



25 August 2022

**TO: ALL GENERAL INSURERS**

**RECOGNITION OF AUSTRALIAN REINSURANCE POOL CORPORATION (ARPC) AS HIGH-GRADE APRA AUTHORISED REINSURANCE – CONSEQUENTIAL CHANGES TO REPORTING STANDARDS**

APRA is finalising changes to six general insurance reporting standards that incorporate APRA's earlier clarification of the treatment of reinsurance recoverables from the ARPC.

**Background**

In May 2021, the Australian Government announced its intention to establish a reinsurance pool covering the risk of property damage caused by cyclone and cyclone related-flood damage.

In April 2022 APRA stated its intention to allow insurers to fully recognise the risk transfer provided by the reinsurance pool in recognition of the Australian Government guarantee of the ARPC and proposed consequential updates to the prudential framework<sup>1</sup>.

On 16 June 2022 APRA released for consultation, by way of a letter to industry, proposed changes to six general insurance reporting standards that incorporate APRA's clarification of the treatment of reinsurance recoverables from the Australian Reinsurance Pool Corporation (ARPC).

The proposed changes align the general insurance reporting framework with APRA's clarification that reinsurance recoverables are not subject to a capital charge. APRA proposed including the ARPC in the definition of an "*APRA authorised reinsurer*":

***APRA-authorised reinsurer*** means an insurer carrying on reinsurance business. For the purposes of this definition, a Lloyd's underwriter as defined under the Insurance Act is an APRA-authorised reinsurer if it carries on reinsurance business. The Australian Reinsurance Pool Corporation is also an APRA-authorised reinsurer for the purposes of this definition.

APRA proposed that this change be made in the following reporting standards:

- *Reporting Standard GRS 114.1 Assets by Counterparty Grade*
- *Reporting Standard GRS 114.1.G Assets by Counterparty Grade*
- *Reporting Standard GRS 114.3 Off-balance Sheet Business*
- *Reporting Standard GRS 114.3.G Off-balance Sheet Business*
- *Reporting Standard GRS 117.0 Asset Concentration Risk Charge*

---

<sup>1</sup> See [Cyclone and cyclone related flood damage reinsurance pool | APRA](#).

- *Reporting Standard GRS 117.0.G Asset Concentration Risk Charge*

### **Finalised reporting standards**

No submissions were received in response to APRA's consultation package, which closed on 30 June 2022.

APRA has finalised the amendments without further amendment, and has incorporated them into the relevant reporting standards as proposed. Copies of the finalised reporting standards are available to view at: [Recognition of the Australian Reinsurance Pool Corporation \(ARPC\) as an APRA-Authorised reinsurer | APRA](#).

The changes take effect for reporting periods ending on or after 1 July 2022. Quarterly data submissions for this period will be due by 28 October for Northern Territory, Victoria, Tasmania and Western Australia; and by 31 October for New South Wales, the Australian Capital Territory, Queensland and South Australia.

Yours sincerely,

Alison Bliss  
General Manager  
Cross-Industry Insights & Data Division