



25 November 2020

Reporting Form Income Statement by Product Grouping – Life Insurance

REPORTING INSTRUCTIONS

These instructions assist completion of the reporting form *Income Statement by Product Grouping – Life Insurance*. This form collects income statement data by APRA product group.

Report information on a best endeavours basis. Where information is not available within the timeframes requested, provide available information and do not delay the submission.

Please provide in a response letter, an explanation of the significant judgements made, assumptions used (including an indication of the current level of uncertainty in the working assumptions) and business lines excluded when preparing this QIS. This is to facilitate APRA's understanding of the data included in the QIS.

Reporting consolidation

Information in this form is to be completed by life insurers for each reporting period on a statutory fund basis. The information provided in the form is for non-participating business (as per the Life Insurance Act 1995 (the Life Act)) only.

Reporting basis and units of measurement

Report values in this form in whole Australian dollars (AUD) with no decimal place.

General accounting basis

For the purposes of this QIS, reporting insurers are requested to follow the *AASB 17 Insurance Contracts* (AASB 17) requirements, which supersede the requirements in *AASB 1023 General Insurance Contracts* and *AASB 1038 Life Insurance Contracts*.

Convert amounts denominated in foreign currency to AUD in accordance with AASB 121 *The Effects of Changes in Foreign Exchange Rates*.

Report losses and expenses as negative values.

Reporting periods and due dates

Each insurer must complete this form with information as at the most recent reporting year end. The form is required to be provided to APRA by **5pm AEST, 31 March 2021**.

Excel template - Shaded areas

- Shaded areas in grey: insurers are not to complete these data items.

SPECIFIC INSTRUCTIONS

APRA class of business

The APRA class of business that apply for the purpose of this form are:

- Australia – Ordinary Business
- Australia – Superannuation Business
- Overseas – All Business

The expressions 'Australian Business' and 'Overseas Business' refer to the territories where the life insurance business is carried on, as defined in the Life Act. 'Overseas Business' refers to life insurance business carried on outside Australia.

The expressions 'Ordinary Business' and 'Superannuation Business' are defined in the Act.

APRA product groups

The proposed APRA product groups are outlined in the discussion paper. Insurers are to refer to the proposed APRA product groups when completing this form.

Reporting direction for life insurers

As outlined in the discussion paper, APRA proposes that life insurers determine insurance and reinsurance assets and liabilities separately in accordance with the Life Act reporting structure with an exception for non-participating risk business within a statutory fund which could extend across Ordinary and Superannuation classes.

Life insurers are to follow the reporting direction outlined in the discussion paper when completing the QIS workbook.

Allocation principles

For the QIS, life insurers are to apply the allocation principles outlined in the discussion paper to allocate AASB 17 numbers to APRA product groups where it is not possible to clearly identify AASB 17 numbers and assign it to specific APRA product groups.

For clarity, life insurers cannot use allocation principles to allocate insurance and reinsurance assets and liabilities across the components of the Life Act reporting structure – they are to be determined separately (except for non-participating risk business within a statutory fund).

APRA requests insurers to prepare a document outlining how they have applied the allocation principles to allocate AASB 17 items to APRA product groups for reporting. Insurers need to submit the document to APRA with the QIS workbook.

Investment and insurance finance income and expense items

APRA proposes to collect investment, and insurance finance income and expense items for the products that have a substantial investment component (i.e. L1, L2, L15, L16, L17 and L18). Life insurers are to report unallocated investment and insurance finance income and expense amounts in the unallocated column (located next to the total column). The aggregate of unallocated and allocated investment and insurance finance income and expense amounts must reconcile with the aggregate AASB 17 amounts.

Income Statement by APRA product groups

Each item reported under this section aligns with AASB Standards (AASB). The applicable AASB references are specified with each item.

Item 1: Insurance revenue

Item 1	Item 1 is a derived item and is calculated as the sum of items 1.1 to 1.4. This item is based on AASB 17.80(a) and AASB 17.83.
Item 1.1	Report insurance revenue from life insurance direct business.
Item 1.2	Report insurance revenue from life investment direct business.
Item 1.3	Report insurance revenue from inwards reinsurance.
Item 1.4	Report insurance revenue from non-life insurance business.

