed by either an APRA-authorised Level 1 insurer or an APRA-authorised non-operating holding company and including all general insurance controlled entities.
Life insurer	A life company, including a friendly society, registered under the <i>Life Insurance Act 1995</i>

⁴ In this paper the terminology relating to a friendly society follows, in general, the conventions of the *Life Insurance Act 1995* and APRA's prudential standards. For example, references to a statutory fund should be read as references to a benefit fund, unless otherwise stated.

Executive summary

APRA has now completed its review of capital standards for insurers. The aims of the review were to:

- improve the risk-sensitivity and appropriateness of the capital standards in general and life insurance; and
- where appropriate, improve the alignment of the capital standards across industries.

Consultation on the capital framework commenced with the release of a discussion paper in May 2010 and three technical papers in the third quarter of 2010. There have been three subsequent rounds of consultation and two quantitative impact studies.

The revisions to the capital standards have a significant impact on reporting requirements for insurers. APRA undertook consultation on proposed revisions to the reporting framework in June 2012 by releasing a discussion paper and draft reporting forms and instructions. In August 2012, APRA proposed amendments to the timing of submission of quarterly and annual returns and a small number of technical changes to the data submission process.

APRA received 12 submissions on the reporting consultation packages. Submissions indicated a broad level of support for the revisions; however, some issues were raised and clarification sought on aspects of the proposals. Submissions also raised issues in relation to the proposed additional reporting requirements for reinsurance counterparty exposures for general insurers.

This paper outlines APRA's response to the issues raised in submissions. The main revisions to the reporting forms are set out in section 2.1 and 3.1 for general insurers and life insurers, respectively. In light of the feedback received, APRA will consult further on the proposed reinsurance counterparty data collection early in 2013. In addition, APRA has deferred until 2013 its decision on the proposed change to the submission period for quarterly returns. This allows APRA to consider issues that were raised in the insurance consultation in conjunction with submissions from consultation with both the superannuation and banking industries.

The complete suite of reporting forms and instructions that will be effective for reporting periods ending on or after 1 January 2013 has been released with this paper.

Chapter 1 – Introduction

1.1 Background

APRA commenced its review of capital standards for insurers with the release of a discussion paper in May 2010. The main objectives of the review were to:

- improve the risk-sensitivity and appropriateness of the capital standards in general and life insurance; and
- where appropriate, improve the alignment of the capital standards across industries.

Since the commencement of the review, APRA has consulted on its proposals through the release of discussion papers, technical papers, response papers, two quantitative impact studies, draft prudential standards and draft reporting forms and instructions. Over the consultation period, APRA received over 140 written submissions and more than 100 insurers participated in the quantitative impact studies. Over the same period, APRA met with a number of insurers and other stakeholders to discuss its proposals and the feedback provided in submissions.

On 10 October 2012, APRA released a response paper setting out its final policy position and final prudential standards.

1.2 Reporting consultation packages

The revisions to the capital standards have a significant impact on reporting requirements for insurers. These revisions are being implemented through the introduction of new reporting forms and revisions to the existing reporting forms.

APRA released a discussion paper in June 2012 that outlined the proposed changes to reporting requirements for insurers to reflect the revised capital framework. The discussion paper also proposed several improvements to the data collection for general insurers, including the collection of a small number of additional items, revisions to the frequency of submission of some annual forms and a new data collection on reinsurance counterparty exposures. A complete suite of draft reporting forms and instructions, with all changes to the existing reporting framework highlighted, was released in June 2012.

In August 2012, APRA proposed amendments to the timing of submission of quarterly and annual returns and a small number of technical changes to the data submission process.

1.3 Submissions on the consultation package

APRA received 12 submissions on the reporting consultation packages released in June and August 2012. Submissions indicated a broad level of support for the proposed revisions, stating that the reporting forms were well structured and easy to use. Insurers raised some issues and requested clarifications or simplifications, particularly in relation to the design of the Asset Risk Charge and Asset Concentration Risk Charge forms. General insurers requested revisions to the class of business groupings reported for reinsurance classes of business.

