



6 April 2022

TO: ALL INSURERS

DRAFT REPORTING STANDARDS AND PROPOSED UPDATES - INTEGRATING AASB 17 INTO THE CAPITAL AND REPORTING FRAMEWORK FOR INSURERS AND UPDATES TO THE PRIVATE HEALTH INSURER CAPITAL FRAMEWORK

APRA's prudential capital and reporting framework is based on the existing accounting treatment. The introduction of *AASB 17 Insurance Contracts* (AASB 17) will both modify a number of accounting concepts which underpin APRA's prudential framework and introduce some new concepts.

On 13 December 2021, APRA commenced consultation on draft standards setting out the integration of AASB 17 and updates to the LAGIC framework into the prudential and reporting framework. APRA also released for consultation draft prudential and reporting standards in relation to its review of the private health insurance capital framework. The draft reporting standards released in December 2021 were limited to those requiring amendments that form the basis of the Quantitative Impact Study (QIS)^{1 2}.

Draft reporting standards

APRA is now releasing for consultation additional draft reporting standards impacted by AASB 17, LAGIC updates, and revisions to the capital framework for private health insurers. Appendix A lists the draft reporting standards being released, which includes seventeen draft general insurance reporting standards that are intended to replace the current Level 2 collection and four draft private health insurance reporting standards that are intended to replace and complete the modernisation of *Reporting Standard HRS 602.0 Financial and Capital Data*.

Updates and clarifications to reporting standards

Additionally, in response to industry feedback, APRA is releasing a number of updates and clarifications to insurance reporting standards that were released for consultation in December 2021. Appendix B outlines the updates and clarifications to selected reporting standards.

Next steps

The proposed changes are open for industry consultation. APRA will integrate the updates and clarifications outlined in Appendix B into the respective reporting standards as part of the response to submissions planned for Q3 2022.

Later in the year APRA, will release further information on planned timelines for the transition of the remaining insurance data collections to APRA Connect. Insurers will continue to submit

¹ See [Response Paper: Integrating AASB 17 into the capital and reporting framework for insurers and updates to the LAGIC framework](#).

² See [Response Paper: A proposed new capital framework for Private Health Insurance](#).

the data for collections not impacted by AASB 17 via Direct to APRA until they are implemented in APRA Connect.

Draft reporting standards are available to be viewed at: [Round three – Response Paper and Draft Standards - Integrating AASB 17 into the capital and reporting framework for insurers and updates to the LAGIC framework](#), and [Review of the private health insurance capital framework](#).

Insurers are invited to comment on the proposed changes. Written submissions should be sent to DataConsultations@apra.gov.au by 3 June 2022 and addressed to:

General Manager
Data Analytics and Insights
Cross-Industry Insights and Data Division
Australian Prudential Regulation Authority

Yours sincerely,

Alison Bliss
General Manager
Cross-Industry Insights and Data Division

Important disclosure requirements – publication of submissions

All information in submissions will be made available to the public on the APRA website unless a respondent expressly requests that all or part of the submission is to remain in confidence. Requests for submissions to remain in confidence are to be clearly marked on the first page of the submission. Automatically generated confidentiality statements in emails do not suffice for this purpose. Respondents who would like part of their submission to remain in confidence should provide this information marked as confidential in a separate attachment. Submissions may be the subject of a request for access made under the *Freedom of Information Act 1982* (FOIA). APRA will determine such requests, if any, in accordance with the provisions of the FOIA. Information in a submission about any APRA-regulated entity that is not in the public domain and that is identified as confidential will be protected by section 56 of the Australian Prudential Regulation Authority Act 1998 and will therefore be exempt from production under the FOI.



