

# Life Insurance Reporting Requirements

## General Instruction Guide

### 1. Introduction

The General Instruction Guide is intended to assist in the completion and lodgement of the reporting forms required to be lodged with APRA under the Reporting Standards made under section 13 of the *Financial Sector (Collection of Data) Act 2001* by companies registered under the *Life Insurance Act 1995*. In this document 'life company' means any company registered under the Act, including a friendly society. References to 'life insurers' apply to life companies other than friendly societies.

Detailed instructions for the individual reporting items are provided in the specific instructions for each reporting form. These specific instructions need to be considered in conjunction with this document, the relevant reporting standards and prudential standards<sup>1</sup>.

These General Instruction Guide covers all the reporting forms for life companies:

### 2. Reporting level

This section details the reporting levels for completion of each reporting form. Reporting is required in respect of:

- Each statutory fund for a life insurer and each approved benefit fund for a friendly society;
- The shareholder fund for a life insurer and the management fund for a friendly society; and
- The licensed insurer (i.e. company as whole for both life insurers & friendly societies).

Form	Notes
LRF 110.1 and LRF 110.2	LRF 110.1 and LRF 110.2 must be completed by all life companies. LRF 110.1 must be completed for each statutory fund (approved benefit fund) and shareholders' fund (management fund). LRF 110.2 must be completed at the licensed insurer level.
LRF 112.0; LRF 112.1; and	LRF 112.0, LRF 112.1 and LRF 112.2 must be completed by all life companies. LRF 112.0 must be completed for each statutory fund (approved

<sup>1</sup> Prudential standards determined by APRA under section 230A of the *Life Insurance Act 1995*.

LRF 112.2	benefit fund). LRF 112.1 must be completed for the shareholders' fund (management fund). LRF 112.2 must be completed at the licensed insurer level.
LRF 112.3	LRF 112.3 must be completed by all life companies. The form must be completed for each statutory (approved benefit fund) and the shareholders' fund (management fund).
LRF 114.0	LRF 114.0 must be completed by all life companies. The form must be completed for each statutory fund (approved benefit fund) and the shareholders' fund (management fund).
LRF 114.2	LRF 114.2 must be completed by all life companies. The form must be completed for each statutory fund (approved benefit fund) that does not write investment linked business. Funds writing only investment linked business do not need to complete this form.
LRF 114.3	LRF 114.3 must be completed by all life companies. The form must be completed for each statutory fund (approved benefit fund) that does not write investment linked business. Funds writing only investment linked business do not need to complete this form.
LRF 115.0; and LRF 115.1	LRF 115.0 must be completed by all life companies. LRF 115.1 needs to be completed by friendly societies only. LRF 115.0 must be completed separately for each statutory fund. Approved benefit funds that do not write investment linked business also need to complete LRF 115.0. Note that it is not mandatory to complete LRF 115.0 on a quarterly basis. Refer to the specific reporting instruction for details. LRF 115.1 must be completed for the management fund of the friendly societies.
LRF 117.0	LRF 117.0 must be completed by all life companies. The form must be completed for the shareholders' fund (management fund) and each statutory fund (approved benefit fund) which does not write investment linked business. Funds providing only investment linked business do not need to complete this form.
LRF 118.0	LRF 118.0 must be completed by all life companies. The form must be completed for each statutory fund (approved benefit fund) of life insurers and the management fund of friendly societies. In completing LRF 118.0 for the management fund, friendly societies must submit the information based on business activities across all