Submissions from the general insurance industry supported APRA's goal of enhancing its reinsurance counterparty information and stress-testing capability via the proposed reinsurance data collection. Respondents indicated, however, that further discussion with industry on the implementation of the proposals is necessary.

Submissions on proposed changes to the submission timeframes and processes noted that the revised reporting timeframe for the December and March quarterly returns were problematic and requested that APRA maintain the current submission timeframe of 20 business days for quarterly returns. APRA is currently consulting with the superannuation industry⁵ on similar changes to the submission timeframes of quarterly returns and a consultation with authorised deposit-taking institutions (ADIs) will commence in November 2012. APRA will review submissions from all industries before implementing any changes to the submission timeframes for quarterly returns. APRA will advise insurers of any revised submission timeframes for quarterly returns in 2013. APRA confirms that the proposed submission timeframe of three months for annual returns will be implemented for reporting periods ending on or after 1 January 2015.

The timeframes for submission of quarterly and annual returns are now contained in a separate reporting standard for each industry and these standards have been released with this paper.

This response paper outlines APRA's response to the issues raised in submissions. The paper is accompanied by the final reporting forms and instructions for insurers. It also includes the general instruction guides and three examples of the reporting standards that implement the reporting forms (i.e. one for Level 1 insurers, Level 2 groups and life insurers).

1.4 Next steps

The key dates and next steps for implementing the revised reporting requirements are set out below:

1 January 2013	New prudential standards and reporting standards effective
January 2013	All forms, including validations, available in 'Direct to APRA'
1 January 2013 to 31 March 2013	First reporting period under the new framework for Level 1 insurers and life insurers
1 January 2013 to 30 June 2013	First reporting period under the new framework for Level 2 groups

1.5 Structure of this paper

Chapter 2 sets out APRA's response to the main issues raised in submissions in relation to the reporting requirements for Level 1 insurers and Level 2 groups. Chapter 3 sets out APRA's response to the main issues raised in submissions in relation to the reporting requirements for life insurers.

Appendices 1, 2 and 3 list the full suite of reporting standards that become effective on 1 January 2013 for Level 1 insurers, Level 2 groups and life insurers, respectively.

⁵ Available at [http://www.apra.gov.au/Super/PrudentialFramework/Documents/Discussion-Paper-Reporting-standards-for-superannuation-\(Sep-2012\).pdf](http://www.apra.gov.au/Super/PrudentialFramework/Documents/Discussion-Paper-Reporting-standards-for-superannuation-(Sep-2012).pdf)

Chapter 2– Reporting requirements for general insurers

This chapter sets out APRA's responses to the main issues raised in submissions relating to Level 1 general insurers and Level 2 general insurance groups.

2.1 Revisions to reporting requirements

The key revisions to reporting requirements for Level 1 insurers and Level 2 groups are outlined below.

2.1.1 Asset Risk Charge (GRF 114.0 series)

The GRF 114.0 series (*GRF 114.0 Asset Risk Charge* for Level 1 insurers and *GRF 114.0_G Asset Risk Charge* for Level 2 groups) was designed to provide a snapshot of the impact of the asset risk stresses on the balance sheet. Accordingly, the draft GRF 114.0 series was designed to be similar in structure to the balance sheet and, as such, the gross insurance liabilities and reinsurance recoverables items were proposed to be reported separately for the calculation of Asset Risk Charge.

Comments received

Submissions suggested that the design of the GRF 114.0 series be simplified to assist in its completion. Submissions noted that it was impractical to apply the stresses to some components of the balance sheet, such as deferred acquisition costs and unearned premium. Respondents suggested that the asset stresses be applied to the net insurance liabilities calculated in accordance with *Prudential Standard GPS 320 Actuarial and Related Matters* (GPS 320). A submission queried whether Category C insurers⁶ should complete the form with respect to total amounts or only amounts 'inside Australia'.