APPENDIX A: DRAFT REPORTING STANDARDS BEING RELEASED

General insurance	Life insurance	Private health insurance
GRS 001 Reporting Requirements	LRS 001 Reporting Requirements	HRS 101.0 Regulatory Income Statement - Supplementary Information
GRS 110.1.G Prescribed Capital Amount	LRS 340.0 Retained Profits and Policy Liabilities for Participating Business	HRS 104.0 Forecasts and Targets
GRS 111.0.G Calculation adjustments table	LRS 340.1 Retained Profits and Share Capital	HRS 109.0 Claims
GRS 112.0.G Determination of Capital Base		HRS 112.3 Related Party Exposures
GRS 114.0.G Asset Risk Charge		HRS 300.0 Statement of Financial Position
GRS 114.1 Assets by Counterparty Grade		HRS 310.0 Statement of Profit or Loss and Other Comprehensive Income
GRS 114.1.G Assets by Counterparty Grade		HRS 320.0 Liability Roll Forwards
GRS 114.4 Details of Investment Assets		
GRS 115.0.G Outstanding Claims Liabilities - Insurance Risk Charge		
GRS 115.1.G Premiums Liabilities - Insurance Risk Charge		
GRS 116.0 Insurance Concentration Risk Charge		
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		

General insurance	Life insurance	Private health insurance
GRS 302.0.G - Statement of Financial Position by Region		
GRS 310.0.G - Statement of Profit or Loss and Other Comprehensive Income by Region		
GRS 311.0.G - Statement of Profit or Loss and Other Comprehensive Income by Product Group and by Region		
GRS 320.0.G - Liability Roll Forwards		
GRS 460.0 Reinsurance Assets by Counterparty		
GRS 460.0.G Reinsurance Assets by Counterparty		
GRS 460.1 Exposure Analysis by Reinsurance Counterparty		
GRS 460.1.G Exposure Analysis by Reinsurance Counterparty		

APPENDIX B: UPDATES AND CLARIFICATIONS TO SELECTED REPORTING STANDARDS

Based on feedback received from insurers, APRA intends to make the following updates to reporting standards. These updates will be incorporated into the respective reporting standards as part of the response to submissions planned for Q3 2022.

General insurance reporting standards

Reporting Standard GRS 112.0 Determination of Capital Base (GRS 112.0) and Reporting Standard GRS 112.0.G Determination of Capital Base (GRS 112.0.G)

APRA has moved existing D2A data related to movements in retained earnings to GRS 112.0.G and GRS 112.0.

Reporting Standard GRS 300.0 - Statement of Financial Position (GRS 300.0) and Reporting Standard GRS 300.0.G - Statement of Financial Position (GRS 300.0.G)

APRA has identified that there are a number of items collected under the existing GRS 300.0 (level 1) and GRS 300.0.G (level 2) that are needed to support effective prudential supervision of general insurers. APRA will incorporate further information relating to the list below into the updated reporting standards which will be released as part of the response to submissions planned for Q3 2022:

- Investments - Direct interest rate holdings
- Investments - Loans and advances
- Total borrowings
- Total loan capital and hybrid securities

Private health insurance reporting standards

Reporting Standard HRS 300.0 Statement of Financial Position (HRS 300.0), Reporting Standard HRS 310.0 Statement of Profit or Loss and Other Comprehensive Income (HRS 310.0), and Reporting Standard HRS 320.0 Liability Roll Forwards (HRS 320.0)

HRS 300.0 and HRS 310.0 are currently designed to collect data primarily at the private health insurer level. APRA will update HRS 300.0 and HRS 310.0 to collect data at the health benefits fund and general fund levels in order to align with the capital framework.

APRA also made minor changes to item labels and AASB references in HRS 300.0, HRS 310.0 and HRS 320.0 to incorporate early feedback from industry.

Life insurance reporting standards

Reporting Standard LRS 340.0 Retained Profits and Policy Liabilities for Participating Business (LRS 340.0) and Reporting Standard LRS 340.1 Retained Profits and Share Capital (LRS 340.1)

APRA issued the draft *Reporting Standard LRS 340.2 Retained Profits and Share Capital (LRS 340.2)* for consultation in December 2021. LRS 340.2 proposed to collect retained profit and share capital movement data at a life company level. APRA initially planned that the LRS 340.0 would collect retained profit and share capital movement data at a fund level, and data for participating business data at a statutory fund level.

However, APRA views that clarity would be improved if LRS 340.0 only collects data on participating business. Friendly societies and insurers that do not have participating business do not need to complete LRS 340.0. As such, the proposed LRS 340.0 only collects data on participating business, and is based on the participating business QIS workbook instruction which was sent in December 2021 to insurers with participating business. APRA has relabelled LRS 340.2 as LRS 340.1, and has expanded its scope to collect retained profit and share capital movement data at both fund and life company levels.