Item 2: Insurance service expense

Item 2	Item 2 is a derived item and is calculated as the sum of items 2.1.1 to 2.1.5 inclusive, item 2.2.1, items 2.3.1 to 2.3.5 inclusive, and items 2.4.1 to 2.4.5 inclusive. Item 2 is based on AASB 17.80(a) and AASB 17.84.
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Item 2.1: Life insurance direct business

Item 2.1	Item 2.1 represents insurance service expenses from life insurance direct business. Item 2.1 is a derived item and is calculated as the sum of items 2.1.1 to 2.1.5 inclusive.
Item 2.1.1	Report incurred claims from life insurance direct business.
Item 2.1.2	Report other insurance service expenses from life insurance direct business.
Item 2.1.3	Report amortisation of insurance acquisition cash flows from life insurance direct business.
Item 2.1.4	Report losses and reversal of losses on onerous contracts from life insurance direct business in accordance with AASB 17.103.b(iv).
Item 2.1.5	Report any adjustments to liabilities for incurred claims from direct business.

Item 2.2: Life investment direct business

Item 2.2.1	Report other insurance service expenses from life investment direct business.
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Item 2.3: Inwards reinsurance

Item 2.3	Item 2.3 represents insurance service expenses from inwards reinsurance. Item 2.3 is a derived item and is calculated as the sum of items 2.3.1 to 2.3.5 inclusive.
Item 2.3.1	Report incurred claims from inwards reinsurance.
Item 2.3.2	Report other insurance service expenses from inwards reinsurance.
Item 2.3.3	Report amortisation of insurance acquisition cash flows from inwards reinsurance.
Item 2.3.4	Report losses and reversal of losses on onerous contracts from inwards reinsurance in accordance with AASB 17.103.b(iv).
Item 2.3.5	Report any adjustments to liabilities for incurred claims from inwards reinsurance.

Item 2.4: Non-life insurance business

Item 2.4	Item 2.4 represents insurance service expenses from non-life insurance business. Item 2.4 is a derived item and is calculated as the sum of items 2.4.1 to 2.4.5 inclusive.
Item 2.4.1	Report incurred claims from non-life insurance business.
Item 2.4.2	Report other insurance service expenses from non-life insurance business.
Item 2.4.3	Report amortisation of insurance acquisition cash flows from non-life insurance business.
Item 2.4.4	Report losses and reversal of losses on onerous contracts from non-life insurance business in accordance with AASB 17.103.b(iv).
Item 2.4.5	Report any adjustments to liabilities for incurred claims from non-life insurance business.

Item 3: Insurance service result before reinsurance contracts held

Item 3	Item 3 is a derived item and is calculated as the sum of items 1 and 2.
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Item 4: Allocation of reinsurance premiums

Item 4	<p>Report allocation of reinsurance premiums.</p> <p>It is requested that the entity present this item separately from amounts recoverable from reinsurers for incurred claims reported at item 5.</p> <p>This item is based on AASB 17.86.</p>
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Item 5: Amounts recoverable from reinsurers for incurred claims**Item 5**

Report amounts recoverable from reinsurers for incurred claims.

This item is based on AASB 17.86.

Item 6: Net expense from reinsurance contracts held**Item 6**

Item 6 is a derived item and is calculated as the sum of items 4 and 5. This item can be a net income or net expense.

This item is based on AASB 17.82 and AASB 17.86.

Item 7: Insurance service result**Item 7**

Item 7 is a derived item and is calculated as the sum of items 3 and 6.

This item is based on AASB 17.80(a).

Item 8: Interest revenue calculated using the effective interest method**Item 8**

Report interest revenue calculated using the effective interest method.

This item is based on AASB 101.82(a).

Item 9: Other interest and similar income**Item 9**

Report other interest and similar income.

This item is based on AASB 101.82(a).

Item 10: Net gains/losses on financial assets at fair value through profit or loss**Item 10**

Report net gains/losses on financial assets at fair value through profit or loss.

This item is based on AASB 7.20(a)(i).

Item 11: Net gains/losses on derecognition of financial assets measured at fair value through other comprehensive income**Item 11**

Report net gains or losses on derecognition of financial assets measured at fair value through other comprehensive income.

