

18 June 2002

**Letter to CEOs of all Registered Friendly Societies
cc Appointed Actuaries, Approved Auditors**

**PRUDENTIAL RULES No 48 – COLLECTION OF STATISTICS - FRIENDLY
SOCIETIES (S 244(1) & (2))**

As you are aware, new actuarial standards recently issued by the Life Insurance Actuarial Standards Board (LIASB) from its project for the Harmonisation of Actuarial Standards under the *Life Insurance Act 1995* (Life Act) will take effect from 30 June 2002. As a result, certain references in Prudential Rules No. 48 covering the collection of statistics for friendly societies will become out of date. The attached schedule details the changes to Prudential Rules No. 48 necessary to accommodate the changes in terminology and calculation and presentation of the capital requirements under the new actuarial standards.

In light of further likely changes to quarterly reporting requirements arising from the broader review of the Life Act, which is now in process, we have refrained from making formal changes to the structure of the collection of statistics at this stage. Instead we ask that you take note of the changes listed in the schedule, and complete the supplementary forms in place of the deleted items, when submitting your institution's quarterly returns from 30 June 2002. Generally, any reference to 'Value of Benefit Entitlements' should be interpreted to mean 'Value of Policy Liabilities' and any reference to the concept of 'Benefit Fund Solvency Requirement/Management Fund Capital Requirement' should be read to refer to the concept of 'Solvency Requirement/Management Capital Requirement' respectively.

The supplementary forms and instructions to complete the supplementary forms will be sent to you shortly.

We appreciate the impact these changes may have on reporting for the June 2002 quarter and will consider any reasonable request for an extension of the due date for submission of the June 2002 Quarterly Return.

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Please also note that a variation has been made to Prudential Rules No.47 from 30 June 2002. The Prudential Rule and variations are available from the APRA website.

Please contact your relationship manager if you wish to apply for an extension of time to lodge the quarterly return or if you have any queries in relation to this letter.

General Manager
Specialised Institutions Division
Encl:

Schedule

Changes to Prudential Rules No. 48

Page No.	Friendly Society Quarterly General Return Up to 29 June 2002	Friendly Society Quarterly General Return From 30 June 2002
B8	<p>Item BM1 Value of <i>Benefit Entitlements</i> at the Beginning of the Period</p> <p>Item BM10 Value of <i>Benefit Entitlements</i> at the End of the Period</p>	<p>The phrase “<i>Benefit Entitlements</i> “ should be read to mean “<i>Policy Liabilities</i>”</p> <p>The phrase “<i>Benefit Entitlements</i> “ should be read to mean “<i>Policy Liabilities</i>”</p>
B9	Benefit Fund Solvency Requirement	The heading “ <i>Benefit Fund Solvency Requirement</i> ” is not relevant.
B10	<p><i>Benefit Fund Solvency Requirement (continued)</i></p> <p><i>Adjusted Value</i></p>	<p>The heading “<i>Benefit Fund Solvency Requirement (continued)</i>” is not relevant</p> <p>The phrase “Adjusted Value” means “Value at adjusted yield”</p>
B11	<p><i>Benefit Fund Solvency Requirement (continued)</i></p> <p>Items BS23 – BS35</p>	<p><i>Items BS23 – BS35 not to be completed</i></p> <p>Replaced by Supplementary Returns:</p> <p><i>Solvency And Capital Adequacy Requirements</i> <i>Items S1 – S25</i></p> <p><i>Inadmissible Assets for Capital Adequacy Requirements</i> <i>Items S26 – S42</i></p> <p><i>Calculation of resilience Reserve for Capital Adequacy Requirements</i> <i>Items S43 – S61</i></p>

Page No.	Friendly Society Quarterly General Return Up to 29 June 2002	Friendly Society Quarterly General Return From 30 June 2002
C14	Management Fund - Capital Requirement	The heading “ <i>Management Fund - Capital Requirement</i> ” should be read to mean Management Capital Requirement under AS6.02
C15 – C17	Management Fund - Capital Requirement (continued) Items CC37 – CC66 Items CC67 – CC89 Items CC90 – CC105	Items CC37 – CC66 not to be completed. Items CC67 – CC89 not to be completed Items CC90 – CC105 not to be completed Replaced by Supplementary Returns: <i>Management Capital Requirements</i> <i>Items M1 – M22</i> <i>Calculation of Resilience Reserve for Management Fund</i> <i>Items M23 – M34</i>