	<p>approved benefit funds. Refer to the specific reporting instructions for details.</p>
LRF 200.0	<p>LRF 200.0 must be completed by life insurers only. Friendly societies do not need to complete this form.</p> <p>The form is to be completed separately for each statutory fund.</p> <p>As set out in the form, data items are to be completed for each APRA product group (as defined in this document).</p> <p>In section 1 and section 2 of this form, it is not mandatory for life insurers to update the information on a quarterly basis. Refer to specific reporting instructions for details.</p>
LRF 300.1; and LRF 300.2	<p>LRF 300.1 and LRF 300.2 must be completed by all life companies.</p> <p>The forms must be completed for each statutory fund (approved benefit fund) and the shareholders' fund (management fund) and must include eliminations between these funds.</p> <p>LRF 300.1 must be submitted for each statutory fund (approved benefit fund) separately and if applicable the 'Statutory Fund Eliminations' must be reported under LRF 300.1.</p> <p>LRF 300.2 must be submitted for the shareholders' fund (management fund) return and if applicable the 'Shareholder Eliminations' must be reported under LRF 300.2.</p> <p>'Total Statutory Funds' (allowing for eliminations) and 'Total Entity' results will be calculated automatically in LRF 300.2.</p>
LRF 310.1; and LRF 310.2	<p>LRF 310.1 and LRF 310.2 must be completed by all life companies.</p> <p>LRF 310.1 must be submitted for each statutory fund (approved benefit fund) separately and if applicable the 'Statutory Fund Eliminations' must be reported under LRF 310.1.</p> <p>LRF 310.2 must be submitted for the shareholders' fund (management fund) return and if applicable the 'Shareholder Eliminations' must be reported under LRF 310.2.</p> <p>'Total Statutory Funds' (allowing for eliminations) and 'Total Entity' results will be calculated automatically in LRF 310.2.</p>
LRF 330.0	<p>LRF 330.0 must be completed by life insurers only. Friendly societies do not need to complete this form.</p> <p>The form must be submitted for each statutory fund.</p> <p>Where relevant in the form, data items must be submitted for each</p>

	<p>APRA product group (as defined in this document).</p>
	<p>LRF 340.1 and LRF 340.2 must be completed by all life companies.</p> <p>The forms must be completed for each statutory fund (approved benefit fund) and shareholders' fund (management fund) and must include eliminations between these funds.</p> <p>LRF 340.1 must be submitted for each statutory fund (approved benefit fund) and if applicable the 'Statutory Fund Eliminations' must be reported under LRF 340.1</p>
LRF 340.1; and LRF 340.2	<p>LRF 340.2 must be submitted for the shareholders' fund (management fund) and if applicable the 'Shareholder Eliminations' must be reported under LRF 340.2.</p> <p>'Total Statutory Funds' (allowing for eliminations) and 'Total Entity' results will be calculated automatically in LRF 340.2.</p> <p>For data reported in LRF 340.1 by statutory fund (approved benefit fund), a breakdown of the data items is required by geographic location (Australia or overseas) and whether these data items are designated as being attributable to policy owner interests or shareholder interests.</p>
	<p>LRF 400.0 must be completed by all life companies.</p> <p>The form must be completed for each statutory fund (approved benefit fund).</p> <p>Where relevant in the form, data items must be completed for each APRA product group (as defined in this document). Some of these data items will be collected on the following three bases:</p>
LRF 400.0	<ul style="list-style-type: none"> <li>• 'This Year' – current position, based on current year's valuation basis;</li> <li>• 'Last Year' – current position, based on previous year's valuation basis; and</li> <li>• 'LY/TY' – current position, based on previous year's valuation basis, except substituting current year's investment and economic assumptions.</li> </ul>
	<p>LRF 420.0 must be completed by life insurers only. Friendly societies do not need to complete this form.</p>
LRF 420.0	<p>The form is to be completed separately for each statutory fund.</p> <p>Where relevant in the form, data items are to be completed for each APRA product group (as defined in this document).</p>

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	LRF 430.0 must be completed by all life companies.
LRF 430.0	The form is to be completed for each statutory fund (approved benefit fund).
	Where relevant in the form, data items must be completed for each APRA product group (as defined in this document).

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### **3. Reporting period and timing of submission**

Life companies are required to submit the following forms on both a quarterly and an annual basis:

- LRF 110.1 and LRF 110.2;
- LRF 112.0, LRF 112.1, LRF 112.2, and LRF 112.3;
- LRF 114.0, LRF 114.2, and LRF 114.3;
- LRF 115.0 and LRF 115.1;
- LRF 117.0;
- LRF 118.0;
- LRF 200.0.
- LRF 300.1 and LRF 300.2;
- LRF 310.1 and LRF 310.2;
- LRF 330.0;
- LRF 340.0; and

Life companies are required to submit the following forms on an annual basis only:

- LRF 400.0;
- LRF 420.0; and
- LRF 430.0.

The times at which for the reporting forms must be lodged is as follows:

- forms requiring the reporting of quarterly information must be completed as at the end of each quarter based on the financial year of the life company (not the calendar year); and

- forms requiring the reporting of annual information must be completed as at the end of the financial year of the life company

The financial information required to be reported must be reported as at the close of business for the last day of the reporting period, or for the year to date period up to the close of business on the last day of the reporting period, as relevant.