APRA's response

APRA notes that reporting of some components on the balance sheet on a net basis in the GRF 114.0 series will not affect the determination of the Asset Risk Charge. Accordingly, APRA has amended the GRF 114.0 series by consolidating several asset and liability items to simplify the application of the relevant asset stresses. APRA has also clarified in *Prudential Standard GPS 114 Capital Adequacy: Asset Risk Charge* (GPS 114) and the GRF 114.0 series that 'net insurance liabilities', calculated in accordance with GPS 320, be stressed for determining the impact of all stresses other than default stress. For the default stress, the central estimate of reinsurance assets must be used (in accordance with GPS 114). APRA has clarified for Category C insurers that the values of assets and liabilities subject to stress are only the amounts 'inside Australia'.

2.1.2 Asset Concentration Risk Charge (GRF 117.0 series)

The GRF 117.0 series (*GRF 117.0 Asset Concentration Risk Charge* for Level 1 insurers and *GRF 117.0_G Asset Concentration Risk Charge* for Level 2 groups) is designed to report both large exposures and exposures that are subject to the Asset Concentration Risk Charge. The consultation version of the GRF 117.0 series collected this information in a single table.

Comments received

Submissions sought clarity and guidance on the method for completing the GRF 117.0 series.

APRA's response

To provide additional clarity, APRA has amended the layout of the GRF 117.0 series of forms to incorporate a table for reporting all large exposures and a separate table that summarises the exposures that are subject to the Asset Concentration Risk Charge. The form instructions provide greater detail on the method for calculating the Asset Concentration Risk Charge.

⁶ A Category C insurer is defined in *Prudential Standard GPS 001 Definitions* as a foreign insurer operating as a foreign branch in Australia and could be a branch of a foreign mutual or shareholder company.

2.1.3 Class of business groupings for reinsurance business

The revised capital framework aligns the current three levels of reinsurance business classes with the direct insurance classes. It also removes the distinction between facultative and treaty arrangements. All relevant draft reporting forms implemented the revised class of business groupings for reinsurers.

Comments received

Submissions noted that reinsurers may be unable to capture the delineation between certain classes of business, such as motor (domestic and commercial) and property (householders and Fire and ISR), for the purposes of apportioning premium, claims and insurance liabilities. Submissions requested that APRA combine the individual classes of reinsurance business with the same risk charge into a single group.

APRA's response

APRA acknowledges that combining some of the individual classes of business would not have an impact on prudential analysis of the data. Accordingly, APRA has revised the relevant reporting forms by replacing the proposed individual classes of reinsurance business with the three high-level reinsurance categories (A, B and C) from *Prudential Standard GPS 115 Capital Adequacy: Insurance Risk Charge*. This amendment addresses some of the issues raised in submissions. Reinsurers will still need to determine an appropriate method to apportion premium, claims and insurance liabilities for some of their business between Categories A, B and C.

2.1.4 Removal of the reinsurance assets forms

The GRF 301.0 series (*GRF 301.0 Reinsurance Assets for Level 1 insurers* and *GRF 301.0_G Reinsurance Assets for Level 2 groups*) is designed to collect a breakdown of reinsurance assets. The only changes proposed to these forms were to move the counterparty grade breakdown to new forms and remove items relating to the calculation of risk charges.

Comments received

Submissions requested that the GRF 301.0 series be removed due to the majority of the data relating to reinsurance assets now being captured in other forms.

APRA's response

APRA acknowledges that the majority of the data relating to reinsurance assets is captured in other forms. Accordingly, the reporting of data items relating to reinsurance assets has been rationalised by adding a small number of additional items to *GRF 300.0 Statement of Financial Position* (Level 1 insurers) and *GRF 300.0_G Statement of Financial Position* (Level 2 groups) and removing the GRF 301.0 series. Consequently, insurers will not be required to submit the GRF 301.0 series for reporting periods ending on or after 1 January 2013.