This item is based on AASB 7.20(a)(i).

Item 12: Net change in investment contract liabilities**Item 12**

Report the net change in investment contract liabilities.

Item 13: Net gains/losses on derecognition of financial assets measured at amortised cost

Item 13

Report net gains/losses on derecognition of financial assets measured at amortised cost.

This item is based on AASB 101.82(aa).

Item 14: Impairment loss on financial assets

Item 14

Report impairment loss on financial assets.

This item is based on AASB 101.82(ba).

Item 15: Net gains from fair value adjustments to investment properties

Item 15

Report net gains from fair value adjustments to investment properties.

This item is based on AASB 140.76(d).

Item 16: Net foreign exchange income / expense

Item 16

Report net foreign exchange income or expense.

Item 17: Other income

Item 17

Report other investment-related income.

Item 18: Total investment result

Item 18

Item 18 is a derived item and is calculated as the sum of items 8 to 17 inclusive.

Item 19: Insurance finance expenses for insurance contracts issued

Item 19

Report insurance finance expenses for insurance contracts issued.

This item is based on AASB 17.87.

Item 20: Reinsurance finance income for reinsurance contracts held

Item 20

Report reinsurance finance income for reinsurance contracts held.

This item is based on AASB 17.82.

Item 21: Net insurance financial result

Item 21

Item 21 is a derived item and is calculated as the sum of items 19 and 20. This item can be a net income or net expense.

Item 22: Asset management services revenue

Item 22	Report asset management services revenue. This item is based on AASB 101.82(a).
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Item 23: Investment management expenses

Item 23	Report investment management expenses.
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Item 24: Total of asset management services revenue and investment management expenses

Item 24	Item 24 is a derived item and is calculated as the sum of items 22 and 23.
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Items that may be reclassified to profit or loss in subsequent periods

This item is based on AASB 101.82A(a)(ii).

Item 25: Change in fair value of financial assets at fair value through other comprehensive income

Item 25	Report change in fair value of financial assets at fair value through other comprehensive income. This item is based on AASB 7.20(a)(viii).
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Item 26: Amount reclassified to profit or loss

Item 26	Report amount reclassified to profit or loss. This item is based on AASB 7.20(a)(viii).
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Item 27: Insurance finance expenses for insurance contracts issued

Item 27	Report insurance finance expenses for insurance contracts issued. This item can be a net income or net expense. This item is based on AASB 17.90.
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Item 28: Reinsurance finance income for reinsurance contracts held

Item 28	Report reinsurance finance income for reinsurance contracts held. This item can be a net income or net expense. This item is based on AASB 17.82, 90.
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Item 29: Net insurance financial result

Item 29

Item 29 is a derived item and is calculated as the sum of items 27 and 28.

Item 30: Balance sheet memo items

APRA intends to collect General Measurement Model (GMM) liability/asset for remaining coverage and GMM contractual service margin by APRA product groups. APRA will use these items as well as the AASB 17 data items and the data items collected in the liability form to form a view on profitability by APRA product groups.

For clarity, the following items are defined based on AASB 17:

- AASB 17 liability for remaining coverage as defined in AASB 17 Appendix A
- AASB 17 contractual service margin as defined in AASB 17 Appendix A

Item 30.1	Insurance contract - AASB 17 GMM liabilities / assets for remaining coverage Report the amount of the liabilities / assets for remaining coverage for insurance contracts issued measured under AASB 17 GMM (or core requirements) by APRA product groups.
Item 30.2	Insurance contract - AASB 17 GMM contractual service margin Report the amount of contractual service margin from insurance contracts issued measured under AASB 17 GMM (or core requirements) by APRA product groups.
Item 30.3	Reinsurance contract - AASB 17 GMM assets / liabilities for remaining coverage Report the amount of the assets / liabilities for remaining coverage for reinsurance contracts held measured under AASB 17 GMM (or core requirements) by APRA product groups.
Item 30.4	Reinsurance contract - AASB 17 GMM contractual service margin Report the amount of contractual service margin from reinsurance contracts held measured under AASB 17 GMM (or core requirements) by APRA product groups.