#### **4. Basis of preparation**

##### **4.1. General accounting basis**

In completing the forms covered by this document, unless otherwise stated specifically, reporting life companies including friendly societies are to follow the basis consistent with the relevant Australian Accounting Standards. In particular, appropriate consideration must be given to the interpretation, the basis for measurement, and the netting between revenues/expenses items and financial assets/liabilities.

##### **4.2. Actuarial valuation basis**

All actuarial valuations and calculations included in, or used in the preparation of the forms covered by this document must be performed in accordance with the relevant prudential standards. The determination of policy liabilities as reported in the Statement of Financial Position must be in accordance with *Prudential Standard LPS 340 Valuation of Policy Liabilities*.

APRA recognises that full actuarial and other valuation procedures may not be used for valuing policy liabilities in all reporting periods. In such cases, reasonable estimation may be applied for valuing the policy liabilities and such estimation needs to be based on the detailed valuation procedures. It must be noted that where such estimation processes have taken place, the approximating valuation methodology used by the life company must be subject to the advice of the Appointed Actuary, in line with the requirements of *Prudential Standard LPS 320 Actuarial and Related Matters*.

##### **4.3. Fair value approach**

For capital reporting purposes, all relevant assets and liabilities information in the capital reporting forms are to be reported in fair value. The capital reporting forms include all reporting forms associated with the determination of the prescribed capital amount, the capital base, and other forms providing supplementary capital information.

For the purposes of valuing derivative exposures in LRF 114.2, fair value should represent an estimate of the amount which could be expected to be received from the disposal of the derivative instrument in an orderly market, ignoring transaction costs. It is not necessarily related to the nominal value of the derivative.

In preparing information for other reporting forms, all assets of a statutory fund are to be reported at fair value, with movements in fair values recognised in profit or loss and reported as revenues or expenses where relevant.

As per *Prudential Standard LPS 340 Valuation of Policy Liabilities*, APRA also applies the fair value approach to measurement of assets backing life investment contract liabilities for its regulatory reporting which is consistent with *AASB 1038 Life Insurance Contracts*.

Fair value has the same meaning as defined in *AASB 139 Financial Instruments: Recognition and Measurement* (AASB 139), that is, the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction, and is determined as follows:

- The quoted market price (i.e. bid or ask price) in an active and liquid market; or
- When there is infrequent activity in a market, and the market is not well established, small volumes are traded relative to the asset or liability to be valued, or a quoted market price is not available – a realistic estimate of fair value on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs (see AASB 139).

#### **4.4. Units of measurement**

Unless otherwise indicated by the specific item instructions, all reporting forms covered by the General Instruction Guide are to be prepared in thousands of Australian dollars (AUD). Amounts denominated in foreign currency are to be converted to AUD in accordance with *AASB 121 The Effects of Changes in Foreign Exchange Rates*.

#### **4.5. Definitions**

Definitions for the individual data items are included in the specific reporting instructions for each of the forms.

Definitions, unless specified otherwise, apply to all life insurers and friendly societies. Accordingly, the term 'statutory fund' has been used to refer to a statutory fund of a life company other than a friendly society or a benefit fund of a friendly society in the specific instructions. The term, 'general fund' has been used to refer to the shareholders' fund of a life company other than a friendly society or the management fund of a friendly society in the specific instructions. Additionally, reference to shareholders has been used to refer to 'members' of a mutual association or society.

For the purpose of preparing the reporting forms covered by this document, contracts are to be classified in accordance with *Prudential Standard LPS 340 Valuation of Policy Liabilities*.

#### **4.6. Related parties**

Where this term is used or referred to in the reporting forms, it has the same meaning as it does in *AASB 124 'Related Party Disclosures'* (AASB 124).

In accordance with AASB 124, related party means a party that directly or indirectly through one or more intermediaries:

- (a) controls, is controlled by or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries); or
- (b) has significant influence over the entity or has joint control over the entity; or
- (c) is an associate (as defined in *AASB 128 Investments in Associates*) of the entity; or
- (d) is a joint venture in which the entity is a venturer (see *AASB 131 Interests in Joint Ventures*); or
- (e) is a member of the key management personnel of the entity or its parent; or
- (f) is a close member of the family of any individual referred to in (a), (b) or (e); or
- (g) is an entity that its controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (e) or in (f); or
- (h) is a post-employment benefit plan for the benefit of the employees of the entity, or of any entity that is a related party of the entity.