2.1.5 Collection of data by geographical location and other information on a quarterly basis (Level 1 insurers only)

Under the current reporting requirements for Level 1 insurers, two annual forms (*GRF 420.0 Premium Revenue by State and Territory of Australia* (GRF 420.0) and *GRF 430.0 Claims Expense by State and Territory of Australia* (GRF 430.0)) collect data on each class of direct insurance business and a single line item for reinsurance business. Reinsurers are not currently required to submit these reporting forms.

APRA proposed quarterly submission of GRF 420.0, GRF 430.0 and *GRF 400.0 Statement of Risk by Country* (GRF 400.0). The quarterly submission of these forms would enable the aggregation of data for all insurers using a common reference period.

Comments received

Submissions requested that APRA confirm:

- whether written premium or earned premium needs to be reported in GRF 420.0;
- that reinsurers will not be required to submit GRF 420.0 and GRF 430.0; and
- the audit requirements for quarterly submission of GRF 400.0, GRF 420.0 and GRF 430.0.

Submissions on the quarterly completion of these reporting forms were mixed: some respondents were of the view that it would increase the complexity and burden of the quarterly submissions whilst others supported the proposal.

APRA's response

To address industry feedback and enhance the usefulness of data submitted in these reporting forms, APRA has:

- clarified that earned premium is to be reported in GRF 420.0;
- removed the inwards reinsurance class of business from GRF 420.0 and GRF 430.0; and
- revised the instructions to clarify that all insurers (including reinsurers) that write direct insurance business must submit GRF 420.0 and GRF 430.0 for reporting periods ending on or after 1 January 2013. This will provide a complete data set relating to the premium revenue and claims expense for all direct classes of business.

APRA remains of the view that quarterly submission of the three forms will provide users of the data with a consistent basis of comparison over time. Therefore, these forms will be included in the quarterly suite of reporting forms for reporting periods ending on or after 1 January 2013. APRA confirms that these forms will not be subject to audit requirements.

2.1.6 Other minor revisions to reporting forms

In response to submissions, APRA has made a small number of clarifications or amendments to the reporting forms and instructions to improve clarity and align the forms with the final prudential standards released in October 2012. The list below highlights the more significant changes made and is not exhaustive.

Gross risk margin data items

APRA has removed the stand-alone gross risk margin items from the GRF 115 series of reporting forms for Level 1 insurers and Level 2 groups⁷. The reporting forms will continue to collect gross risk margins on outstanding claims liabilities and premiums liabilities as these margins are required to be calculated under GPS 320.

Data on number of policies written

APRA has revised *GRF 310.1 Premium Revenue and Reinsurance Expense* to collect the 'number of risks written' for direct classes of business only. The revised instructions for this item clarify the method for reporting this data.

Derivatives activity

APRA has revised *GRF 114.2 Derivatives Activity* (GRF 114.2) to align it with similar data collections across other industries. APRA has revised the instructions for Section 2 of GRF 114.2 to report the aggregate fair values as a sum of the absolute fair values of the individual exposures rather than the net of positive and negative positions.

Related party exposures

APRA has revised *GRF 112.3 Related Party Exposures* (for Level 1 insurers) and *GRF 112.3_G Related Party Exposures* (for Level 2 groups) by adding a column to enable the reporting of the value of investments in subsidiaries, associates or joint ventures (net of goodwill and other intangibles).

Determination of capital base

APRA has clarified in *Prudential Standard GPS 112 Capital Adequacy: Measurement of Capital*, *GRF 112.0 Determination of Capital Base* (for Level 1 insurers) and *GRF 112.0_G Determination of Capital Base* (for Level 2 groups) that general reserves forming part of 'accumulated other comprehensive income and other disclosed reserves' for accounting purposes are included in Common Equity Tier 1 Capital.

⁷ GRF 115 series includes all reporting forms that relate to the insurance risk charge for outstanding claims and premiums liability for both Level 1 insurers and Level 2 groups.

