

[TO BE PREPARED ON AUDIT FIRM LETTERHEAD]

INDEPENDENT AUDITOR'S REPORT

[Insurer Name and Address]

cc: Australian Prudential Regulation Authority (APRA)

Section A - Reasonable Assurance on Forms HRF 602.3 to HRF 602.9

We have audited the following forms in the HRF 602.0 Financial and Capital Data Annual Return (the Return) of [enter name of Insurer] (the Insurer), as issued by APRA for the purpose of providing an Annual Report to Parliament for the year ended 30 June 2016:

- 1 HRF 602.3 Financial and Capital Data - Revenue
- 2 HRF 602.4 Financial and Capital Data - Expenses
- 3 HRF 602.5 Financial and Capital Data - Capital Transfers
- 4 HRF 602.6 Financial and Capital Data - Assets
- 5 HRF 602.7 Financial and Capital Data - Liabilities
- 6 HRF 602.8 Financial and Capital Data - Related Party Disclosures
- 7 HRF 602.9 Financial and Capital Data - Claims

Responsibilities of Management and Directors

Management and the Directors of the Insurer are responsible for the preparation and fair presentation of the Return and the information it contains, in accordance with the requirements of the *Prudential Standard HPS 100 Solvency Standard (the solvency standard)*, *Prudential Standard HPS 110 Capital Adequacy (the capital adequacy standard)*, the *Financial Sector (Collection of Data) (reporting standard) determination No. 32 of 2015 - HRS 602.0 Financial and Capital Data (the reporting standard)* and the instructions to HRF 602.0 (the reporting instructions). This includes such internal controls as management determines are necessary to enable the preparation and fair presentation of the Return that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Return based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Auditing Standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether, in all material respects, the Return has been prepared in accordance with the Act, the solvency standard, the capital adequacy standard, the reporting standard and the reporting instructions.

Our audit did not involve an analysis of the prudence of business decisions made by those charged with governance. Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Return. The procedures selected depend on our judgement, including assessment of the risks of material misstatement of

the Return, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Insurer's preparation and fair presentation of the Return in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Insurer's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Return.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion, in all material respects, Forms HRF 602.3 to HRF 602.9 of the Return of the Insurer, in respect of the year ended 30 June 2016, have been prepared in accordance with the Act, the solvency standard, the capital adequacy standard, the reporting standard and the reporting instructions.

Basis of Restriction on Distribution

The Return has been prepared for the purpose of fulfilling the reporting requirements of the Insurer under the Act, the solvency standard, the capital adequacy standard, the reporting standard and the reporting instructions. We disclaim any assumption of responsibility for any reliance on this report or on the Return to which it relates to any party other than the Insurer and APRA, or for any purpose other than that for which it was prepared.

Section B - Limited Assurance on Forms HRF 602.1 and HRF 602.2

We have reviewed the following forms in the HRF 602.0 Annual Return (the Return) of the Insurer, as issued by APRA for the purpose of providing an Annual Report to Parliament for the year ended 30 June 2016:

- 1 HRF 602.1 Financial and Capital Data - CA Forecasts
- 2 HRF 602.2 Financial and Capital Data - Solvency Forecasts

both referred to herein as the forecasts.

The stated basis of preparation used in the preparation of the forecasts by the Insurer (the responsible party) is the Act, the solvency standard, the capital adequacy standard, the reporting standard and the reporting instructions.

Management's Responsibility

Management and the Directors of the Insurer are responsible for the preparation and fair presentation of the Return and the information it contains including the best estimate assumptions underlying the forecasts, in accordance with the requirements of the Act, the solvency standard, the capital adequacy standard, the reporting standard and the reporting instructions. This includes such internal controls as management determines is necessary to enable the preparation of forecasts that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the forecasts, the best estimate assumptions underlying the forecasts, and the reasonableness of the forecasts themselves, based on our work. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance engagement consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It is substantially less in scope than a reasonable assurance engagement conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Conclusion

Based on our limited assurance engagement, which is not a reasonable assurance engagement, nothing has come to our attention which causes us to believe that:

1. management's best estimate assumptions do not provide reasonable grounds for the preparation of the forecasts in the Return of the Insurer for the year ended 30 June 2016; and
2. in all material respects, the forecasts:
 - a. are not prepared on the basis of management's best estimate assumptions; and
 - b. are not presented fairly in accordance with the Act, the solvency standard, the capital adequacy standard, the reporting standard and the reporting instructions; and
3. the forecasts themselves are unreasonable.

The forecasts have been prepared by management and adopted by the directors in order to provide APRA with the data necessary to calculate the stress test amount in the Capital Adequacy Standard and the cash management amount in the Solvency Standard. There is a considerable degree of subjective judgement involved in preparing the forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the forecast since anticipated events or transactions frequently do not occur as expected and the variation may be material.

Management's best estimate assumptions on which the forecasts are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Insurer. Evidence may be available to support management's best estimate assumptions on which the forecasts are based; however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to obtain the level of assurance necessary to express a reasonable assurance conclusion on those best estimate assumptions, and accordingly provide a lesser level of assurance on the reasonableness of management's best estimate assumptions. The limited assurance conclusion expressed in this assurance report has been formed on the above basis.

The forecasts have been prepared by management for the purpose of fulfilling the reporting requirements of the Insurer under the Act, the solvency standard, the capital adequacy standard, the reporting standard and the reporting instructions. We disclaim any assumption of responsibility for any reliance on this report, or on the forecasts to which they relate, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Insurer that all material information concerning the prospects and proposed operations of the Insurer has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

[Name of Audit Firm]

Chartered Accountants by

[Name of Partner]

[Location]

[Partner]

[Date]

[Note - It is the responsibility of the auditor to ensure that their opinion is in compliance with any additional internal risk management policies and procedures.]