#### 4.7. APRA Product Group classification

For consistency of reporting across the range of forms applicable to life companies, APRA adopts a single set of product groupings for life insurers and friendly societies. The appropriate APRA product groups should be used in accordance with the specific reporting form instructions.

The following tables specify the product groups applicable to life insurers and friendly societies.

##### 4.7.1. Life insurers

Ref.	Product Group	Notes	Classification
L1	Conventional Participating	Includes whole of life policies and endowment policies.	Participating
L2	Participating Investment Account	Investment account business within the meaning of section 14 of the Act that pays participating benefits within the meaning of section 15 of the Act.	Participating
L3	Annuity with Longevity Risk	Annuities providing periodic payments that are dependent on the continuance of human life.	Non-participating
L4	Individual Lump Sum Risk	Lump sum risk policies issued on an individual (retail) basis. Includes non-participating conventional	Non-participating



		policies.	
L5	Individual Disability Income Insurance	Disability income insurance policies issued to individuals.	Non-participating
L6	Group Lump Sum Risk	Lump sum risk policies issued on a group (wholesale) basis.	Non-participating
L7	Group Disability Income Insurance	Disability income insurance policies issued on a group basis.	Non-participating
L8 <sup>2</sup>	Investment Linked	Investment linked policies where policy benefits are associated with the performance of the supporting assets.	Non-participating
L9	Non-par Investment Policy with Discretionary Additions	Investment account business within the meaning of section 14 of the Act that pays non-participating benefits within the meaning of section 15 of the Act.	Non-participating
L10	Other Non-par Investment Policy	Includes all other non-par investment products not specifically categorised in L8 and L9. However, do not use this Product Group unless APRA has been consulted beforehand.	Non-participating
L11	Annuity without Longevity Risk	Annuities providing periodic payments that are not dependent on the continuance of human life.	Non-participating
L12	Other	Includes all other policies not specifically categories above. However, do not use this Product Group unless APRA has been consulted beforehand.	Both Participating and Non-participating can be reported
L13	Policy Owners' Retained Profits	Retained profits allocated to participating policy owners generally, but not yet vested as guaranteed amounts to participating policies.	Participating
L14	Shareholders' Capital and Retained Profits	Shareholders' capital and retained profits allocated to shareholders.	Capital

<sup>2</sup> The 'L8 product group' was previously defined as 'Non-par Investment Policy'. Under the revised APRA product groups this has been split into 'L8 Investment Linked', 'L9 Non-par Investment Policy with Discretionary Additions', and 'L10 Other Non-par Investment Policy'.

Where certain **Related Product Groups** (as defined in the relevant prudential standards) comprise elements from multiple APRA product groups, it is acceptable to combine these and report them in a single APRA product group.

#### 4.7.2. Friendly Societies

Ref.	Product Group	Notes
F1	Education	
F2	Investment Account	As defined in section 14 of the <i>Life Insurance Act 1995</i> .
F3	Annuity and Superannuation	
F4	Defined Benefit Risk	All products classified as defined benefit, including defined benefit funeral products
F5	Capital Guaranteed Defined Contribution Funeral	Capital guaranteed funeral products that are classified as Defined Contribution.
F6	Investment Linked	As defined in section 14 of the <i>Life Insurance Act 1995</i> .
F7	Unallocated Benefit Fund Reserve	Value of benefit funds which has not been allocated to either the benefit fund members or to management fund.
F8	Members' Capital and Retained Profits	Members' capital and retained profits allocated to members.

The classification of participating and non-participating business does not apply to friendly societies.

### 5. Audit requirements

The reporting forms must be subjected to audit review and testing as detailed in *Prudential Standard LPS 310 Audit and Related Matters*.

### 6. Interpretations

In this instruction document:

- **AASB** references made within these General Instructions relates to the latest versions of the Australian Account Standards;
- **Australian/overseas business** relates to the business that is carried out in an Australian fund or outside Australia within an overseas fund. The meaning of an *Australian fund* and an *overseas fund* is as defined in section 74 of the *Life Insurance Act 1995*; and

- *reporting period* means a reporting period as relevant in section 3 of the General Instruction Guide.