2.2 Data collection on reinsurance counterparty exposures

The June 2012 discussion paper included proposals to enhance APRA's reinsurance data collection by collecting individual reinsurance counterparty data for Level 1 insurers and Level 2 groups. The proposed data collection comprised three components:

- a breakdown of on-balance sheet exposures by reinsurance counterparty (similar to the one-off data collection in 2010/11);
- a breakdown by counterparty of potential reinsurance recoverables included in the calculation of the Insurance Concentration Risk Charge (ICRC); and
- a summary of the current reinsurance program, which may replace some or all of the requirements for the Reinsurance Arrangements Statement in its current form.

Draft forms for the first two components were included in the reporting consultation package and APRA invited comments on the proposal for a summary of the reinsurance program to be included in the data collection.

Comments received

Submissions indicated overall support for APRA's goal of enhancing its reinsurance counterparty information and stress-testing capability via the proposed reinsurance data collection. Respondents raised concerns, however, regarding the detail and implementation of the collection, including:

- reporting on-balance sheet exposures by counterparty could result in the submission of a large amount of data and respondents suggested a materiality threshold be applied. Submissions also requested clarification on the reporting requirements for non-traditional reinsurance recoveries;
- the breakdown of potential reinsurance recoverables included in the ICRC calculation may not be able to be aggregated across the industry in a meaningful way as the largest component of the ICRC may not be the same for each individual insurer; and

- the reinsurance program may be difficult to capture in a standard format due to the complexity and non-standard structure of some elements of reinsurance programs.

APRA's response

APRA remains committed to implementing the reinsurance counterparty data collection. APRA is of the view, however, that further discussion with industry on the implementation of the proposals is necessary to address issues raised in submissions and ensure a high-quality outcome. APRA has deferred the implementation of this reinsurance counterparty data collection so that it can undertake further consultation early in 2013.

2.3 Submission timeframes and other operational information

This section outlines APRA's response in relation to the proposed submission timeframes and other operational aspects.

2.3.1 Submission timeframe for quarterly returns (Level 1 insurers only)

APRA proposed to amend the final date for submission of quarterly returns for Level 1 insurers (and life insurers) from 20 business days to 28 calendar days after the end of each reporting quarter.

Submissions were concerned with the revised reporting timeframe for quarterly returns. APRA will consider the issues raised in these submissions in conjunction with submissions from consultations with other industries. APRA will advise insurers of any revised submission timeframes in 2013.

2.3.2 Submission timeframe for annual returns

APRA proposed to amend the final date for submission of annual returns for Level 1 insurers and Level 2 groups from four months to three months after the end of each financial year. To facilitate adjustments by insurers, APRA proposed to implement the three-month timeframe for reporting periods ending on or after 1 January 2015.

The majority of submissions welcomed the proposal. APRA has reflected the new due date in the reporting standards.

2.3.3 Treatment of 'other' data items

In the June 2012 reporting discussion paper, APRA proposed that 'other' data items in the reporting forms be derived as balancing items to their corresponding 'total' items, rather than being input fields as they are in the current reporting forms.

APRA did not receive any submissions on this and so the above proposal has been reflected in the final reporting forms and instructions.

2.3.4 Audit requirements

APRA has aligned the audit requirements in the instructions and reporting standards to ensure these are consistent with the requirements of *Prudential Standard GPS 310 Audit and Related Matters*.

Chapter 3 – Reporting requirements for life insurers

This chapter sets out APRA's responses to the main issues raised in submissions relating to life insurers.

3.1 Revisions to the reporting requirements

The key revisions to reporting requirements for life insurers are outlined below.

3.1.1 Asset Risk Charge (LRF 114.0)

LRF 114.0 Asset Risk Charge (LRF 114.0) was designed to provide a snapshot of the impact of the asset risk stresses on the balance sheet.

Comments received

Submissions suggested that the design of LRF 114.0 be simplified to assist in its completion. Respondents suggested that the asset stresses be applied to net (rather than gross) policy liabilities. This amendment would make this form consistent with reporting of the net policy liabilities in *LRF 112.0 Determination of Capital Base (SF)* and *LRF 115.0 Insurance Risk Charge (SF)*.

APRA's response

APRA notes that reporting of some components on the balance sheet on a net basis in LRF 114.0 will not affect the determination of the Asset Risk Charge. Accordingly, APRA has amended LRF 114.0 by changing item 2.1 in the form to be the total of net policy liabilities and policyowner retained profits. The gross policy liabilities ceded under reinsurance is shown separately at item 2.2 in the form and only need to be recalculated for the default stress. In addition, APRA has replaced the discretionary component of gross policy liabilities with the net adjusted policy liabilities and their discretionary component. This information is more useful as it shows the extent to which the adjusted policy liabilities could absorb further stresses.

3.1.2 Asset Concentration Risk Charge (LRF 117.0)

LRF 117.0 Asset Concentration Risk Charge (LRF 117.0) is designed to report both the large exposures and the exposures that are subject to the Asset Concentration Risk Charge. The consultation version of LRF 117.0 collected this information in a single table.

Comments received

Submissions sought clarity and guidance on the method for completing LRF 117.0.

APRA's response

To provide additional clarity, APRA has amended the layout of LRF 117.0 to incorporate a table for reporting all large exposures and a separate table that summarises the exposures subject to the Asset Concentration Risk Charge. The form instructions provide greater detail on the method for calculating the Asset Concentration Risk Charge.

3.1.3 Reporting of unallocated surplus data items (friendly societies only)

Unallocated surplus is a material component of the balance sheets of friendly societies. However, it is included within the policy liabilities and is currently not separately identified in *LRF 300.1 Statement of Financial Position (SF and SF Eliminations)* and *LRF 300.2 Statement of Financial Position (SF Total, GF, GF Elim, Entity)* (LRF 300 series).

To enable APRA to monitor the size of the unallocated surplus, APRA has added two new items in LRF 300 series for reporting unallocated surplus and unallocated distributable surplus. The latter item is the maximum amount of unallocated surplus that could be distributed to benefit fund members without breaching the capital adequacy standards⁸.

⁸ The term 'capital adequacy standards' is used to refer to all prudential standards relating to the capital adequacy of a life company and is defined in *Prudential Standard LPS 001 Definitions*.

3.1.4 Other minor revisions to reporting forms

In response to submissions, APRA has made a small number of clarifications or amendments to the reporting forms and instructions to improve clarity and to align the forms with the final prudential standards released in October 2012. The list below highlights the more significant changes and is not exhaustive.

Derivatives activity

The instructions of *LRF 114.2 Derivatives Activity* have been clarified such that the aggregate fair values of the derivatives exposures reported in this form are the sum of the absolute fair values of individual exposures. This is consistent with current practice.

Related party exposures

APRA has revised *LRF 112.3 Related Party Exposures* by adding a column to enable the reporting of the value of investments in subsidiaries, associates or joint ventures (net of goodwill and other intangibles).

Determination of capital base

APRA has clarified in *Prudential Standard LPS 112 Capital Adequacy: Measurement of Capital* and *LRF 112.2 Determination of Capital Base (Entity)* that general reserves forming part of 'accumulated other comprehensive income and other disclosed reserves' for accounting purposes are included in Common Equity Tier 1 Capital.

3.2 Submission timeframes and other operational information

This section outlines APRA's response in relation to the proposed submissions timeframes and other operational aspects.

3.2.1 Submission timeframe for quarterly returns

APRA proposed to amend the final date for submission of quarterly returns for life insurers from 20 business days to 28 calendar days after the end of each reporting quarter.

Submissions were concerned with the revised reporting timeframe for quarterly returns. APRA will consider the issues raised in these submissions in conjunction with submissions from consultations with other industries. APRA will advise insurers of any revised submission timeframes in 2013.

3.2.2 Submission timeframe for annual returns

APRA proposed to amend the final date for submission of annual returns for life insurers from four months to three months after the end of each financial year. To facilitate adjustments by insurers, APRA proposed to implement the three-month timeframe for reporting periods ending on or after 1 January 2015.

The majority of submissions welcomed the proposal. APRA has reflected the new due date in the reporting standards.

3.2.3 Treatment of 'other' data items

In the June 2012 reporting discussion paper, APRA proposed that 'other' data items in the reporting forms be derived as balancing items to their corresponding 'total' items, rather than being input fields as they are in the current reporting forms.

APRA did not receive any submissions on this and so the above proposal has been reflected in the final reporting forms and instructions.

Appendix 1 – Reporting standards for Level 1 insurers

Effective for reporting periods ending on or after 1 January 2013
GRS 001 Reporting Requirements
GRS 110.1 Prescribed Capital Amount
GRS 112.0 Determination of Capital Base
GRS 112.3 Related Party Exposures
GRS 114.0 Asset Risk Charge
GRS 114.1 Assets by Counterparty Grade
GRS 114.2 Derivatives Activity
GRS 114.3 Off-balance Sheet Business
GRS 114.4 Details of Investment Assets
GRS 115.0 Outstanding Claims Liabilities - Insurance Risk Charge
GRS 115.1 Premiums Liabilities - Insurance Risk Charge
GRS 116.0 Insurance Concentration Risk Charge
GRS 116.1 Probable Maximum Loss for LMIs (includes five forms)
GRS 117.0 Asset Concentration Risk Charge
GRS 118.0 Operational Risk Charge
GRS 300.0 Statement of Financial Position
GRS 310.0 Income Statement
GRS 310.1 Premium Revenue and Reinsurance Expense
GRS 310.2 Claims Expense and Reinsurance Recoveries
GRS 310.3 Details of Income and Expenses
GRS 400.0 Statement of Risk by Country
GRS 410.0 Movement in Outstanding Claims Liabilities
GRS 420.0 Premium Revenue by State and Territory of Australia
GRS 430.0 Claims Expense by State and Territory of Australia
GRS 440.0 Claims Development Tables

Appendix 2 – Reporting standards for Level 2 groups

Effective for reporting periods ending on or after 1 January 2013
GRS 001 Reporting Requirements
GRS 110.1_G Prescribed Capital Amount
GRS 112.0_G Determination of Capital Base
GRS 112.3_G Related Party Exposures
GRS 114.0_G Asset Risk Charge
GRS 114.1_G Assets by Counterparty Grade
GRS 114.3_G Off-balance Sheet Business
GRS 115.0_G Outstanding Claims Liabilities - Insurance Risk Charge (includes two forms)
GRS 115.1_G Premiums Liabilities - Insurance Risk Charge (includes two forms)
GRS 116.0_G Insurance Concentration Risk Charge
GRS 117.0_G Asset Concentration Risk Charge
GRS 118.0_G Operational Risk Charge
GRS 300.0_G Statement of Financial Position
GRS 302.0_G Statement of Financial Position by Region
GRS 310.0_G Income Statement

Appendix 3 – Reporting standards for life insurers

Effective for reporting periods ending on or after 1 January 2013
LRS 001 Reporting Requirements
LRS 110.0 Prescribed Capital Amount (includes two forms)
LRS 112.0 Determination of Capital Base (includes three forms)
LRS 112.3 Related Party Exposures
LRS 114.0 Asset Risk Charge
LRS 114.2 Derivatives Activity
LRS 114.3 Off-balance Sheet Business
LRS 115.0 Insurance Risk Charge (includes two forms)
LRS 117.0 Asset Concentration Risk Charge
LRS 118.0 Operational Risk Charge
LRS 200.0 Capital Adequacy Supplementary Information
LRS 300.0 Statement of Financial Position (includes two forms)
LRS 310.0 Income Statement (includes two forms)
LRS 330.0 Summary of Revenue and Expenses
LRS 340.0 Retained Profits (includes two forms)
LRS 400.0 Statement of Policy Liabilities
LRS 420.0 Assets Backing Policy Liabilities
LRS 430.0 Sources of Profit



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